

Strasbourg, 5 January 2023



MONEYVAL(2022)26

**COMMITTEE OF EXPERTS
ON THE EVALUATION OF ANTI-MONEY LAUNDERING
MEASURES AND THE FINANCING OF TERRORISM**

MONEYVAL

64th PLENARY MEETING
Strasbourg, 7 - 9 December 2022

MEETING REPORT

Memorandum prepared by the Secretariat
Directorate General Human Rights and Rule of Law (DGI)

EXECUTIVE SUMMARY

**During the 64th Plenary meeting, held in Strasbourg from 7 -9 December 2022,
the MONEYVAL Committee:**

- adopted the 5th round Mutual Evaluation Report and its Executive Summary on Estonia, and decided to place the country under the enhanced follow-up procedure;
- adopted the 5th round Mutual Evaluation Report and its Executive Summary on Monaco, and decided to place the country under the enhanced follow-up procedure;
- adopted the Third follow-up report on Lithuania under the 5th Round of mutual evaluations;
- adopted amendments to the Rules of Procedure for the 5th Round of mutual evaluations, including new templates for follow-up reporting;
- discussed the Draft MONEYVAL Strategy for 2023-2027;
- discussed the planning and sequencing for the 6th Round of mutual evaluations;
- discussed and adopted the Organisational principles during the mutual evaluation process for evaluated countries and territories:
- held a thematic session on money laundering and human trafficking;
- heard a presentation on the strategic priorities of the Egmont Group;
- decided on the follow-up modalities for Andorra;

Reports adopted will be made available shortly under each jurisdiction's profile, in accordance with MONEYVAL's publication policy.

1. The Committee of Experts on the evaluation of anti-money laundering measures and the financing of terrorism (MONEYVAL) held its 64th Plenary meeting from 7 - 9 December 2022 in Strasbourg under the presidency of Ms Elzbieta Frankow-Jaskiewicz (Poland). The first two days of the Plenary were fully devoted to MONEYVAL's Working Group on Evaluations (WGE). The agenda of the meeting is attached as Appendix I, and the list of participants is attached as Appendix II.

Day 1: Wednesday 7 December 2022

Agenda item 1 – Opening of the Plenary Meeting

2. The meeting was opened with remarks by Mr Bjørn Berge, Deputy Secretary General of the Council of Europe and Ms Violaine Clerc, Executive Secretary of the Financial Action Task Force (FATF). Interventions were made by Ukraine and the Islamic Development Bank.

Agenda item 2 – Adoption of the agenda

3. Proposed changes to the Agenda were adopted by the Committee, in particular changes to the order of the items of the Agenda.

Agenda item 3 – Information from the Chair

4. The Chair of MONEYVAL, Ms Frankow-Jaskiewicz, informed the Plenary about the Chair's correspondence since the 63rd Plenary in May 2022.
5. The Chair informed that Slovenian authorities have introduced draft legislation on Terrorism Financing (TF) in their legislative process and will hopefully achieve a positive result soon.

Agenda item 4 – Information from the Secretariat

6. The Executive Secretary informed the Plenary about the financial and human resources situation in the Secretariat, and the outcomes of the recent Plenary meeting of the Conference of the Parties to the Warsaw Convention No. CETS 198.

Agenda item 5 and 6 – Discussion on the draft 5th round Mutual Evaluation Report of Estonia

7. The Chair opened the discussion of the draft Mutual Evaluation Report (MER) on Estonia. The Secretariat introduced the evaluation team and provided an overview of the key findings and priority recommended actions (RAs). The Co-Chairs of the Working Group on Evaluations (WGE) summarised the discussions held on the 5th of December and presented the recommendations made to the Plenary on each of the four key issues discussed, as follows: (i) outcomes of the KIs related to IO.1, IO.5, IO.4 and IO.2 should be brought to the Plenary for approval without substantive discussion. The Plenary agreed with the proposal of the WGE that: the analysis of IO.1 in the MER is adequate; that the ratings for IO.4 and IO.5 remain with no changes, and that the rating for IO.2 is upgraded from ME to SE. An overview of MER amendments proposed by WGE was introduced, and the three KIs (IO.6, IO.5, IO.2) on which an agreement was reached, were provided for information in written form.
8. Key issue 3 (IO.6): Estonia presented the strengths of the system reflecting on each core issue under IO.6, comparing with statistics from the MERs of New Zealand, Finland and the Netherlands. The Assessment team presented the findings on the effectiveness of the system, emphasising that while there are no major concerns identified with respect to core issue 6.1 and 6.4, there are major concerns related to (i) an overarching issue of a low

