

COMMITTEE OF EXPERTS ON THE EVALUATION
OF ANTI-MONEY LAUNDERING MEASURES AND
THE FINANCING OF TERRORISM (MONEYVAL)

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MONEYVAL Strategy for 2020-2022

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The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism - MONEYVAL is a permanent monitoring body of the Council of Europe entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism and the effectiveness of their implementation, as well as with the task of making recommendations to national authorities in respect of necessary improvements to their systems. Through a dynamic process of mutual evaluations, peer review and regular follow-up of its reports, MONEYVAL aims to improve the capacities of national authorities to fight money laundering and the financing of terrorism more effectively.

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I. Introduction

1. This Strategy is decided upon the basis of the Statute of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), which was adopted on 9 October 2013 and amended on 27 September 2017 by the Committee of Ministers of the Council of Europe. The present document sets out MONEYVAL's strategic priorities for the period 2020-2022 with regard to the evaluation of anti-money laundering and countering the financing of terrorism (AML/CFT) and proliferation measures of MONEYVAL's Member States and Jurisdictions. Once agreed, the Strategy should be followed by a work plan which elaborates on the individual tasks to implement this Strategy.

2. MONEYVAL is part of the Council of Europe, an intergovernmental organisation with 47 member states which furthers democracy, human rights and the rule of law. Money laundering (whether in connection with corruption or other economic crimes, organised criminal groups, human trafficking or other criminal activities) and terrorist financing are phenomena which undermine the very foundation of the core values which the Council of Europe seeks to protect. For this reason, MONEYVAL forms an integral part of the rule of law-pillar of the Council of Europe. Moreover, robust anti-money laundering measures are a key component in combatting any threats to the integrity of the international financial system. As a technical body, MONEYVAL is both a Committee of the Council of Europe and a regional assessment body in a global network of AML/CFT bodies led by the Financial Action Task Force (FATF). This global network evaluates over 200 jurisdictions around the world on the effective implementation of the international standards for combating of money laundering, the financing of terrorism and proliferation of weapons of mass destruction ("the 2012 revised FATF Recommendations"). Being an associate member of the FATF and having endorsed the 2012 revised FATF Recommendations¹, MONEYVAL is responsible for overseeing the effective implementation of these standards by its 34 members.

II. Aim and status of MONEYVAL

3. It is recalled that the aim and status of MONEYVAL is defined in Article 1 of its Statute which establishes that: "*1. MONEYVAL shall be a monitoring body of the Council of Europe entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism and the effectiveness of their implementation, as well as with the task of making recommendations to national authorities in respect of necessary improvements to their systems. 2. Through a dynamic process of mutual evaluation, peer review and regular follow-up reports, MONEYVAL shall aim to improve the capacities of national authorities to fight money laundering and the financing of terrorism more effectively.*"

4. Given that the financing of proliferation of weapons of mass destruction (as included in the 2012 revised FATF Recommendations) is not yet referenced in the MONEYVAL Statute, the Committee of Ministers should be invited to amend the Statute accordingly.

¹ This decision was taken at the 38th MONEYVAL Plenary (March 2012).

III. Purpose of this Strategy and strategic goals for the period 2020-2022

5. On the basis of MONEYVAL's aim and status as outlined above, the overall purpose of this Strategy is to improve MONEYVAL members' compliance with the standards by the FATF, and ultimately to strengthen their capacity to combat money laundering and the financing of terrorism and proliferation more effectively.

6. In order to achieve this purpose, MONEYVAL has identified the following strategic goals for the period 2020-2022:

- Sustaining MONEYVAL's monitoring and other activities;
- Strengthening the capacities of MONEYVAL members by training its members on the FATF standards;
- Enhancing MONEYVAL's involvement in the global AML/CFT network;
- Strengthening MONEYVAL's political standing;
- Increasing the resources in the MONEYVAL Secretariat.

IV. Scope of activities

7. During the period 2020-2022, MONEYVAL will engage in the following activities as defined in Article 2 of its Statute and as set out in more detail below.

