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## Technical Support Instrument (TSI)

### 21HR29 - Risk-based supervision of anti-money laundering and countering the financing of terrorism in Croatia

#### PROJECT SUMMARY

Project title	Risk-based supervision of anti-money laundering and countering the financing of terrorism in Croatia (21HR29)
Project area	Croatia
Budget	500,000 EUR
Funding	European Commission DGREFORM (90%) and Council of Europe (10%)
Implementation	Economic Crime and Cooperation Division
Duration	24 months (18 June 2021 – 17 June 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 2021, 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/2021/012. As part of this envelope and in order to contribute to reforms in EU countries, the Economic Crime and Cooperation Division of the Council of Europe will be supporting as of June 2021 four EU member states (Croatia, Estonia, Portugal and Slovakia) in implementing anti-money laundering/countering terrorist financing reforms.

## 2. PROJECT IMPACT, OBJECTIVE AND OUTCOMES

The Project on risk-based supervision of anti-money laundering and financing of terrorism in Croatia is one of the four projects implemented under the overall CoE/EU TSI programme. The general objective of this Project is to support Croatia in its efforts to strengthen institutional and administrative capacity, including at regional and local levels, to facilitate socially inclusive, green and digital transitions, to effectively address the challenges identified in the country-specific recommendations and to implement Union law. The expected long-term effect of this Project (impact) is an enhanced effectiveness of the AML/CFT regime in Croatia in line with Financial Action Task Force (FATF) recommendations and the EU Directive on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AMLD 4 and 5). The Project shall contribute to enhancing the effectiveness of the AML/CFT regime in Croatia through strengthening the risk-based AML/CFT supervision in the financial system. It aims to do so by improving the Croatian National Bank (CNB)'s and the Croatian Financial Services Supervisory Agency (Hanfa)'s risk assessment methodologies and by mapping of data sources for the introduction of a reporting system to ensure risk profiling, as well as by providing recommendations for the design of supervisory tools for Hanfa and for the development of an IT supervisory tool for automated ML/TF risk assessment of obliged entities for CNB and Hanfa. The Project will moreover contribute to developing supervisory manuals and will provide recommendations for an efficient allocation of resources within for CNB and Hanfa. A set of trainings and workshops will also be organised for the two institutions' staff.

**The Outcome** of the Project is:

<b>Outcome 1</b>	Enhanced risk-based AML/CFT supervision in the financial sector in Croatia.
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## 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 country is conducted by the Croatian National Bank (CNB) and the Croatian Financial Services Supervisory Agency (Hanfa).

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