

Partnership for Good Governance  
პარტნიორობა კარგი მმართველობისთვის

ევროკავშირი  
საქართველოსთვის  
The European Union for Georgia



ევროპის საბჭო

FINAL NARRATIVE REPORT

1 PROJECT DATA

**Project title:** 2015/DGI/JP/3256

**Combating money laundering and terrorist financing in Georgia**

**Project type:** Bilateral

**Target country:** Georgia

**Project duration:** 1 January 2015 – 31 December 2018

**National partners:**

Ministry of Finance (including the Revenue Service, Investigation Service and Accounting, Reporting and Auditing Supervision Service of the Ministry of Finance), Financial Monitoring Service of Georgia (FIU), General Prosecutor's Office, State Security Service, Insurance State Supervision Service, National Bank of Georgia, Ministry of Justice (National Agency of Public Registry, Notary Chamber of Georgia), Georgian Bar Association

**Project Team**

**Field Office - Kyiv**

**Tea ZARNADZE**

Senior Project Officer

Economic Crime and Cooperation  
Division

Action against Crime Department

DG I - Human Rights and Rule of Law

Council of Europe Office in Tbilisi

Georgia

**Headquarters - Strasbourg**

**Zahra Ahmadova**

Programme Coordinator

Economic Crime and Cooperation  
Division

Action against Crime Department

DG I - Human Rights and Rule of Law

Council of Europe,

Strasbourg, France

## 2 OVERALL ASSESSMENT

The overall objective of the project “Strengthening anti-money laundering institutions in Georgia” (PGG-GE) is to contribute to democracy and the rule of law through prevention and control of money laundering and terrorist financing in Georgia in accordance with European and other international standards.

Key areas of technical assistance provided by the project relate to:

- i) Advice on the aligning anti-money laundering/countering of terrorist financing (AML/CTF) legislation with relevant international standards and good practices;
- ii) Supporting the conduct of national and sectorial risk assessments;
- iii) Strengthening the role of non-financial sector supervisory units;
- iv) Regulation of transparency of beneficial ownership; and
- v) Strengthening capacities of prosecutors, law enforcement entities as well as judges to investigate, prosecute and adjudicate money laundering and terrorist financing cases.

While it is too early to speak about tangible impact of the actions undertaken within the project it can be noted that following a four year implementation, the Georgian authorities have shown a good degree of absorption of the technical assistance and advice provided within the project. Thus it can be said that the project has already achieved results through influencing reform processes and having an initial impact on legislative, policy development and institutional capacity building levels.

Relevant authorities have been advised on the reinforcing of the AML/CFT supervisory and regulatory framework, including on preventive measures for sectors such as insurance, casinos, lawyers, notaries, dealers in precious metals and stones, real estate agents and NPOs.

The project enhanced authorities’ capacities to investigate prosecute and adjudicate money laundering and other economic crime as well as terrorist financing cases. The importance of the project should be emphasized particularly in light of newly adopted international (FATF<sup>1</sup>) and European AML/CFT standards<sup>2</sup> requiring new approaches of the country to many issues in combating money laundering/terrorist financing.

Overall, the project interventions contributed to the legislative processes and strengthening institutional capacities in the following areas:

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<sup>1</sup> Financial Action Task Force - <http://www.fatf-gafi.org/>

<sup>2</sup> EU [4<sup>th</sup> AML Directive](#)

**i) Legislative and Policy frameworks:**

- Subsequent to provision of a legal opinion on Georgia's Draft Law on "Facilitating the prevention of money laundering and terrorist financing" the Georgian authorities have strengthened the draft and its alignment with international standards by addressing the gaps and shortcomings identified in the legal opinion;
- Progress was made in drafting Georgia's first ever Anti-Money Laundering and Countering Financing of Terrorism National Risk Assessment (NRA), however the process was not finalised and further actions remain to be taken in this direction;
- Legislative solutions were made available on regulating targeted sectors (non-profit organizations, dealers of precious metals and stones, gambling, casinos, cash couriers, leasing, custom) and for establishing an effective regime for transparency of beneficial ownership.

**ii) Enforcement:**

- Over 300 law enforcement officials and judges increased specialisation in investigating and prosecuting corporate crimes, money laundering, terrorist financing and other forms of economic crime, confiscation and asset recovery;
- Impact of trainings was reinforced by providing bespoke manuals on corporate liability, and ML/TF investigation and prosecution.

**iii) Prevention**

- Over 320 representatives of AML/CFT supervisory bodies and obliged entities increased understanding on ML/TF control and compliance through tailored trainings;
- National Bank of Georgia and financial institutions are better aware of new and emerging ML/TF risks associated with new payment methods and possible controls;
- Established a pool of 33 trainers from the legal profession, capable of replicating sector-specific AML compliance trainings and ensuring long term sustainability of the project action.