quality of the reports filed by the private sector, those also not being in line with the risk profile of the country, and (ii) the working manners of the Estonian Financial Intelligence Unit (EFIU), including the heavy reliance of the law enforcement agencies' (LEAs) lead and not initiating identification of targets on their own. It was indicated that the issue related to EFIU in-person meetings and informing the customer about the suspension is resolved through an amended recommended action, which now meets the request for having a coordination mechanism before such steps are taken.

9. The FATF emphasised the quality of the analysis in the report; clarified that when comparing the effectiveness of the systems with other countries one shall not only look at one statistics figure but take into account the context and other constituent parts of the system; suggested to focus the discussion on the extent to which the EFIU disseminations support the operational needs of the LEAs in line with the risk profile of the country. Portugal also suggested looking into the usability of the reports and following disseminations. The IMF requested a clarification as to what is the retrospective reporting materiality and whether this is an event of the past or having an impact at present. The Scientific experts considered that the retroactive reporting could have an impact on the system if it is a material phenomenon and happens systematically. Germany sought clarification on the sustainability of the recent years' developments in the EFIU resources and operations.
10. Fifteen delegations (Bulgaria, Cyprus, Czech Republic, Germany, Guernsey, Hungary, Isle of Man, Jersey, Latvia, Lichtenstein, Lithuania, Malta, Monaco, Poland, and the Slovak Republic) and one observer (USA) supported the upgrade of the rating for IO.6 to the level of substantial effectiveness, considering that the EFIU disseminations support the LEAs needs and the most material sectors, such as banks report 70% of reports, the VASPs demonstrate progress in reporting and only CSPs are not reporting.
11. One delegation (UK) supported the position of the AT based on the analysis presented in the MER, suggesting that the two concerns raised by the AT require major improvements in the system and hence the moderate rating is appropriate.
12. Based on the discussion, the FATF and Latvia requested adjustments in the KFs (c), (e) replacing the phrase "major improvements" with "moderate improvements" and the phrase "these two matters raise" with "there are some concerns", and add in the RA (a) "including in high-risk areas".
13. The MONEYVAL Chair invited the Plenary to adopt the MER subject to amendments proposed by the FATF and Latvia.

Decision taken

14. The Plenary adopted the 5th round MER of Estonia and its executive summary, including the amendments agreed upon during the discussion and subject to further editorial changes. Estonia was placed in enhanced follow-up and requested to report back to the Plenary in two years. The report will be final and published after the quality and consistency review of the global AML/CFT network.

Agenda item 7 – Fifth round follow-up: third follow-up report of Lithuania

15. Lithuania submitted its third update to the Secretariat under the enhanced follow-up process, including a request for technical compliance re-rating in relation to Recommendation 24 (R.24). A summary report and an analytical tool were prepared by the Secretariat with contributions from the Rapporteur Team from Albania and Azerbaijan. Comments were received from Estonia, FATF Secretariat and Lithuania.
16. The MONEYVAL Secretariat presented the issue for discussion related to R.24. including the comments received by Estonia, FATF Secretariat and Lithuania on the criteria c.24.4,

c.24.5, c.24.8, and c.24.12 that underlined important steps taken by Lithuania to address the deficiencies. The Secretariat described the view of the Rapporteurs Team that saw several deficiencies of a material nature, including: that the current legal framework doesn't foresee a risk assessment for legal persons; remaining deficiencies concerning information on shareholders; the Information System of Legal Persons (JADIS) not being able to verify the updated information disclosed to it by legal persons; and the range of sanctions available not being dissuasive and proportionate enough.

