

Programmatic Cooperation Framework for  
Armenia, Azerbaijan, Georgia, Republic of Moldova, Ukraine and Belarus



CoE/EU Eastern Partnership Programmatic Co-operation Framework (PCF)  
Thematic Programme: Theme III  
“Fight against Corruption and Fostering Good Governance-Fight against money-laundering”  
“Project on Combating Money Laundering and Terrorist Financing” (PCF-GE)

1st Progress Report  
December 2015

Programme title	Fight against Corruption and Fostering Good Governance/Fight against money-laundering
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## ABBREVIATIONS

Anti-Money Laundering/Counter Financing of Terrorism	AML/CFT
Civil Service Commission	CSC
Commission for Combating Corruption	CCC
Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism	MONEYVAL
Council of Europe	CoE
Deutsche Gesellschaft für Internationale Zusammenarbeit	GIZ
Eastern Partnership	EaP
Eastern Partnership Programmatic Co-operation Framework	PCF
European Union	EU
Expected Result	ER
Group of States against Corruption	GRECO
National Anti-Corruption Action Plan	NACAP
National Anti-Corruption Bureau of Ukraine	NABU
National Agency for Prevention of Corruption	NAPC
National Risk Assessment	NRA
Office for Democratic Institutions and Human Rights	ODIHR
Organisation for Economic Co-operation and Development	OECD
Organization for Security and Co-operation in Europe	OSCE
PCF Regional Project “Fight against Corruption and Fostering Good Governance/Fight against money-laundering”	PCF-REG
PCF Azerbaijan Project “Strengthening capacities to Fight and Prevent Corruption in Azerbaijan”	PCF-AZ
PCF Belarus Project “Good governance and fight against corruption” (PCF-BE)	PCF-BE
PCF Georgia “Project on Combating Money Laundering and Terrorist Financing”	PCF-GE
PCF Ukraine Project “Fight against Corruption” – Open Advisory Facility	PCF-UA
Special Investigative Means	SIMs
Training of trainers	ToT
United Nations Development Programme	UNDP
United Nations Office on Drugs and Crime	UNODC
United States Department of Justice	U.S. DOJ
United States Department of State Bureau of International Narcotics and Law Enforcement Affairs	U.S. DOS/INL

## **1. DESCRIPTION**

### **1.1. Contact Person for Corruption Theme**

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Head

Economic Crime and Cooperation Unit – DGI

Council of Europe (CoE)

### **1.2. Name of Partners in the Action**

The Eastern Partnership Programmatic Co-operation Framework is 90% funded by the EU and 10% by the Council of Europe. It is implemented by the Council of Europe.

### **1.3. Title of Action**

CoE/EU Eastern Partnership Programmatic Co-operation Framework (PCF) Thematic Programme “Fight against Corruption and Fostering Good Governance/Fight against money-laundering” (2015-2017)

### **1.4. Contract Number**

ENI/2014/037-347

### **1.5. Start Date and End Date of the Reporting Period**

1 January 2015 – 31 December 2017

### **1.6. Target Countries**

Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine

### **1.7. Beneficiaries**

#### Regional Main Counterparts:

Ministry of Justice of Republic of Armenia, Commission on Combating Corruption under the President of the Republic of Azerbaijan, Department for Combating Corruption and Organised Crime Prosecutor General’s Office of Belarus, Ministry of Justice of Georgia, Prosecutor’s Office of Georgia, National Anti-Corruption Centre of the Republic of Moldova, and Ministry of Foreign Affairs of Ukraine.

#### Regional Beneficiaries:

- Governmental bodies at all levels, notably specialised structures within the ministries of justice, interior, and finance;
- Ministry units responsible for public administration and civil service;
- Specialised agencies/bureaux/commissions involved in prevention and fight against corruption and economic crime (i.e., anti-corruption agency);
- Financial intelligence units (FIUs);
- Judiciary and prosecutorial services;
- Training institutions; and
- Civil Society.

#### Azerbaijan Main Counterpart:

Commission on Combating Corruption under the President of the Republic of Azerbaijan

Azerbaijan Beneficiaries:

- General Prosecutor's Office;
- Civil Service Commission;
- State Agency for Public Service and Social Innovations/ASAN;
- Police Academy;
- Financial Monitoring Service;
- CARA;
- Custom's Academy;
- Justice Academy;
- Ministry of Education; and
- Civil Society.

Belarus Main Counterpart:

Prosecutor General's Office of Belarus.