During the four year implementation period, the PGG Georgia project carried out 47 actions, thereby completing 98% of the planned project interventions. In doing so, the project produced 15 technical papers, and organised 32 events including capacity-building

workshops, seminars and conferences. In total 864 participants, of which 65% were men and 35% were women representing Georgian institutions benefited from these activities.

### 3 ASSESSMENT OF PROJECT RESULTS

#### 3.1 Achievements of project outcomes and expected results - 2018

##### 3.1.1 **Expected Result 1 – Effective measures for mitigation of risks of money laundering at the national level are elaborated;**

Through the Expected Result 1, PGG-GE continued to support the Georgian authorities to finalize the country's first AML/CFT National Risk Assessment (NRA) and to elaborate AML/CFT Risk Mitigating Action Plan. Technical assistance was provided in close cooperation with the AML/CFT Interagency Council of Georgia and its Secretariat, a body in-charge of implementation of the National AML/CFT Strategy and its Working Group<sup>3</sup>. At this stage the activity focused on provision of advice on NRA methodology for sectorial and national risk assessment, structure and content of the document, recommendations on evaluation and risk rating of sectors and on elaboration of relevant risk mitigation measures. The activity is critical in view of the forthcoming MONEYVAL evaluation of Georgia in 2019 and for drafting the new AML/CFT national strategy and action plan.

<b>Expected Result 1 - Effective measures for mitigation of risks of money laundering at the national level are elaborated</b>
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<b>Status:</b> <i>partially achieved</i>
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<b>Description (based on evidence/feedback/evaluation sources)</b>
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Pursuant to the request of the Ministry of Finance of Georgia, PGG-GE continued its support to the AML/CFT Interagency Council to finalize the AML/CFT National Risk Assessment of Georgia and to elaborate Risk Mitigating Action Plan. During April-December 2018, Working Group members responsible for the drafting of the NRA provided sectorial assessments based on guidelines and recommendations received from the project. The drafting process was conducted according to the NRA Report outline and deadlines proposed by the CoE expert. However, from the beginning the activity has been significantly slowed down by external circumstances (frequent changes of public officials in the main institutions involved in the process, elections etc.). In order to accelerate the process, the Project organised an inter-agency workshop in late 2018, to advise the institutions on how to address remaining gaps in the draft report and to deliberate main risk mitigation actions.
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<b>Outcome indicator(s) under Expected Result 1:</b>
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– Sectorial risk assessment is carried out; vulnerabilities and risks on sectorial and national
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<sup>3</sup> AML/CFT Interagency Council of Georgia and its Working Group

<p>level are identified;</p> <ul style="list-style-type: none"> <li>– First Draft of National AML/CFT Risk Assessment Report is developed based on NRA methodology and guidelines provided by the CoE expert;</li> <li>– Risk mitigating measures are under way of development.</li> </ul>
<p><b>Status:</b> <i>partially achieved</i></p>
<p><b>Description (based on evidence/feedback/evaluation sources)</b></p> <p>Objectives under Expected Result 1 have been partially achieved. Based on NRA methodology and guideline produced by the project, sectorial assessments have been provided by the Working Group members. As a next step, the involved institutions are expected to finalize the NRA report in the nearest future by taking into account the recommendations and gaps identified by the project, and to elaborate the relevant risk mitigation measures based on ratings attributed to each AML/CFT risk identified.</p>

### **3.1.2 Expected Result 2 –Capacities to investigate, prosecute and adjudicate money laundering and terrorist financing cases is enhanced**

Under Expected Result 2, PGG-GE provided trainings for 100 representatives of the Georgian law enforcement agencies, General Prosecutor’s Office, Investigation Service of the Ministry of Finance, State Security Agency and the Financial Monitoring Service (FIU) of Georgia on investigating and prosecuting money laundering and terrorist financing cases as well as on seizure, confiscation and recovery of proceeds of corruption, money laundering and other economic crime. In response to beneficiary institution’s request, the project changed the focus of an initially planned training on investigation and prosecution of terrorist financing cases to asset recovery.

<p><b>Expected result 2: Capacities to investigate, prosecute and adjudicate money laundering and terrorist financing cases is enhanced</b></p>
<p><b>Status:</b> <i>fully achieved</i></p>
<p><b>Description (based on evidence/feedback/evaluation sources)</b></p> <p>PGG-GE organized two (2) tailored trainings on investigating and prosecuting money laundering and terrorist financing cases, and seizure, confiscation and recovery of crime proceeds for over 60 representatives of the Georgian law enforcement agencies, Prosecutor’s Office, Investigation Service of the Ministry of Finance, State Security Agency and the Financial Monitoring Service of Georgia. The trainings increased the capacities of Georgian practitioners to better meet the challenges of initiating and pursuing money laundering, terrorist financing and asset recovery cases, by effectively putting relevant international</p>

standards and domestic legal provisions to use.