Monitoring activities

8. In order to improve the capacity of the domestic authorities of its member states and jurisdictions to fight money laundering and terrorism/proliferation financing more effectively, and given that Article 1 of its Statute defines MONEYVAL primarily as a monitoring body, the following monitoring activities have strategic priority:

a) Mutual evaluations

9. During the period 2020-2022, MONEYVAL will proceed with conducting assessments in its 5th round of mutual evaluations in line with its provisional calendar of evaluations for this round. MONEYVAL aims at finalising the round by the end of 2023, as expected by the global network of AML/CFT bodies led by the FATF. MONEYVAL recognises that finalising this round by that date is an ambitious target set by the global AML/CFT network, and considers it a priority to maintain the quality of its mutual evaluation reports in light of that deadline.

b) Follow-up process

10. During the period 2020-2022, MONEYVAL will proceed with discussing and adopting follow-up reports with the possibility for its states and jurisdictions to seek re-ratings for technical compliance for Recommendations rated as "non-compliant" or "partially compliant" in the 5th round of mutual evaluations. In this regard, MONEYVAL recalls that there is an expectation in the global network of AML/CFT bodies that each state and jurisdiction has addressed most if not all of the technical compliance deficiencies by the end of the third year after the adoption of the mutual evaluation report. MONEYVAL will thoroughly look at obstacles preventing the countries from addressing the shortcomings and come up with specific proposals to mitigate them (including Compliance Enhancing Procedures, where necessary).

c) Follow-up Assessments

11. As of 2021, or at any later date designated by the FATF, MONEYVAL should commence the “Follow-up Assessments” as provided in Rule 24 of MONEYVAL’s 5th round rules of procedure. These assessments are intended to provide a more comprehensive update on each state or jurisdiction’s AML/CFT regime, with a focus on the progress made on the priority actions of the mutual evaluation report and in particular on the effectiveness shortcomings. On account of the experience by the FATF which currently conducts the first six pilot follow-up assessments for its own members, this process will require considerable Secretariat resources. Should the resources of the MONEYVAL Secretariat - in particular during the year 2022 - not be sufficient to support both the 5th round mutual evaluations and the follow-up assessments, MONEYVAL will seek guidance from the FATF in order to decide which of the two cycles to prioritise, and discuss sufficiently in advance options for increasing the resources to a sufficient level.

d) Voluntary Tax Compliance monitoring

12. During the period 2020-2022, MONEYVAL will continue to monitor the implementation of voluntary tax compliance (VTC) programmes of its states and jurisdictions with the aim of ensuring that the AML/CFT requirements are sufficiently respected. This work will be conducted on the basis of the Four Basic Principles established by the FATF in June 2010 and the FATF’s “Best Practices in Managing AML/CFT Policy Implications in VTC Programmes” of October 2012.

Typologies

13. MONEYVAL will conduct thematic typologies research meetings in respect of all evaluated states and jurisdictions on the features, techniques, trends and magnitude of money laundering and the financing of terrorism. The thematic subjects of the meetings should be aligned with MONEYVAL’s regional counter-terrorist financing operational plan and take into account the characteristics of MONEYVAL members. MONEYVAL will also discuss the feasibility of a more structured approach towards the on-going management of typologies, benefiting from the work of the FATF, other FATF-style regional bodies (FSRBs) or the Egmont Group of Financial Intelligence Units.

Training and education

14. During the period 2020-2022, MONEYVAL will increase efforts to strengthen the capacities of its states and jurisdictions by training and educating their key AML/CFT authorities on the FATF standards, with the ultimate aim to ensure a clear understanding of these standards throughout the MONEYVAL membership.

15. In order to achieve this strategic goal, MONEYVAL will continue to engage with the global AML/CFT network on training possibilities, such as assessor and standards training, e-learning courses or experts’ workshops. Equal focus should be put on legal, law enforcement and financial sector issues. The results of MONEYVAL’s mutual evaluations and follow-up reports may serve as a starting point for identifying particular needs to be covered in such training.