Belarus Beneficiaries:

- Prosecutor's General Office of Belarus;
- Governmental bodies assigned to risk assessment policy and implementation; and
- Specialised agencies/bureaux/commissions assigned to prevention and fight against corruption and economic crime.

Georgia Main Counterparts:

- Ministry of Finance of Georgia;
- Ministry of Justice of Georgia; and
- Office of the Chief Prosecutor of Georgia.

Georgian Beneficiaries:

- Ministry of Finance of Georgia;
- Ministry of Justice of Georgia;
- Prosecutor's Office of Georgia;
- State Security Agency;
- Insurance State Supervision Service of Georgia;
- Revenue Service – legal entity of public law of the Ministry of Finance;
- Georgian Bar Association;
- Georgian Federation of Professional Accountants and Auditors;
- National Agency of Public Registry- legal entity of public law of the Ministry of Justice;
- National Bank; and
- Financial Monitoring Service.

Ukraine Main Counterpart:

- Ministry of Foreign Affairs of Ukraine;

Ukrainian Beneficiaries:

- Verkhovna Rada
- Ministry of Justice;
- National Anti-Corruption Bureau;
- National Agency for Prevention of Corruption; and
- Representatives of law enforcement agencies, prosecution service, the judiciary, civil society and media.

## 2. EXECUTIVE SUMMARY

The CoE/EU Eastern Partnership Programmatic Co-operation Framework (PCF) has been developed pursuant to the Council of Europe and EU Policy priorities in the context of the Eastern Partnership and is a continuation of an earlier Eastern Partnership initiative. The PCF follows the same logic providing the assistance to the Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine) in various areas on both a regional and country level. Its duration is 1 January 2015 to 31 December 2017.

The Thematic Programme's Theme III: "Fight against Corruption and Fostering Good Governance/Fight against money-laundering" is one of the PCF pillars focused on supporting reforms in the field of corruption and money laundering/terrorist financing and strengthening regional capacities to prevent and fight corruption and money laundering/terrorist financing. It is composed of:

- one Regional Component (involving all six Eastern Partnership countries);and
- four Country Components (projects for Azerbaijan, Belarus, Georgia and Ukraine).

The first year of the PCF cycle was marked with operational start-up and subsequent initiation of PCF Programme activities. Following extensive consultations with country beneficiaries on project Workplans, the Inception phase for all five components was completed successfully in June 2015, following the PCF Programme launching conference in May 2015, in Strasbourg. A number of secretariat members were recruited in both Council of Europe headquarters (two staff members) and field offices (3 local project officers and one international project advisor) to administer and implement project activities. A Long Term Advisor was selected pursuant to a public procurement procedure to provide overall expert support to implementation of all five components of the PCF Programme and a pool of mid- and short-term experts to be used for specific component interventions was created through a call for expression of interest. Additionally, other ordinary budget funded secretariat members in the headquarters were involved at a great extend from the design and the beginning of the project and throughout of the year in support to the implementation of the Theme, thus engaging a considerable time of 2 administrators and one assistant.

In 2015, activities were taken within four out of five components (project for Belarus will begin in 2016 pursuant to a 24 month time-line). In overall, the PCF Programme has had **2 activities** and **18 actions**, involving **1279** EaP officials (of which 478 were women [37.4%] and 801 were men [62.6%]). During the period of seven-months of implementation (starting from June 2015), the project team managed to complete 75% of planned interventions for 2015. Through the individual actions, the Programme produced and delivered to beneficiaries 7 technical advisory papers and one legislative toolkit, and has carried out and finalised, on average, 4 actions per month.

Substantively, interventions contributed very much to both on-going policy and legislative reforms in the EaP countries and strengthening of anti-corruption and anti-money laundering/counter financing of terrorism preventive and repressive mechanisms.

In the *PCF Regional Project "Fight against Corruption and Fostering Good Governance/Fight against money-laundering" (PCF-REG)*, EaP countries benefitted from a Model Law on Conflict of Interest (with explanatory memoranda) as guidance for current and future legislative reforms in this important field.

In *Azerbaijan*, the *PCF Project "Strengthening capacities to Fight and Prevent Corruption in Azerbaijan"* (PCF-AZ) interventions were geared toward reinforcing on-going anti-corruption and ethics training for public officials through development of a cadre of ethics trainers and fostering further specialization of criminal justice sector authorities on complex economic crime issues.