During the implementation period PGG-GE also addressed the corporate liability theme, which is relatively new in Georgia. It is therefore important for practitioners to have a basic understanding of the ways in which states have addressed criminal liability, as corruption and bribery cases will invariably involve mutual legal assistance requests jurisdiction. For this reason PGG-GE supported the General Prosecutor's Office of Georgia to publish a "Manual on Corporate Liability" as a guide and reference for the use by practitioners in Georgia aiming to facilitate an effective enforcement of the legislative framework. Manual contains commentary on pertinent provisions of the Criminal Code and Criminal Procedure Code of Georgia. Two trainings on corporate liability for a total 45 representatives of Georgian law enforcement agencies and FMS, and a technical paper with case studies and most relevant aspects of contemporary corporate criminal liability helped to further augment the knowledge and skills of the beneficiaries.

**Outcome indicator(s) under ER2:**

- Number of trained representatives of the Georgian LEAs, FMS, Judiciary;
- Improvement of investigation and prosecution of AML/CFT cases, efficient implementation of legal requirements on asset recovery and corporate criminal liability.

**Status:** *fully achieved*

**Description (based on evidence/feedback/evaluation sources)**

Under Expected Result 2, the PGG-GE contributed to enhancing capacities of law enforcement agencies, prosecutors and judiciary to detect, investigate, prosecute and adjudicate money laundering and terrorist financing offences and to discuss/consider effective mechanisms for confiscation of proceeds of crime.

Likewise, the set of trainings on corporate liability and guidance documents introduced the practitioners with different approaches to regulating corporate liability in common law and civil law countries, Georgian practice and challenges that beneficiaries face on gathering evidence and dealing with pre-trial and trial issues. As result of continued support provided by the Project since its inception, the authorities have made significant progress in implementing OECD Istanbul Anti-Corruption Action Plan Recommendation related to liability of legal persons as evidenced in its [\*Progress Update of the Fourth Round Monitoring for Georgia\*](#).

### **3.1.3 ER3 – Compliance of AML/CFT regulatory/supervisory legal framework and capacities of supervisors and monitoring entities to implement AML/CFT obligations is reinforced**

Following the provision of a legal opinion on Draft Law of Georgia on “*Facilitating the prevention of money laundering and terrorist financing*” (Draft AML/CFT Law), the Project organised a workshop in which CoE experts met with 40 representatives of the Georgian authorities, including members of relevant Parliament Committees, Chancellery of the Government of Georgia and the private sector to discuss the findings of the review of the Draft Law. The draft law aims to implement the FATF Recommendations 2012 and EU 4<sup>th</sup> Directive and is set to be submitted to the Parliament.

In order to strengthen the supervision to better address money laundering and terrorist financing threats, the PGG project delivered a series of trainings for supervisors of financial institutions and non-financial sectors. Trainings were dedicated to countering money laundering risks and vulnerabilities in the context of Georgia’s increasing exposure to cryptocurrencies and new or emerging payment methods, enhancing transparency of beneficial ownership, and controlling financial flows from high risk countries. Further, cooperating with the Service for Accounting, Reporting and Auditing Supervision (supervisory institution for accountants and auditors) and the Georgian Bar Association (supervisory institutions for lawyers), the PGG-GE raised understanding about AML/CFT compliance among accountants, auditors and lawyers. Particularly, with respect to auditors and accountants, who possess very low awareness of AML/CFT obligations, the project, in cooperation with the Service for Accounting, Reporting and Auditing Supervision, tailored the capacity building activities to focus on basic awareness raising and to postpone development of guidance for the sector to a later stage.

**Expected result 3: Compliance of AML/CFT regulatory/supervisory legal framework and capacities of supervisors and monitoring entities to implement AML/CFT obligations is reinforced**

**Status:** *Fully achieved*

**Description (based on evidence/feedback/evaluation sources)**

To further support the authorities in bringing the Draft AML/CFT Law in compliance with international standards, in March 2018 the project presented and discussed the findings of a legal opinion on the draft AML/CFT law at a consultative workshop with Georgian authorities and the private sector. The workshop also provided an opportunity to explore good practices related to the risk-based approach to AML/CFT, customer due diligence requirements, beneficial ownership, politically exposed persons, and reporting of suspicious transactions – the outstanding issues arising in the revised draft version of the AML/CFT

law. The authorities have already amended the Draft Law taking into account the comments and suggestions provided in the Legal Opinion.

Contributing to reinforced capacities for effective supervision and enforcement by AML/CFT supervisors of the financial sector, the Project delivered trainings coupled with issue-specific recommendations. First, PGG-GE organised a training for 45 representatives of financial institutions and their supervisors covering the emerging and new threats associated with complex beneficial ownership structures and implications for anti-money laundering and counter-terrorist financing supervision, efficient supervision methods and good practices on obtaining and sharing information, high risks linked to cross-border and national financial flows and context of offshore zones. Further, responding to a request from the National Bank of Georgia (NBG), the Project delivered a training for representatives of the NBG, the State Insurance Supervisory Agency and FMS on new and emerging payment methods, associated money laundering and terrorist financing risks, application of relevant international standards and good practices, and efficient anti-money laundering and counter-terrorist financing regulatory and supervisory measures.