V. Involvement in the global AML/CFT network

16. During the period 2020-2022, MONEYVAL will enhance its active involvement in the global network of AML/CFT bodies, in particular with regard to the activities set out in the following paragraphs.

17. MONEYVAL will continue to represent its membership at FATF Plenaries, including its working groups. In particular, MONEYVAL will take part in the on-going strategic review of the FATF (envisaged for completion in June 2021). Recognising that the outcome of this strategic review will shape the monitoring work of all FSRBs in the near future, MONEYVAL will ensure that its members are properly represented in the process and are regularly informed about the on-going process.

18. MONEYVAL will actively liaise and coordinate positions with other FSRBs for strategically important issues, including when the rules of the global AML/CFT network are revised by the FATF. If necessary, MONEYVAL will engage in meetings with other FSRBs held in the margins of FATF Plenaries to that effect.

19. The MONEYVAL Secretariat will continue to participate in the regular meetings of the FATF/FSRB Secretariats and inform the MONEYVAL Bureau about the key outcomes of these meetings. The MONEYVAL Secretariat will actively engage, and hold regular meetings, with the staff at the FATF Secretariat responsible for the Global Network Cooperation Group (GNCG).

20. MONEYVAL will follow the policy discussion of and engage, where necessary, with the European FATF members and other relevant stakeholders.

21. MONEYVAL will be paying special attention to the interaction with the Eurasian Group on Combatting Money Laundering and Financing of Terrorism (EAG) as its neighbouring FSRB.

VI. Strengthening the political standing and visibility of MONEYVAL

23. This Strategy aims at introducing measures to avoid any possible gap between the technical and the political AML/CFT levels in member states and jurisdictions, and to ensure that decision-makers in this area are sufficiently aware of the evaluation process or strategic issues by the global AML/CFT network. MONEYVAL will seek to achieve this goal by organising two high-level events and other measures as described below.

MONEYVAL ministerial meetings

24. MONEYVAL will designate the first day of one of its two Plenaries in 2020 as a high-level political segment to which all ministers primarily competent for AML/CFT will be invited. This segment should consist of presentations of a substantive nature (e.g. focusing on particular money laundering and terrorist financing risks in the MONEYVAL region and specific deficiencies as identified in MONEYVAL's mutual evaluations), as well as informative presentations about the mutual evaluation process. The latter aspect will be particularly aimed at raising awareness at the highest political level about the expectations by the global AML/CFT network and possible consequences of poor results in a mutual evaluation report beyond the follow-up process of MONEYVAL.

25. Such event may be repeated in 2022 to mark MONEYVAL's 25th anniversary, with a view to revise the strategic direction of MONEYVAL beyond the present strategy and to discuss future resource needs for the MONEYVAL Secretariat to serve the Committee.

Exchange of views with the Committee of Ministers

26. According to Article 10 of MONEYVAL's Statute, the Chair of MONEYVAL and the Executive Secretary shall present an annual activity report to the Committee of Ministers, including information on the state of compliance with AML/CFT international standards in the states and jurisdictions

which have been evaluated by MONEYVAL in the previous year. Mindful that the representatives in the Committee of Ministers traditionally derive from the Council of Europe member states' foreign ministries, while the national ministries primarily responsible for AML/CFT in MONEYVAL states and jurisdictions are those competent for the areas of justice and finance, law enforcement and financial intelligence. MONEYVAL will continue to take measures to ensure that no information gaps occur between the various national ministries on MONEYVAL's work.

27. To promote this strategic goal, and bearing in mind that 20 Council of Europe members states are members of the FATF, MONEYVAL will encourage the Committee of Ministers' Secretariat to invite to the annual exchange of views also the President of the FATF (at least on a biennial basis).