In Georgia, pursuant to country priorities, the PCF *“Project on Combating Money Laundering and Terrorist Financing” (PCF-GE)* provided crucial initial support to the launching (for the first time) of the National Anti-Money Laundering/Countering Financing of Terrorism Risk Assessment process by providing advice on the overall methodology and steps to be taken at the outset of the process, as well as generally directly supporting national authorities involved in the process.

In Ukraine, the most notable contribution of PCF *Ukraine Project “Fight against Corruption” – Open Advisory Facility (PCF-UA)* in 2015 has been to intensive anti-corruption legislative reforms in the country through provision of expert recommendations on possible avenues for improvement of reviewed draft/proposed pieces of legislation in line with applicable international standards and good practices.

That said the PCF Programme has, from the outset, experienced a number of substantive and operational challenges which have affected, at various levels, the implementation rate. These issues include multiplying requests for assistance, shifting of priorities by beneficiary institutions, staffing challenges, and donor fatigue. These challenges would need to be considered, and possibly mitigated, in the second year of the implementation of the PCF Programme.

### **3. DESCRIPTION OF ACTION**

#### **3.1. Context of Cooperation**

The European Union launched the Eastern Partnership initiative (EaP) on 7 May 2009 at a Summit with its Eastern Partners. The Partnership sets out an ambitious path for tighter relations between Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine, through bilateral and multilateral activities. One component of the Eastern Partnership was the “Eastern Partnership – Council of Europe Facility Project on Good Governance and Fight against Corruption”, implemented from March 2011 until December 2014 ([www.coe.int/eap-corruption](http://www.coe.int/eap-corruption)).

The current Project “Fight against corruption and fostering good governance/ Fight against money-laundering”, under the CoE/EU Eastern Partnership Programmatic Co-operation Framework (PCF), represents a continuation of the previous Eastern Partnership assistance. It combines a Regional Component (involving all six Eastern Partnership countries) with Country Components for Azerbaijan, Belarus, Georgia and Ukraine. Whereas Country Components for Azerbaijan, Belarus and Ukraine primarily focus on combating corruption, the focus of the Country Component for Georgia is on fighting money-laundering.

The PCF as a whole is composed of five programmatic areas agreed between the European Commission and the Council of Europe. It stems from the Statement of Intent signed on 1 April 2014 by the Secretary General of the Council of Europe and the EU Commissioner for Enlargement and Neighbour Policy and has been developed pursuant to the Council of Europe and EU Policy priorities in the context of the Eastern Partnership, while relying on the Council of Europe expertise in standard-setting, monitoring and cooperation. “Fight against Corruption and Fostering Good Governance/Fight against money-laundering” is one of the pillars covered by the PCF. It is focused on supporting current reforms in the field of fight against corruption and money-laundering/terrorist financing and building good governance.

#### **3.2. Approach**

The Council of Europe has developed multidisciplinary expertise in the economic crime field for over a decade through standards setting, compliance monitoring, and provision of technical assistance. This knowledge has been the backbone of assistance to EaP countries in the previous period and will be used to deliver assistance on the regional and country level under the PCF platform.

In contrast to the previous EaP assistance format which was predominantly regional, with discrete country input, the PCF framework combines an overarching regional component aimed at all six EaP countries with four country specific components (for Azerbaijan, Belarus, Georgia and Ukraine). The regional component itself is a combination of regional and pilot activities. Regional activities engaging all six countries will allow for mobilisation of Council of Europe expertise, peer-to-peer reviews and advice, and the exchange of good practices among participating countries. Pilot activities will provide tailored assistance in response to individual country priorities in all six countries. Being run under the same programmatic platform, the regional and country components will mutually inform one another in an effort to provide individual countries, and the region as a whole, sufficient knowledge and expertise.

This also translates to thematic areas being covered under the programme. In line with identified key country needs and priorities, four country components have been developed to cover corruption/good governance or money laundering/terrorist issues specific for each country, respectively, while the regional component aims at addressing issues that emerge as common themes and address needs in areas outside the focus of country specific projects. Support will be extended in the areas of:

1. Policy and legislative reform;
2. Development of operational tools and procedures;
3. Development/strengthening of institutional operational and professional capacities;
4. Development /strengthening of inter-agency cooperation;
5. Development/strengthening of educational/training/awareness raising capacities.

#### 4. EXPECTED RESULTS

Georgia Project: (PCF-GE)

**Overall Objective:** 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.

**Specific Objectives:** Enhance the capacities of the anti- money laundering and counter-terrorist financing system in Georgia in terms of legislation, institutional frameworks, skills and operational capabilities.