Similarly, AML/CFT supervision in non-financial sector was also supported, by focussing on enhancing compliance in legal, accounting and auditing fields. In the legal sector, PGG-GE, cooperating with the Georgian Bar Association, established a pool of ten (10) national trainers capable of replicating sector-specific trainings and equipped them with a thematic training manual to rely on. Ensuing three (3) trainings provided an opportunity for the trained trainers to gain confidence as instructors, as well as to raise awareness of 64 lawyers across Georgia to increase their understanding of AML/CFT compliance requirements and in this respect, to discuss legal professional privilege presenting one of the most challenging issues for lawyers. Through a separate workshop, the Project raised awareness of 19 accountants and auditors about their AML/CFT compliance responsibilities per domestic legislation and the role of supervisory institution in compliance enforcement, in cooperation with the Service for Accounting, Reporting and Auditing Supervision.

**Outcome indicator(s) under ER 3:**

- Level of compliance of AML/CFT legal framework with international and European standards;
- Level of compliance of reporting entities and supervisory institutions with AML/CFT requirements.

**Status:** *Fully achieved*

**Description (based on evidence/feedback/evaluation sources)**

The authorities have taken into account recommendations from the project in the process of drafting AML/CFT Law of Georgia, the new draft law aims to ensure compliance with FATF



Recommendations and European standards, more specifically the 4<sup>th</sup> AML Directive. . Georgia intends to adopt the law in early 2019, in time for the Moneyval evaluation that is to take place in 2019. Further, the project enhanced capacities of obliged entities in financial and non-financial sectors and their supervisory bodies to apply the AML/CFT requirements.

### **3.2 Achievements of project outcomes and expected results – 2015-2017**

#### **3.2.1 ER1 – Legislative proposals available to make Georgian legislation and sub-legal acts compliant with the applicable European and international standards**

The PGG Project provided the Georgian authorities with four sets of analysis and recommendations to enhance national anti-money laundering/counter terrorist financing legislation in line with applicable European and international standards. The recommendations for AML/CFT mechanisms related to the following sectors under Georgian legislation: (i) non-profit organizations; (ii) financial leasing companies, casinos, gambling institutions, and cash couriers under Georgian legislation; (iii) dealers in precious metals and stones; and (iv) A legal opinion was provided on the Draft law of Georgia on “Facilitating the prevention of money laundering and terrorist financing”.

#### **Expected result 1: Legislative proposals available to make Georgian legislation and sub-legal acts compliant with the applicable European and international standards**

**Status (fully achieved, partially achieved, not achieved) - *Fully achieved***

#### **Description (based on evidence/feedback/evaluation sources)**

Pursuant to request of the Georgian Ministry of Finance, authorities were provided with the analysis of existing legislation concerning regulation of the non-profit sector and leasing, casinos, and gambling institutions and advice on necessary improvements that would bring the legislation in line with relevant standards and good practices. Recommendations provided were considered during the development of set of legislative amendments by the Georgian Revenue Service.

Additionally, beneficiaries were provided with an outline of standards and good practices on regulating dealers in precious metals and stones (DPMSs), a sector currently not regulated, and recommended solutions for Georgia.

In 2017, the project provided the Financial Monitoring Service of Georgia with an assessment of the Draft Law on “Facilitating the prevention of money laundering and terrorist financing” to ensure its compliance with the relevant international standards (FATF Recommendations, 4<sup>th</sup> EU AML Directive, CoE Standards, etc.). The assessment identified shortcomings and provided a number of recommendations to strengthen the proposed draft

<p>law in compliance with the applicable international standards.</p> <p>Overall, technical assistance provided under this ER is expected to enhance legislative framework in Georgia in view of the MONEYVAL 5<sup>th</sup> round assessment planned in 2019.</p>
<p><b>Outcome indicator(s) under ER1:</b></p> <ul style="list-style-type: none"> <li>– Level of progress in bringing the Georgian anti-money laundering legislation in line with applicable international standards.</li> </ul>
<p><b>Status (fully achieved, partially achieved, not achieved)- <i>Fully achieved</i></b></p>
<p><b>Description (based on evidence/feedback/evaluation sources)</b></p> <p>Objectives under ER1 have been fully achieved through advice to the Georgian authorities on areas for improvement, and provision of recommendations for further reform of the AML/CFT regime in Georgia.</p> <p>The findings in the technical papers also provide a basis for updating the national AML/CFT Strategy and Action Plan of Georgia, thus contributing to building a solid AML/CFT legal and institutional regime of the country.</p>

### **3.2.2 ER2 – Risks of money laundering/terrorism financing at the national and sectorial level are understood and mitigating measures are elaborated**

Through this ER, the Project has supported Georgia in launching its first AML/CFT National Risk Assessment (NRA) in 2015, to implement measures that mitigate AML/CFT risks. Technical assistance was provided in close cooperation with the AML/CFT Interagency Council of Georgia, a body in-charge of implementation of the National AML/CFT Strategy and its Working Group<sup>4</sup>. The activities focussed on provision of advice on NRA methodology in 2015, and in successive years of project implementation progressed into supporting domestic institutions with data gathering and analysis.