17. The Lithuanian Delegation underlined recent significant steps taken to address the deficiencies. From August 2022 the country has developed a Beneficial Owner Sub-System (JANGIS) of JADIS which includes a much wider range of data publicly available regarding ownership and control of legal persons. Some deficiencies remain, since JANGIS doesn't collect information of beneficial owners of legal persons where the State or a municipality is the sole participant, but this should be regarded as a deficiency of a minor nature. The EC raised some issues for clarification on the matter. The FATF pointed out that in general only two main deficiencies remain which concern the lack of risk assessment regarding legal persons and the range of sanctions not being dissuasive enough. The Secretariat stated that sanctions are foreseen by the Code of Administrative Offences and the AML/CFT law, furthermore Lithuania provided some statistics on sanctions. Poland, Estonia, Gibraltar and Croatia expressed themselves in favour of a re-rating R.24. On the basis of the comments received from delegations, the Chair concluded that the rating could be up rated to Largely Compliant (LC). No delegation expressed a clear opposition to this proposal.

Decision taken

18. The Plenary adopted the summary report, re-rating R.24 from "partially compliant" to "largely compliant". It was noted that some modifications will be done to the text to clarify the definition of shareholder, to justify the upgrade in the FUR.

Agenda item 8 – Organisational principles during the mutual evaluation process for evaluated countries and territories

19. The Chair elaborated on the rising concerns in regards of outsourcing of AML/CFT evaluations to consultants, expressed by some delegates during the MONEYVAL Strategy discussion in October 2022.
20. The Executive Secretary presented to the Plenary the draft document on Organisational principles during the mutual evaluation process for evaluated countries and territories, and in explained the rules of confidentiality of the Council of Europe, which apply to MONEYVAL. The Executive Secretary emphasised that the section of the document related to consultants doesn't aim to rule out the use of consultant but emphasises confidentiality of MER drafts, which may not be shared with external consultants.
21. Gibraltar requested a clarification on certain aspects of the confidentiality rules of the Council of Europe. Germany emphasised that the support received by evaluated countries should not replace the role of national authorities in the mutual evaluation process. Jersey requested a number of clarifications, and expressed some reservations on the adoption of the document in its current form. Guernsey took the floor suggesting to remove the language concerning restrictions on providing written or oral summaries of meetings with evaluation teams. Armenia underlined the importance of maintaining the peer-to-peer nature of the ME process. The International Monetary Fund (IMF) pointed to certain specificities of IMF working practices with consultants.
22. The Chair proposed to the Secretariat to redraft the document, taking into consideration the outcomes of the discussion, for final approval on the last day of the Plenary.

Agenda item 9 – Discussion on the draft 5th round Mutual Evaluation Report of Monaco

23. The Chair opened the discussion of the draft Mutual Evaluation Report (MER) of Monaco. The Secretariat introduced the assessment team (AT) and provided an overview of the MER. The Co-Chairs of the Working Group on Evaluations (WGE) summarised the discussions held on the 6th of December in the WGE and presented the recommendations made to the Plenary on each key issue (KI). An overview of the KIs brought to Plenary without further discussion was provided. This concerned notably KI.1 on Immediate Outcome 1 (IO.1), KI.3 (IO.9 and R.5), KI.4 (IO.6) and KI.5 (IO.5). The Plenary agreed with the proposal of the WGE that: the ME ratings for IO.1, IO.5, IO.6 and IO.9 remain, with further minor changes in the text of the MER; the rating for R.5 is downgraded from C to LC in light of the additional changes.
24. KI. 2 (IO.2) was introduced to the Plenary for decision: Monaco presented their arguments in support of an upgrade for IO.2 from a « low » to a « moderate » level of effectiveness rating: (i) out of the 502 incoming MLA requests over the evaluation period, only five had been the subject of an appeal (made possible by Art. 204-1 of the Criminal Procedure Code); the authorities indicated that the article was introduced in 2018 and repealed on 30 November 2022, hence not covering the entire assessment period; (ii) regarding the response times of the FIU, the replies are sent in several stages, with the initial response sent few days after receiving the request (iii) regarding extradition, the issue lies only with the application of one bilateral treaty. The authorities also invoked the positive feedback concerning the cooperation with SICCFIN.
25. The AT provided the reasoning substantiating the « low » level of effectiveness rating mainly due to the following factors: (i) although the use of Art. 204-1 of the CPC is indeed minimal in numerical terms, it concerned large-scale and complex cases and, out of the five appeals made, none had been returned to the foreign authorities although they had been executed by the DSP (ii) regarding the response times of the FIU, the AT indicated its analysis is based on the statistics provided by the country, and that in any case, a return within more than 60 days remains inadequate and (iii) regarding extradition, although the case presented concerns only one country, the problem can arise with any other jurisdiction since it emanates from the interpretation of the dual criminality requirement and not from the application of a bilateral Convention.
26. Eight delegations (Croatia, Cyprus, Estonia, Holy See, Malta, Poland, San Marino, Romania) supported an upgrade to a « moderate » level of effectiveness, given (i) the good quality of information provided by Monaco to those jurisdictions, (ii) the limited impact of Art. 204-1 in terms of number of cases and (iii) the fact that the dual criminality issue does not stem from Monegasque legislation but from the courts' interpretation. The Scientific Expert noted that all the systemic legislative shortcomings seem to be adequately assessed and reflected in the current rating for IO.2. While some of the identified shortcomings are of technical nature to the extent that they can be found in the legislation, they have had an impact on the timeliness of the assistance that Monaco could provide to other jurisdictions.
27. The Co-Chair of the WGE proposed to include a footnote indicating the repeal of Article 204-1 in the technical annex and in the report itself.
28. The Plenary reached a consensus to upgrade the rating to a “moderate” level of effectiveness for IO.2.