**Expected Result I:** Legislative proposals available to make Georgian legislation and sub-legal acts compliant with the applicable European and international standards.

**Expected Result II:** Risks of money laundering/terrorism financing at the national and sectoral level are understood and mitigating measures are elaborated.

**Expected Result III:** 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.

**Expected Result IV:** Capacities of authorities to investigate, prosecute and adjudicate money laundering and economic crime cases are enhanced.

#### 5. WORKPLAN/ACTIVITIES

The Inception phase for all five project components s ended in June 2015 when agreements were reached with national authorities of all six EaP countries on specific project activities and an expected time-line for implementation. Project Workplans were developed pursuant to these agreements.

Georgia Project: (PCF-GE)

**Expected Result I: Legislative proposals available to make Georgian legislation and Sub-legal acts compliant with the applicable European and international standards**

At the end of 2015, Georgian Ministry of Finance has identified key sectors where necessary changes to anti-money laundering/counter financing of terrorism (AML/CFT) legislation are needed (leasing, casinos, cash couriers, NPOs, DPMs, insurance, lawyers, auditors and accountants). In order to ensure that future legislative amendments are developed with full understanding of applicable international standards, PCF-GE has provided the Georgian Ministry of Finance and other relevant agencies with translation of FATF Recommendations

that should serve as guidelines in the process. In the same vein, PCF-GE began review of AML/CFT legislation concerning NPO oversight which will serve as a basis for development of relevant legislative amendments in 2016. PCF-GE is expected to provide the same support in 2016 with legislative reforms concerning other sectors mentioned above.

**Expected Result II: Risks of money laundering/terrorism financing at the national and sectoral level are understood and mitigating measures are elaborated**

In October 2015, Georgia began the process of developing the National AML/CFT Risk Assessment (NRA) with PCF-GE support. The goals and the methodology for the NRA were discussed with the Georgian Ministry of Finance and representatives of all relevant agencies in the field at the end of September 2015. Subsequently, representatives of the inter-agency NRA Working Group were informed about the NRA process and methodology, sources of data, required and expected input from various institutions, and lessons learned from NRA processes of countries that developed their NRA with more or less success.

As a result of the PCF-GE interventions, the NRA Working Group has begun the first phase of the risk assessment process through gathering necessary data per specific recommendations provide under PCF-GE. The NRA process has continued until the end of the year 2015 and PCF-GE is actively following and supporting the developments by taking part in the working group coordination meetings.

**Expected Result III: 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**

According to agreement with national counterparts, activities under this expected result will begin in 2016 upon review of the existing legislative and regulatory framework in the specific sectors.

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

Through the project training component, national criminal justice authorities have 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.

## **6. MODIFICATION[S], ASSUMPTIONS, RISKS AND SUSTAINABILITY**

### **6.1 Modification**

The only modification under the PCF Programme in 2015 pertained to the overall direction of the PCF-AZ project. PCF-AZ was initially conceptualised to address enforcement of declaration of assets system in Azerbaijan. Pursuant to subsequent discussions with national counterparts, the focus of interventions has been shifted from this topic to strengthening of preventive and law enforcement capacities to address corruption in public administration. Key project documents (Logical framework and Workplan) have been developed pursuant to the new area of focus, in coordination with national stakeholders.

## 6.2 Assumptions, risks and sustainability

Implementation of all five projects largely relies on the following assumptions:

- Overall political will and continuity in carrying out reforms;
- Willingness of national authorities to adapt policies, in line with the EU and Council of Europe norms and standards;
- Capacity of specific beneficiary institutions to absorb assistance;
- Readiness of specific beneficiary institutions to address issues;
- Capacity and readiness of beneficiary institutions to use the acquired knowledge/assistance.

From the outset of the PCF Programme, and more specifically the five PCF projects, a number of issues, both substantive and operational in character, have affected, at various levels, implementation of project activities. These issues, outlined below, would need to be taken into consideration and possibly mitigated in the second year of implementation of the PCF Programme.