<p><b>Expected result 2: Risks of money laundering/terrorism financing at the national and sectorial level are understood and mitigating measures are elaborated</b></p>
<p><b>Status (fully achieved, partially achieved, not achieved)– <i>Partially achieved</i></b></p>
<p><b>Description (based on evidence/feedback/evaluation sources)</b></p> <p>In October 2015, Georgia began the process of developing the National AML/CFT Risk Assessment (NRA) with PGG-GE support. At the onset of the process, the Project informed</p>

<sup>4</sup> AML/CFT Interagency Council of Georgia and its Working Group

the representatives of the inter-agency NRA Working Group about the NRA process and methodology, sources of data, required and expected input from various institutions, and lessons learned from experiences of other countries.

Pursuant to recommendations provided by PGG-GE, Georgian authorities in 2016 and 2017 focused on gathering and analysing data at the national level. In order to ensure high level political support to the process, a high-level workshop to discuss the NRA and requirements for harmonizing legislation and practices with international standards, as outlined in MONEYVAL reports, was held with the Georgian Interagency Council for the Development and Coordination of Implementation of the Strategy and Action Plan for Combating Money Laundering and Terrorism Financing. The initiative resulted in heightened awareness of high-level government representatives on the importance of open inter-agency cooperation and communication for the NRA process and faster inter-agency communication regarding the NRA. To steer and advance the data collection and analysis, the Project provided expert assessment outlining needs and parameters of additional data gathering in 2017. The risk assessment report is expected in 2018.

**Outcome indicator(s) under ER2:**

- Level of implementation of the national anti-money laundering and terrorism financing strategy and action plan; Level of progress in finalisation of National AML/CFT Risk Assessment process

**Status (fully achieved, partially achieved, not achieved)– *Partially achieved***

**Description (based on evidence/feedback/evaluation sources)**

During the implementation period, the project made significant progress in developing the NRA outline including collection of relevant quantitative and qualitative data on sectorial and national AML/CFT threats, vulnerabilities and consequences, conducting related on-site meetings and workshops, developing a technical paper and recommendations.

The NRA was expected to be completed in 2017, however, certain political developments, notably frequent changes of senior officials at key institutions, resulted with difficulties in institutional coordination, were a major factor in delaying the finalization of the report in 2017.

**3.2.3 ER3 – The supervisory and regulatory framework of preventative measures is reinforced for the sectors of insurance, casinos, lawyers, notaries, dealers in precious metals and stones, real estate agents and NPOs; beneficial ownership and transparency of legal persons is enhanced**

The PGG project provided capacity building trainings and advisory support to the national AML/CFT regulatory and supervisory institutions, and AML/CFT reporting entities. A total of **146 representatives** of reporting entities in targeted sectors **benefited from discussions in 5 workshops** and increased their understanding of compliance requirements according to international standards and Georgian legislation.

AML/CFT supervisory authorities gained knowledge on international standards and good practices for effective AML/CFT supervision, and on Transparency of Beneficial Ownership through a joint session involving monitoring entities. The workshops were supplemented with provision of technical guides on transparency of beneficial ownership; AML/CFT compliance for commercial banks; and training modules for insurance sector and legal profession.

**Expected result 3: The supervisory and regulatory framework of preventative measures is reinforced for the sectors of insurance, casinos, lawyers, notaries, dealers in precious metals and stones, real estate agents and NPOs; beneficial ownership and transparency of legal persons is enhanced**

**Status (fully achieved, partially achieved, not achieved) – Fully achieved**

**Description (based on evidence/feedback/evaluation sources)**

With support from PGG-GE, beneficiary institutions developed internal guidelines and practices in line with international standards and good practices. Accordingly, representatives of the insurance sector, the legal profession, and supervisory bodies covering all the sectors have been equipped with knowledge of relevant international standards and good supervision practices, including ways to conduct risk-based assessments of the respective sectors and develop adequate mitigation measures. The insurance sector and the legal professionals sector have also been equipped with training modules and **a pool of national trainers in the legal professions (consisting of 23 trainers)** capable of replicating sector specific trainings.

AML/CFT supervisory and monitoring entities received training on international standards and good practices and guidance on possible solutions for establishing an effective regime for transparency of beneficial ownership in relation to legal persons and legal arrangements.

**Outcome indicator(s) under ER 3:**

- Level of compliance of reporting entities with AML/CFT requirements.

**Status (fully achieved, partially achieved, not achieved)– *Fully achieved***

**Description (based on evidence/feedback/evaluation sources)**

Activities under ER3 have been fully delivered. The project provided trainings for monitoring entities (financial and non-financial) and their supervisory bodies.