29. In relation to issues discussed under KI.3, namely relating to Recommendation 5, the MONEYVAL Secretariat considers that this issue is significant in the context of the horizontal review, in particular in view of the UNCTED's intervention on the need to strictly transpose the criminalization requirement into national legislation. In this regard, MONEYVAL will initiate a discussion with the FATF Secretariat within the framework of the feedback mechanism established for this purpose.
30. The MONEYVAL Chair invited the Plenary to adopt the MER.

Decision taken

31. The Plenary adopted the 5th round MER of Monaco and its executive summary, including the amendments agreed upon during the discussion and subject to further editorial changes. According to Rules 21 and 23 of MONEYVAL's 5th Round Rules of Procedure, Monaco was placed in enhanced follow-up and requested to report back to the Plenary in two years' time. The report will be final and published after the quality and consistency review of the global AML/CFT network.

Agenda item 10 – Update on the Materiality research project

32. The Secretariat presented to the Plenary an update of the materiality assessment project and further steps to take in the future. The presentation of the Secretariat described a number of difficulties the project had faced in its initial phase, due to low data availability rate and quality of the data provided by the countries through the questionnaire. The Secretariat asked the countries that didn't provide data until now to send the questionnaire by the end of the year and envisaged that by June all data will be evaluated, and the preliminary outcomes will be provided.
33. The Chair highlighted the importance of sending the missing data as soon as possible and postponed further questions regarding this issue to the third day of the Plenary.

Agenda item 11 – Thematic session on money laundering and human trafficking

34. Mr. Jan Kleijssen, Director of Information Society and Action against Crime congratulated MONEYVAL for its 25th anniversary and recalled some milestones of the past, highlighting that MONEYVAL was the first FSRB to receive the status of associated member in the FATF. Mr. Jan Kleijssen recalled the extraordinary work of the Committee even during the Covid-19 pandemic crisis continuing its work in the evaluation process. Additionally, he stressed that thanks to MONEYVAL the CoE was able to become an observer in the FATF. Mr. Kleijssen stressed the importance of asset management and asset recovery in future work. Mr. Kleijssen informed the Plenary that this will be his last MONEYVAL meeting in his present function, since he will retire from the CoE from the 1st of February 2023.
35. The Chair thanked Mr. Kleijssen and welcomed Ms Helga Gayer the Chair of GRETA and Ms Petya Nestorova the Executive Secretary of GRETA.
36. Ms Gayer described how trafficking in human beings (THB) is very often linked with criminal groups that make use of money laundering to conceal their profits. For this reason, it is of crucial importance to adopt legal instruments to confiscate or otherwise deprive offenders from the proceeds of human trafficking offences. Ms Gayer underlined the importance of confiscation of assets to compensate victims directly or through a victim compensation fund. Moreover, she highlighted how international cooperation is essential in combating THB. In relation to this GRETA collects information from criminal investigations authorities to evaluate how many proceeds were confiscated and how many of these assets are used to compensate the victims. Ms Gayer stated that the thematic focus of the ongoing evaluation round focuses on access to justice and the effective remedies in place in the different jurisdictions. Ms Gayer informed the Plenary about the Recommendation adopted in September 2022 on preventing and combating THB for the

purpose of labour exploitation. She presented a pilot project run in the Netherlands which tries to identify labour exploitation through the financial data available to the banks e.g. through money transfers. Ms. Gayer underlined the role of the private sector in tackling THB and the need to change the way of how financial systems are engaged in this area.