## 6.3 Substantive related issues

Simultaneous and Multiplying requests: It is very encouraging to see great interest for cooperation from country beneficiaries given the importance of issues covered by the PCF Programme". Even well after the conclusion of the Inception phase, the PCF Project Team has continued receiving "new requests" for assistance, some of which either go beyond the agreed framework of project activities or represent a significant multiplication of existing project activities. Having in mind the PCF Thematic Programme overall time and budgetary limitations, it will be necessary in the forthcoming period to manage expectations in respect to assistance in order to avoid potential risks that expanding may pose to successful project implementation;

Country priority shifting: First year of implementation has also shown inclination of some project beneficiaries to either completely abandon initially stated priorities (not) indicating new ones or to swiftly cross from one priority to the next. If continued, this practice may impact the ability to render focused and continuing intervention in a specific area;

EU Delegations in capitals separate requests: In at least two countries covered by the PCF, European Union Delegations (EUD) in two respective capitals have made specific requests for inclusion or exclusion of activities covered by agreed project framework during the implementation of the PCF Programme in 2015. It will be important for the Programme in the future to carefully balance any such requests against available resources and priorities stated by national beneficiaries.

## 6.4 Operational related issues

Absence of Focal Point nomination: At least one project has suffered from lack of government appointed Focal Point as the formally agreed mechanism of communication with local beneficiaries. This has caused difficulties with identifying points of contact in relevant country institutions and poses concerns in terms of overall project buy-in by country governments. One project under the PCF Programme remains without a focal points at the end of 2015;

Local recruitment of project staff/instability: In 2015, the PCF Project Team experienced difficulties in and after the recruitment of locally based project staff. One factor is instability of the country's social and economic setting and the movement of people outside the countries. During 2015, despite the delays in recruitment of 3 local staff members and 1 international locally residing staff members, only 2 staff members (50%) are in place at the end of the year. Two staff members

resigned from their respective positions due to personal (academic studies abroad) and social cohesion reasons;

Donor congestion/absorption capacity fatigue: Significant but disconcerted donor community has had a noticeable impact on implementation of their own interventions and activities in at least one country-beneficiary-Ukraine. This has resulted in simultaneous assistance requests to different technical assistance providers and an atmosphere where rapid delivery and quantity is valued over quality and thorough analysis aimed at avoiding donor and technical assistance congestion.

## 7. ACTIVITIES AND LEVEL OF PROGRESS

The achievements relating to the expected results of the projects are assessed below taking into consideration actions effectively delivered, project outcome indicators, and Year I output indicators:

### PCF-GE

<b>Expected Result I: Legislative proposals available to make Georgian legislation and sub-legal acts compliant with the applicable European and international standards</b>	
<b>Outcome indicators</b>	<ul style="list-style-type: none"> <li>▪ Level of implementation of the national anti-money laundering and terrorism financing strategy and action plan and results, is increased;</li> <li>▪ Progress is made in the implementation of Objectives of the National Strategy ,as attested by the indicative data;</li> <li>▪ Ratings provided in MONEYVAL’s fourth report are upgraded.</li> </ul>
<b>Year I output indicators</b>	<ul style="list-style-type: none"> <li>▪ National anti-money laundering and terrorism financing strategy and action plan are effectively implemented;</li> <li>▪ Strengthened and further developed AML/CFT system with relevant guidelines for the monitoring entities in place;</li> </ul>
<b>Year I activities</b>	<ul style="list-style-type: none"> <li>▪ Conference on Combating Money Laundering and Terrorist Financing 25 September 2015;</li> <li>▪ Translation of FATF Recommendations to Georgian;</li> </ul>
<b>Progress made under ER 1</b>	<ul style="list-style-type: none"> <li>▪ Conference on Combating Money Laundering and Terrorist Financing discussing the Georgian legislative framework vis-à-vis relevant international standards and the National Strategy and Action Plan organized under Activity 1.1 of the Workplan; Georgian authorities provided with a translation of FATF Recommendations that should serve as guidance for further strengthening of the country AML/CFT system.</li> </ul>
<b>Expected Result II: Risks of money laundering/terrorism financing at the national and sectoral level are understood and mitigating measures are elaborated</b>	
<b>Outcome indicators</b>	<ul style="list-style-type: none"> <li>▪ Level of implementation of the national anti-money laundering and terrorism financing strategy and action plan and results, is increased;</li> <li>▪ Progress is made in the implementation of Objectives of the National Strategy ,as attested by the indicative data;</li> <li>▪ Ratings provided in MONEYVAL’s fourth report are upgraded.</li> </ul>
<b>Year I output indicators</b>	<ul style="list-style-type: none"> <li>▪ National anti-money laundering and terrorism financing strategy and action plan are effectively implemented;</li> <li>▪ Strengthened and further developed AML/CFT system with relevant guidelines for the monitoring entities in place</li> <li>▪ Upgraded systems for sharing and tracking law enforcement and financial intelligence information at the national level are introduced, including data-sharing, statistics and case-monitoring;</li> </ul>
<b>Year I activities</b>	<ul style="list-style-type: none"> <li>▪ National Risk Assessment Workshop for members of the working group in-charge of conducting the National Risk Assessment;</li> <li>▪ Expert Opinion on National Risk Assessment methodology for Georgia;</li> </ul>
<b>Progress made under ER 2</b>	<ul style="list-style-type: none"> <li>▪ Under Activity 2.1. of the Workplan a workshop on standards and good practices with development of a National Risk Assessment (NRA) was organized for members of the NRA drafting working group; Relevant authorities also provided with an expert opinion on the NRA development methodology with specific recommendations on procedural steps.</li> </ul>
<b>Expected Result III: The supervisory and regulatory framework of preventative measures is reinforced for the sectors of insurance, casinos, lawyers, notaries, dealers in precious metals</b>	