The awareness of representatives of monitoring entities and supervisory institutions on recent AML/CFT requirements and best practices as well as their capacity to apply national AML/CFT requirements is enhanced.

**3.2.4 ER4 – Capacities of authorities to investigate prosecute and adjudicate money laundering and economic crime cases are enhanced**

Under ER4, the PGG project increased capacities of law enforcement agencies, prosecutors and judiciary to detect, investigate and prosecute money laundering/terrorist financing (ML/FT) offences and to discuss effective mechanisms for confiscation of proceeds of crime. Tailored trainings supported capacity building of customs authorities and judges. The set of trainings on corporate liability and a manual on the topic analysed in-depth the different approaches to regulating corporate liability in common law and civil law countries, Georgian practice and challenges that beneficiaries face on gathering evidence and dealing with pre-trial and trial issues.

**Expected result 4: Capacities of authorities to investigate, prosecute and adjudicate money laundering and economic crime cases are enhanced**

**Status (fully achieved, partially achieved, not achieved)– *Fully achieved***

**Description (based on evidence/feedback/evaluation sources)**

Capacities of criminal justice and law enforcement officials to investigate, prosecute and adjudicate complex economic crime were enhanced through specialised trainings.

A total of **173 representatives of the prosecution service and law enforcement agencies** benefited from trainings on investigating and prosecuting legal entities for economic crimes; terrorist financing cases; and money laundering offences.

In addition to the above, representatives of the prosecution service and law enforcement agencies improved their knowledge and skills regarding asset tracing, seizure, and forfeiture through a specialised course provided under PGG-GE. The Georgian General Prosecutor's

Office was provided with (a) a manual on prosecution of legal entities in handling corporate crime cases (to be used by all prosecutors nation-wide); and (b) manual on investigating and prosecuting money laundering/financing of terrorism cases in Georgia.

Additionally, through a specialised course developed jointly with the High School of Justice, **16 judges were trained** on the complexity of the issues considered **in money laundering and terrorist financing cases**, including layering and placement typologies and use of circumstantial evidence in the absence of direct evidence.

For the purpose of improving money laundering investigations and cash seizure in Georgia, **36 representatives of customs authorities** were trained on the cash based money laundering, cash smuggling, and use of cash in terrorist financing cases.

**Outcome indicators under ER4:**

- Level and frequency of use of practical knowledge and tools by law enforcement agencies when dealing with investigation and prosecution of money laundering and terrorist financing cases;
- Number of money laundering related cash seizures by customs authorities.

**Status (fully achieved, partially achieved, not achieved)– Fully achieved**

**Description (based on evidence/feedback/evaluation sources)**

Activities under ER4 have been fully delivered. National criminal justice authorities developed skills and capacities to successfully investigate and prosecute corporate money-laundering. For the first time, Georgian prosecutors, investigators, and financial analysts were provided practical guidance on possible strategies and tools to be used for investigating and prosecuting corporate money laundering pursuant to Georgian legislation and comparative good practices.

Specific values for outcome indicators will become available through progress made in statistical data collection for the National Risk Assessment.

### **3.3 Mainstreaming and cross-cutting issues**

During the implementation period (2015-2018), PGG-GE involved a total of 864 participants in all activities. Woman made up 35% of all participants.

Due to the specificity of the project expected results, project beneficiaries involved only state authorities, AML/CFT reporting entities (financial institutions/DNFBPs) and their supervisory/regulatory institutions defined as such under the AML/CFT Law of Georgia.

## **4 PROJECT GOVERNANCE AND CO-ORDINATION**

### **3.1 Complementarity and co-operation**

In line with its expected results, the project provided multifaceted activities at all levels. The project engaged international experts - independent consultants as well as representatives of public authorities from the EU. The engaged experts worked in close cooperation with Georgian beneficiaries in order to develop training materials/curricula, technical papers, guidelines fully based on Georgian reality, legal and institutional framework.

The project had close cooperation with the EU Delegation to Georgia by exchanging regularly information on on-going or upcoming activities. The project maintained close relations with national stakeholders. In order to avoid duplication as well as to respond to the current needs of beneficiaries each activity has been discussed and tailored with the relevant national representatives. As the PGG-GE is the first project ever in Georgia on AML/CFT issues, the possibility of overlapping was almost absent. However, project team always tried to be updated on on-going projects delivered in the country by other international organizations in the area of organized crime and corruption.

### **3.2 Communication and visibility**

Visual identity of PGG Georgia Project follows the PGG Communications Strategy, agreed between the European Union and the Council of Europe, and is applicable to all programmatic outputs, including official communication, technical papers, activity agendas and presentations, news/media feeds, and project visibility kits (i.e. banners, folders, notepads, and pens).

The PGG-Regional Project paid particular attention to visibility of its interventions. List of key project documents and information on programmatic events and deliverables (e.g. technical papers on reviewed legislation) can be found on the [webpage](#) of the Council of Europe Economic Crime Cooperation Division and the dedicated [webpage](#) to the PGG-Georgia Project. A promotional [clip](#) on PGG project interventions in Georgia was developed in 2015.