28. To enhance the information on the work of MONEYVAL for the Committee of Ministers beyond the annual exchange of views with the Chair, MONEYVAL will encourage the Committee of Ministers to include in its agenda an update on recent developments (including on MONEYVAL member states and jurisdictions which have fulfilled the entry criteria to the FATF's International Cooperation and Review Group (ICRG)) at least one additional time per year, e.g. through an oral report by the Director General on Human Rights and Rule of Law.

Visibility of MONEYVAL

29. MONEYVAL will seek to increase the visibility of its work through its website, social media and other means of outreach.

VII. Engagement with the Conference of the Parties to CETS No. 198

30. MONEYVAL will conduct regular exchanges of views with the Conference of the Parties of the Council of Europe Convention on the Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and the Financing of Terrorism (CETS No. 198) about the complementarity of their work. Both Council of Europe monitoring bodies share the same Secretariat resources and, as a consequence, decisions on activities by one body has a direct impact on the work of the other. To that effect, the President of the Conference of the Parties should regularly be invited to MONEYVAL Plenaries for an exchange of views.

VIII. Increasing the resources in the MONEYVAL Secretariat

31. MONEYVAL's activities are to a large extent dependent on the resources of its Secretariat. In order to maintain the quality of MONEYVAL's output, a high level of expertise in the MONEYVAL Secretariat is crucial. MONEYVAL notes that in past years its Secretariat was not sufficiently resourced, something which could not be entirely compensated for through voluntary contributions and secondments.

32. As a result of shortage of Secretariat staff in recent years, activities had inevitably focused on MONEYVAL's monitoring work. MONEYVAL recognises that any additional future activities therefore depend on a strategic increase of the resources in the Secretariat. Moreover, monitoring activities in the 5th round of mutual evaluations and the follow-up assessments are likely to exceed current Secretariat capacities (see above, paragraph 11).

33. At its 60th Plenary (30 June – 3 July 2020), MONEYVAL will therefore explore complementary forms of budgetary resources. Several options have already been mentioned during previous MONEYVAL Plenaries which could be taken into consideration. The discussion should be held on the

basis of the applicable rules in the Council of Europe, and subject to the legal opinion of its Directorate of Legal Affairs and Public International Law. The relevant stakeholders for budgetary issues in the Council of Europe Secretariat should be invited to participate in the discussion. It is recalled that MONEYVAL must submit any proposals to amend its Statute, if necessary to implement any new approach on resources, to the Committee of Ministers (Article 11, paragraph 2 of the Statute). The following list, which is not exhaustive, could serve as a basis for the discussion:

Voluntary contributions

34. MONEYVAL could consider how to further enhance voluntary contributions by both its members and other FATF/Council of Europe member states.

Mandatory membership fees

35. MONEYVAL could discuss the introduction of mandatory membership contributions which would be made additionally to the contributions to the Council of Europe's ordinary budget (from which MONEYVAL's budget derives). Such mandatory fees could be justified on the basis of the fact that the Council of Europe budget (and thus consequently the MONEYVAL budget) is to a large extent financed by Council of Europe member states which are FATF members, resulting in a margin for MONEYVAL states and jurisdictions which could be further enhanced.

Contributions (partly) equivalent to the costs of an evaluation

36. MONEYVAL could discuss whether members are willing to make contributions to MONEYVAL to be used to increase the Secretariat's resources, which would be (partly) equivalent to the costs for conducting a mutual evaluation or a follow-up assessment.

IX. Implementation of the Strategy

37. The Chair, in consultation with the Bureau, will oversee the implementation of the Strategy, with the support by the Secretariat. The Chair will report regularly to the Plenary on the implementation of the Strategy.

X. Revision of this Strategy in light of new circumstances

38. Should the MONEYVAL Plenary consider that new circumstances have arisen which warrant a reconsideration of this Strategy (e.g. in case of unforeseen new risks and challenges which need immediate reaction, or because a significant increase of complementary resources has been achieved which would allow MONEYVAL to engage in additional activities not provided for in this document), this Strategy shall be amended or revised accordingly.

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Anti-money laundering and counter-terrorist financing measures

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