<b>and stones, real estate agents and NPOs; beneficial ownership and transparency of legal persons is enhanced</b>	
<b>Outcome indicators</b>	<ul style="list-style-type: none"> <li>▪ Level of implementation of the national anti-money laundering and terrorism financing strategy and action plan and results, is increased;</li> <li>▪ Progress is made in the implementation of Objectives of the National Strategy ,as attested by the indicative data;</li> <li>▪ The number and level of trained officers vis-à-vis those involved in the practical implementation of the national strategy, is increased;</li> <li>▪ Ratings provided in MONEYVAL's fourth report are upgraded.</li> </ul>
<b>Year I output indicators</b>	<ul style="list-style-type: none"> <li>▪ Strengthened and further developed AML/CFT system with relevant guidelines for the monitoring entities in place;</li> </ul>
<b>Year I planned activities</b>	N/A
<b>Progress made under ER 3</b>	<ul style="list-style-type: none"> <li>▪ This activity will begin in 2016.</li> </ul>
<b>Expected Result IV: Capacities of authorities to investigate, prosecute and adjudicate money laundering and economic crime cases are enhanced</b>	
<b>Outcome indicators</b>	<ul style="list-style-type: none"> <li>▪ The number and level of trained officers in operations, including the number and progress of data sharing and financial intelligence operations, is increased;</li> </ul>
<b>Year I output indicators</b>	<ul style="list-style-type: none"> <li>▪ The capacities of AML/CFT authorities to undertake their functions and effectively co-operate domestically are enhanced;</li> </ul>
<b>Year I activities</b>	<ul style="list-style-type: none"> <li>▪ Training on Corporate Money Laundering schemes, 17 November 2015</li> </ul>
<b>Progress made under ER 4</b>	<ul style="list-style-type: none"> <li>▪ Training on Criminal Liability of Legal Entities delivered under Activity 4.2 of the Workplan; Trainees are equipped with practical guidance on possible strategies and tools to be used for investigating and prosecuting corporate money laundering.</li> </ul>



## 8. COOPERATION WITH STAKEHOLDERS

### 8.1. Georgia

Cooperation with Georgian counterparts has been equally positive. The PCF-GE has established communication with all project counterparts/beneficiaries and has begun with first activities under the Workplan pursuant to beneficiary priorities. As in Azerbaijan, Georgian key beneficiary institutions, the Ministry of Finance and the General Prosecutor's Office, have taken an active role in organization of first project events in 2015, and very receptive to ideas and recommendations delivered from and through the project. Other direct and indirect project beneficiaries have expressed great interest in receiving assistance under PCF-GE. The Local Project Officer has had a significant role in shaping a positive project perception in the eyes of the beneficiaries.

### 8.2. Third parties/Partners

In order to limit duplication of efforts, the CoE staff assigned to all five components has established contacts with other international organizations working on the same and similar issues (e.g. UNDP, UNODC, OECD, GIZ, U.S.D.O.J, U.S. DOS/INL, country specific twinning projects). This seems to be most pertinent for Ukraine where a significant number of donors are working on anti-corruption reforms. To date, communication was namely focused on exchange of information on respective activities, with the exception of Ukraine where PCF-UA cooperated with a number of other assistance providers, including OECD and UNDP, in organizing a large scale international anti-corruption conference (see <http://conference.reforms.in.ua/en>). PCF-GE has been approached by a number of organizations, including the law enforcement attaché at the French Embassy in Georgia, with proposals for specific activity cooperation. The projects have not come across any major problems regarding coordination. Beneficiary inclination to request the same type of assistance from several donors and to go with the first provider has been observed.