Lastly, information on PGG Georgia Project interventions is readily available within EaP countries through webpages and media feeds of respective partner and beneficiary institutions.

### **3.3 Challenges, lessons learned and possible follow-up**

Main challenges during the implementation of the project appeared to be political developments such as frequent changes of senior officials in beneficiary institutions, complicating the coordination efforts. This had significant impact on finalisation of the NRA by the end of 2018.

With assistance from the PGG-GE Project, the Georgian authorities have made progress on some of the issues identified in the 2012 MONEYVAL Mutual Evaluation Report on Georgia and National AML/CFT Strategy and Action Plan 2014-2017. Further substantive support is required to prepare for the forthcoming MONEYVAL Evaluation in 2020 against 2012 FATF Recommendations and the EU Fourth Anti-Money Laundering Directive. Process of developing for the first time the National AML/CFT Risk Assessment (NRA), launched with support from the Project and continued under the project's no-extension in 2018.



## 5 ANNEX

### 5.1 Major reports and documentation produced with project support

- 1) Technical Paper on: National risk assessment preparation process in Georgia (ECCU-PCF-GE-1/2015)
- 2) Technical Paper on: Anti-money laundering/counter terrorist financing mechanisms for non-profit organizations under Georgian legislation (ECCU-PCF-GE-2/2016)
- 3) Technical Paper on: Anti-money laundering/counter terrorist financing mechanisms for financial leasing companies, casinos and gambling institutions, and cash couriers under Georgian legislation (ECCU-PCF-GE-3/2016)
- 4) Technical paper on: Good Practices in regulating the Dealers in Precious Metals and Stones Sector with Recommendations on legislative options for Georgia (ECCU-PCF-GE-4/2016)
- 5) Technical Paper on: Technical comments on the Draft Manual on Corporate Liability for Prosecutors in Georgia (ECCD-PCF-GE-5/2016)
- 6) Guidance on International Standards and Good Practice on Transparency of Beneficial Ownership (ECCD-PGG-GE-1/2017)
- 7) Technical Paper on: National Risk Assessment Data gathered by Georgian authorities: Needs and parameters of additional data gathering (ECCD-PGG-GE-2/2017)
- 8) Technical Paper on: Investigating and prosecuting of money laundering/financing of Terrorism (ML/FT) cases in Georgia (ECCD-PGG-GE-3/2017)
- 9) Technical paper on: Anti money laundering/countering of financing of terrorism compliance for commercial banks (ECCD-PGG-GE-4/2017)
- 10) Manual on Liability of the legal person (ECCD-PGG-GE-5/2017)
- 11) Legal Opinion: Review of the raft law of Georgia on “Facilitating the prevention of money laundering and terrorism financing” (ECCD-PGG-GE-6/2017)
- 12) Technical Paper “Report on Outcome of workshop and bi-lateral meeting regarding the legal opinion on the Draft Law of Georgia on “Facilitating the prevention of money-laundering and terrorist financing” (ECCD-PGG-GE-1/2018)
- 13) Training Manual “Anti money laundering and the legal sector” (ECCD-PGG-GE-TP 2-2018)

- 14) Technical Paper “Compilation of Case Studies on Corporate Criminal Liability” (ECCD-PGG-GE-TP 3-2018)
- 15) Technical paper on “Improving New payment methods money laundering/financing of terrorism risk mitigation in Georgia” (ECCD-PGG-GE-TP4-2018)

## **5.2 List of activities (title of the activity, dates and location)**

- 1) **International Conference on Combating money laundering and terrorist financing**  
(launching event)  
15 September, 2015, Tbilisi, Georgia  
*Number of participants: 69; Female/Male participants: 18/51*
- 2) **Workshop on National money laundering and terrorist financing risk assessment**  
20-21 October, 2015, Tbilisi, Georgia  
*Number of participants: 22; Female/Male participants: 5/17*
- 3) **Training on “Investigation and prosecution of legal entities for economic crimes**  
16-17 November 2015, Tbilisi, Georgia  
*Number of participants: 20; Female/Male participants: 4/16*
- 4) **Anti-money laundering/countering of terrorist financing training for judges**  
18-19 February, 2016, Tbilisi, Georgia  
*Number of participants: 16; Female/Male participants: 10/6*
- 5) **Training for insurance sector on Combating money laundering and terrorist financing**  
31 March-1 April, Tbilisi, Georgia  
*Number of participants: 28; Female/Male participants: 18/10*
- 6) **First Project Steering Committee Meeting**  
11 April, 2016, Tbilisi, Georgia  
*Number of participants: 20; Female/Male participants: 11/9*
- 7) **Workshop on manual on corporate liability in Georgia: Investigation and prosecution of corruption offenses**  
12 April, 2016, Tbilisi, Georgia  
*Number of participants: 38; Female/Male participants: 6/32*
- 8) **Workshop for the AML/CFT Inter-Agency Council on Combating Money Laundering and Terrorist Financing in Georgia**  
6 June, 2016, Tbilisi, Georgia  
*Number of participants: 37; Female/Male participants: 8/29*
- 9) **AML/CFT Training for Georgian Supervisory Authorities**