37. Ms Nestorova highlighted the importance of developing capacity building and cooperation between the countries. She presented some activities of GRETA to the Plenary such as trainings held in Moldova and Ukraine on financial investigations in human trafficking cases and a new 4-years project called “Horizontal Facility” in the Western Balkans. Ms Nestorova stressed out the role of financial institutions in combating human trafficking and therefore she is looking forward to further cooperation with MONEYVAL.
38. The Chair thanked the speakers for the presentations by underling the importance of strong cooperation between both Committees. The Chair gave the floor to Mr Daniel Thelesklaf, Project leader of the Finance Against Slavery and Trafficking (FAST) Project.
39. Mr Thelesklaf presented the work of FAST, which is an initiative based at the United Nations University Centre for Policy Research in New York. The initiative works to mobilize the financial sector against modern slavery and human trafficking. This issue has a strong link with the financial sector since it is the most profitable crime for criminal organizations. In fact, Mr Thelesklaf pointed out that this problem is not visible since it doesn’t show up in statistics and the proceeds that return to victims are equal to zero. Very often this problem is not perceived in the area of AML and a wrong interpretation of AML standards can stand in the way of financial inclusion. Mr Thelesklaf presented a few activities to the Plenary. The first one called “Financial Sector Roundtables” that wants to convene participants of the public and private sector and even the victims of slavery to be able to tell their stories. Following a country-specific analysis of the cases together with the FIU and the experiences of the private sector, typologies and red flag indicators were produced. In the upcoming months the paper that summarizes the red flag indicators relevant for the MONEYVAL region will be published. Another future publication that Mr Thelesklaf presented was a guidance note for banks. Mr Thelesklaf stated that an online certificate in this area for the FIUs will be launched in 2023 with the Egmont Group. Mr Thelesklaf underlined the need for the national risk assessment (NRA) to include human trafficking, since it is a significant crime with major human rights consequences. Mr Thelesklaf emphasised that human trafficking could become a basis for application of targeted financial sanctions.
40. Latvia took the floor by presenting its own positive experience with the financial sector roundtable and how this has brought to an increase of suspicious transaction reports (STRs) after less than a year. Hungary stated positive experience made with the virtual round table and that the discussion brought to the creation of a typologies paper. The Slovak Republic emphasized the importance of aligning the approach of different Committees like MONEYVAL and GRETA and joint use of resources. The Secretariat took the floor by asking if there should be a distinction between countries that export or import crimes, since this would mean adopting a different approach to threats and actions in single countries. In this regards Mr Thelesklaf explained that a strict distinction is not possible and Ms Nestorova agreed by adding that in many countries even internal trafficking is taking place, which makes the differentiation between country of origin and of destination even more difficult. The Secretariat asked if there are links that could be found between TF and THB. Mr Thelesklaf answered that there links but not as consistent as with ML and not as researched as in other areas.
41. The Chair thanked all the participants for the fruitful discussion that will be considered in the drafting the future strategy of MONEYVAL.

Agenda item 12 – Strategic priorities of the Egmont Group - intervention of the Executive Secretary of the Egmont Group Mr Jérôme Beaumont

42. The Executive Secretary of the Egmont Group of Financial Intelligence Units, Mr Jerome Beaumont, presented to the Plenary the activities of the Egmont Group and its strategic priorities for 2022-2027, underlining four thematic areas of action. Mr Beaumont focused on two main priorities for the future activity of the Egmont Group: public-private partnerships and the autonomy and independence of the FIUs.
43. During the Plenary, the importance of the independence of FIUs was highlighted, notably with regards to the process of appointing the Heads of FIUs.
44. The Chair noted the issue linked to the lack of FIU resources and invited the delegations to consider this issue at a national level.

