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Technical Support Instrument (TSI)
22DCMT01, 22DCLV01 and 22DCCZ03 - Effective and uniform implementation of the sanctions' regime in EU Member States

PROJECT SUMMARY

Project title	Effective and uniform implementation of the sanctions' regime in EU Member States (22DCMT01, 22DCLV01 and 22DCCZ03)
Project area	Czech Republic, Latvia and Malta
Budget	294,445 EUR
Funding	European Commission DGREFORM
Implementation	Economic Crime and Cooperation Division
Duration	8 months (1 September 2022 – 30 April 2023)

1. BACKGROUND

The Technical Support Instrument (TSI) is the EU programme that provides tailor-made technical expertise to EU Member States to design and implement reforms. The support is demand driven and does not require co-financing from Member States. The TSI is the successor programme of the Structural Reform Support Programme (2017-2020) and builds on its experience in building capacity in Member States.

In 2022, the European Commission Directorate-General for Structural Reform Support (DG REFORM) continued its cooperation with the Council of Europe to support member states in effectuating structural reforms in governance and public administration and the financial sector. The technical support will be provided under the conditions set in the Framework Contribution Agreement REFORM/IM/2022/002. As part of this envelope and in order to contribute to reforms in EU countries, the Economic Crime and Cooperation Division (ECCD) of the Council of Europe supports as of June 2022 two EU member states (Lithuania and Poland) in implementing anti-money laundering/countering terrorist financing reforms. In addition, as of September 2022, the ECCD will be supporting the Czech Republic, Latvia, Malta and indirectly other EU Member States, on the effective implementation of EU sanctions' regime.

2. PROJECT IMPACT, OBJECTIVE AND OUTCOMES

The Project on effective and uniform implementation of the sanctions' regime in EU Member States is one of the three projects implemented under the overall 2022 CoE/EU TSI programme. The general objective of this Project is to support the Czech, Latvian and Maltese authorities, and indirectly other EU Member States, in their efforts to harmonise the

implementation of EU sanctions targeting sectorial cooperation and exchanges with the Russian Federation in the context of the adopted packages of restrictive measures. The expected long-term effect of this Project (impact) is to enhance the capacities of relevant authorities to apply the sanctions regime by appropriately identifying persons or entities in control of companies and to mitigate risks of sanctions evasion through the use of virtual assets. To this aim, the project will undertake a review of practices and methodologies for the identification of persons or entities in effective control of a company and possible circumvention of sanctions through disinvestment, as well as a review of existing freezing and seizing practices in EU Member States related to assets of companies controlled by designated persons or entities and possible evasion of sanctions through disinvestment or related misuse of company structure. The project will furthermore conduct an analysis of practical application of market entry requirements and effective supervision of virtual assets service providers, and identify tools for analysing and monitoring transactions through blockchain, both at the level of obliged entities (e.g. virtual assets service providers and banks) and of the supervisors.

The Outcomes of the Project are:

Outcome 1	Enhanced capacities of the authorities to identify the persons and entities in effective control of companies and mitigate risks related to breaches of sanctions.
Outcome 2	Strengthened capacities of the relevant authorities to mitigate risks related to evasion of sanctions through use of virtual assets.

3. IMPLEMENTATION ARRANGEMENTS AND CONTACTS

The Project is being implemented by the Economic Crime and Cooperation Division (ECCD) of the Action against Crime Department, Directorate General I of the Council of Europe. The national coordination for the beneficiary countries is conducted by the Financial Analytical Office of the Czech Republic, the Sanctions Monitoring Board of Malta and the State Revenue Service of the Republic of Latvia.

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