16-17 June, 2016, Tbilisi, Georgia

*Number of participants: 10; Female/Male participants: 6/10*

**10) Training on Investigation and prosecution of legal entities for economic crimes**

8-9 September, 2016, Tbilisi, Georgia

*Number of participants: 25; Female/Male participants: 5/20*

**11) AML/CFT Training of Trainers (TOT) for legal professionals**

1 November, 2016, Tbilisi, Georgia

*Number of participants: 23; Female/Male participants: 10/13*

**12) Training on Confiscation and asset recovery tools and procedures and best practice**

7-8 November, 2016, Tbilisi, Georgia

*Number of participants: 33; Female/Male participants: 5/28*

**13) Training on Beneficial ownership: transparency of legal persons and legal arrangements**

17-18 January, 2017 Tbilisi, Georgia

*Number of participants: 33; Female/Male participants: 5/28*

**14) Training on AML/CFT Compliance for Accountants and Auditors**

27-28 February, 2017 Tbilisi, Georgia

*Number of participants: 33; Female/Male participants: 17/15*

**15) Training on Investigation and prosecution of terrorist financing cases**

17 March, 2017 Tbilisi, Georgia

*Number of participants: 29; Female/Male participants: 10/19*

**16) Workshop for the development of national money laundering and terrorist financing risk assessment (NRA) of Georgia**

19 May, 2017 Tbilisi, Georgia

*Number of participants: 23; Female/Male participants: 7/16*

**17) Training on Investigation and prosecution of money laundering offences and seizure of proceeds of crime**

1-2 June, 2017, Tbilisi, Georgia

*Number of participants: 20; Female/Male participants: 8/12*

**18) Training on AML/CFT compliance for commercial banks**

14-15 September, 2017, Tbilisi, Georgia

*Number of participants: 29; Female/Male participants: 22/7*

**19) Training on Cash and money laundering**

3-4 October, 2017, Tbilisi, Georgia

*Number of participants: 36; Female/Male participants: 7/29*

- 20) **Workshop on Council of Europe Legal Opinion on Draft Law of Georgia on “Facilitating the prevention of money laundering and terrorist financing in Georgia”**  
29 March, 2018, Tbilisi, Georgia  
*Number of participants: 39; Female/Male participants: 25/14*
- 21) **Training on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) for Accountants and Auditors**  
29-30 May, 2018, Tbilisi, Georgia  
*Number of participants: 17; Female/Male participants: 7/10*
- 22) **Train the trainers (TOT) course on "AML/CFT compliance for lawyers**  
25-26 June, 2018, Tbilisi, Georgia  
*Number of participants: 14; Female/Male participants: 7/7*
- 23) **Training on "Corporate Liability"**  
28-29 June, 2018, Tbilisi, Georgia  
*Number of participants: 20; Female/Male participants: 7/13*
- 24) **Training on "Investigation and prosecution of money laundering cases"**  
16-17 October, 2018, Kakheti, Georgia  
*Number of participants: 30; Female/Male participants: 6/24*
- 25) **Training on "Corporate Liability"**  
1-2 November, 2018, Tbilisi, Georgia  
*Number of participants: 23; Female/Male participants: 4/19*
- 26) **Training on "Money Laundering (ML) using of New Payment Methods (NPMs)"**  
15-16 November, 2018, Tbilisi, Georgia  
*Number of participants: 19; Female/Male participants: 12/7*
- 27) **Training on "Seizure, confiscation and recovery of proceeds of corruption, money laundering and other economic crime"**  
21-22 November, 2018, Tbilisi, Georgia  
*Number of participants: 28; Female/Male participants: 8/20*
- 28) **Training on "AML/CFT Compliance for Lawyers"**  
26 November, 2018, Tbilisi, Georgia  
*Number of participants: 23; Female/Male participants: 13/9*
- 29) **Training on " Beneficial ownership, use of offshore companies, legal arrangements, and financial flows from high-risk countries"**

3-4 December, 201, Tbilisi, Georgia

*Number of participants: 26; Female/Male participants: 18/8*

**30) Training on "AML/CFT Compliance for Lawyers"**

6 December, 2018, Tbilisi, Georgia

*Number of participants: 22; Female/Male participants: 11/11*

**31) Workshop for the discussion of the draft AML/CFT National Risk Assessment Report of Georgia**

7 December, 2018, Tbilisi, Georgia

*Number of participants: 39; Female/Male participants: 25/14*

**32) Training on "AML/CFT Compliance for Lawyers"**

14 December, 2018, Batumi, Georgia

*Number of participants: 20; Female/Male participants: 8/12*