## 9. VISIBILITY OF THE PROJECT

Visual identity of PCF Programme components' follows the PCF 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 PCF-Corruption Programme is paying particular attention to visibility of its interventions. Key Programme documents and information on programmatic events and deliverables (e.g. expert opinions on reviewed legislation) can be found on the webpage of the Council of Europe Economic Crime Cooperation Unit (<http://www.coe.int/corruption>) and webpage sections specifically dedicated to the five PCF Programme components ([www.coe.int/PCF-EaP2](http://www.coe.int/PCF-EaP2)). Information about specific country activities can also be found on webpages of Council of Europe offices in respective countries (see, Council of Europe Office in Georgia - <http://www.coe.int/en/web/tbilisi>; and Council of Europe Office in Ukraine - <http://www.coe.int/en/web/kyiv>).

Furthermore, two promotional clips on the PCF-Corruption Programme and its interventions in Georgia and Ukraine were prepared at the end of the first year of its implementation providing information on the respective projects and their target area. Both clips are available to at the project websites, in addition to the programme website ([www.youtube.com/channel/UCELB0Gasv\\_XMBbkoMTiATAg](http://www.youtube.com/channel/UCELB0Gasv_XMBbkoMTiATAg)).

Lastly, information on PCF programmatic interventions is also made readily available within EaP countries through webpages and media feeds of respective partner and beneficiary institutions (see Annex II). In 2015, two PCF events, Georgia workshop on the "National Risk Assessment" and Ukraine Conference "Preventing.Fighting.Acting.", were largely covered by local media outlets.

## 10. CONCLUSIONS

Despite the number of project setbacks, mostly related to project staffing on both the Council of Europe and country-beneficiary side, the EU/CoE PCF Thematic Programme “Fight against Corruption and Fostering Good Governance/Fight against money-laundering” has overall gotten off to a good start. Under the PCF-REG, all EaP countries have received assistance in addressing conflict of interest legislation and policies and strengthening operational capacities to deal with corruption and economic crime cases with international components. Similarly, Georgia and Republic of Moldova have benefited from Council of Europe expert advice and guidance on criminal liability of legal entities, integrity testing, conflict of interest and asset declarations through trainings, workshops, and expert opinions.

Within PCF-AZ, initial steps have been taken toward strengthening the training capacities of the Azerbaijani Commission for Combating Corruption and the Civil Service Commission and operational capacities of the Anti-Corruption Directorate with the Prosecutor General of the Republic of Azerbaijan, as well as other investigative and financial analytical bodies (e.g. Financial Monitoring Service and the Chamber of Auditors). From the end of the inception phase PCF-AZ delivered three trainings (two for the Civil Service Commission and one for the Anti-Corruption Directorate with the Prosecutor General of the Republic of Azerbaijan) and begun work on the development of training package for the Commission for Combating Corruption. The PCF Project Team also set grounds for activities with other beneficiaries, namely the Ministry of Education, for 2016.

PCF-GE was similarly successful in getting off the ground with active involvement in one of the key AML/CFT systemic efforts – development of a National AML/CFT Risk Assessment. In the first year, the project assisted authorities assigned to developing the National Risk Assessment get a better understanding of the requirements for the process and good practices in that respect through specifically tailored workshop and expert recommendations. PCF-GE will follow this process in 2016. At the same time, in order to boost efforts aimed at improving the countries legislative framework PCF-GE has provided country authorities with translation of the key standard-setting tool – the FATF Recommendations and has begun the review of anti-money laundering/counter financing of terrorism legislation for the NGO sector. Prosecutors, investigators, and financial analysts were provided capacity building courses under the joint PCF-REG/PCF-GE scheme.

In contrast, setting up of PCF-UA and initial assistance efforts were somewhat challenging due to absence of local project Focal Points and/or shifting beneficiary priorities. Against such a background, the project did manage to implement a number of important actions, such as provision of four expert opinions on different sets of anti-corruption related legislative amendments and organization of first mentoring sessions on management and operational issues for high and middle management of the National Anti-Corruption Bureau. It has furthermore set groundwork for future assistance on strengthening of inter-agency cooperation through direct exchange of data and information. It is expected for 2016 that all project beneficiary institutions will be in place which would allow for PCF-UA to expand activities to cover all expected results.

During 2015 the PCF Programme has also faced a number of substantive and operational challenges in implementation which, if continued, would need to be mitigated in order not to jeopardise expected project delivery.

## 11. ANNEX I: WORKPLAN OF ACTIVITIES

Please attach the WP as an attachment not as pasted document.

## 12. ANNEX II: VISIBILITY

### Council of Europe Economic Crime and Cooperation Webpage

PCF REGIONAL: Fight against Corruption and Fostering Good Governance/Fight against Money-Laundering	PCF AZERBAIJANI: Strengthening capacities to fight and prevent corruption	PCF BELARUS: Good governance and fight against corruption	PCF GEORGIAN: Strengthening anti-money laundering measures	PCF UKRAINE: Fight against Corruption
€ 1.2 M	€ 1 M	€ 0.1 M	€ 0.5 M	€ 1. M
<ul style="list-style-type: none"><li>Project Summary</li><li>Diagnostic report</li><li>Progress reports</li><li>Workplan</li><li>Calendar</li><li>Deliverables</li></ul>	<ul style="list-style-type: none"><li>Project Summary</li><li>Progress reports</li><li>Workplan</li><li>Calendar</li><li>Deliverables</li></ul>	<ul style="list-style-type: none"><li>Project Summary</li><li>Progress reports</li><li>Workplan</li><li>Calendar</li><li>Deliverables</li></ul>	<ul style="list-style-type: none"><li>Project Summary</li><li>Progress reports</li><li>Workplan</li><li>Calendar</li><li>Deliverables</li></ul>	<ul style="list-style-type: none"><li>Project Summary</li><li>Progress reports</li><li>Workplan</li><li>Calendar</li><li>Deliverables</li></ul>

### Project beneficiary webpages

**Xəbərlər**

**Hüquqi şəxslərin cinayət məsuliyyəti və əmlakın bərpası Bəy prokuror yanında Korrupsiyaya qarşı Mübarizə Baş İdarəsində müzakirə edilmişdir**  
23.11.2015

Noyabrın 19-dan 20-dək Bəy prokuror yanında Korrupsiyaya qarşı Mübarizə Baş İdarəsində Avropa İttifaqı və Avropa Şurasının birgə maliyyələşdirdiyi və Avropa Şurası tərəfindən həyata keçirilən "Proqram Əməkdaşlıq Çərçivəsi" layihəsi üzrə "Hüquqi şəxslərin cinayət məsuliyyəti və əmlakın bərpası" mövzusunda təlim keçilmişdir.

Bəy Prokurorluğunun müvafiq idarələrinin, Bəy prokuror yanında Korrupsiyaya qarşı Mübarizə Baş İdarəsinin, Hərbi Prokurorluğun və Bakı şəhər prokurorluğunun, habelə Respublika Auiditoratı Palatası və Mərkəzi Bank yanında Maliyyə Monitorinq Xidmətinin nümayəndələrinin iştirak etdiyi tədbirdə Bəy İdarəsinin Təşkilatı və İnformasiya Təminatı İdarəsinin rəisi Cənab İsayev qonşu edərək korrupsiyaya qarşı mübarizənin Azərbaycan dövlət siyasətinin prioritet istiqaməti olmasını vurğulamaqla bu mübarizənin mühüm təşvihi inisiyaya əsaslanıldığını qeyd etmiş, bu sahədə ölkə daxilində, eyni zamanda beynəlxalq səviyyədə əməkdaşlığın böyük əhəmiyyət kəsb etdiyini bildirmişdir.

Avropa Şurasının ekspertləri Martin Poley və Nimşe Aqveral Hüquqi şəxslər tərəfindən törədilən korrupsiya cinayətlərinə qarşı mübarizənin aspektləri, bu kateqoriyadan olan cinayətlərin mübarizə sahəsində müəhlət sorbica, hüquqi şəxslərin cinayət məsuliyyətinə cəlb olunmasının hüquqi və praktik tərəfləri barədə təqdimatlar keçirmişdir.

Tədbirdə Hüquqi şəxslərin cinayət məsuliyyəti ilə əlaqədar tədris tapşırılan iştirakçılar tərəfindən müvafiqyyətə icra edilmiş, onları maraqlandıran suallar ətrafı müzakirə edilmişdir.

**Sosial şəbəkələrdə paylaş**

\* Anti-Corruption Directorate with the Prosecutor General of the Republic of Azerbaijan

Media coverage of PCF actions



\* EPN Georgia report on the PCF Georgia National Risk Assessment Workshop, 19-20 October 2015



\* Jurnal.md report on the PCF Regional Pilot Activity in Republic of Moldova, Roundtable on the Anti-Corruption Package of Laws, 20 January 2015