Agenda item 13 – Discussion of the MONEYVAL Strategy 2023 – 2027

45. The Chair thanked the delegations that participated in the Strategic Session in Paris in October 2022 which was important for the draft strategy document presented by the Secretariat. The Chair informed the Plenary that the outcomes of the discussion will be presented to the MONEYVAL Ministerial Meeting planned for 25th of April 2023 in Warsaw for adoption. The Chair welcomed former Chairs and Experts of MONEYVAL that will participate in the discussion and gave the floor to the Secretariat to present the document.
46. The Executive Secretary presented the MONEYVAL draft strategy to the Plenary focusing on the general vision, the general approach of MONEYVAL for the future work and the strategic pillars including the basic and development objectives. The Executive Secretary finally noted that the draft Strategy after discussion and possible amendments will be proposed for adoption at the Ministerial Meeting in April 2023. Furthermore, a detailed Project description will be drafted to describe in detail the project-based plans for implementation of the development objectives which will be attached as an annex to the Strategy.
47. Ms Eva Papakyriacou, Former Vice-Chair of MONEYVAL, elaborated on the history of the Committee, notably its first Plenary Meeting held in December 1997 and the further development of the work of the Committee. Ms Papakyriacou congratulated the Secretariat for the draft strategy and supported its content by highlighting some important issues. She noted interesting past experiences of MONEYVAL, including the Joint Plenary with GRECO, and stressed the need to ensure the successful completion of the current Round of evaluations as a priority. She supported a hybrid system of assessor contributions, with mandatory elements, and underlined the importance for MONEYVAL to start examination of regional trends in Europe. She noted, that the FATF Recommendations were initially designed for the prevention of ML, so focus on repressive measures is further needed, including asset recovery issues. She emphasised the need to improve political engagement at the national level, enhance the interest of jurisdictions undergoing assessments, and take into account the factor of limited resources available to national authorities.
48. Mr Klaudijo Stroligo, Former Chair of MONEYVAL, congratulated the Secretariat for the draft strategy. Mr Stroligo commended the initiative of inviting former Chairs and experts to MONEYVAL meetings, which could be considered for the future. He emphasised the need of more extended Plenary discussion of Recommendations given to the countries in the MER, and supported the need to consider supranational factors and risks. Mr Stroligo stressed the importance of the cooperation with the COP and the further implementation of the Warsaw Convention, especially by putting political pressure on the countries that didn't sign the Convention yet. He emphasised the importance of future work on an Additional Protocol to the Warsaw Convention, and highlighted potential areas for new standards in the areas of financial investigations, adopting an all-crimes approach, and

central bank registries. He expressed the idea of making the Warsaw Convention a mandatory standard under FATF Recommendation 36. In this light, cooperation with the FATF on the changing of the FATF Standards is particularly important.

49. Mr Vassil Kirov, Former Chair of MONEYVAL, congratulated the Secretariat for the clear and comprehensive draft Strategy. He underlined a number of historical highlights during his tenure in MONEYVAL, including the importance of associate membership status obtained by MONEYVAL in 2006 in the FATF, the Joint Plenary with FATF in 2007, and the change of status of MONEYVAL into a permanent monitoring body of the Council of Europe. Mr Kirov underlined the comprehensiveness and clarity of the Strategic documents, and emphasised that the vision should not be focused on peer pressure but on mutual support through the mutual evaluation mechanism. These two aspects go hand in hand but still the emphasis should be on the voluntary commitments of the jurisdictions to be part of this process. Mr Kirov encouraged to implement an automatic enforcement of compliance enhancement procedure when a country does not demonstrate timely progress on the FUR. Finally, Mr Kirov stated that an equal assessor's contributions by the countries should be a general objective of the strategy since it brings equality and fairness in the process, still mandatory quotas for assessors should not be in the way of the good quality of the MER. He expressed the need to increase the political awareness of the ME process, and stressed that consultants should not replace neither assessors nor national authorities. He expressed support for structured interaction of MONEYVAL with consultancy and private sector companies.
50. Mr Anton Bartolo, Former Chair of MONEYVAL, noted some key achievements of the Committee over the past 25 years. Mr Bartolo highlighted how strong levels of effective implementation vary between countries and that at a general level it is still not satisfactory. Mr Bartolo encouraged to adopt a different approach in the MERs, not focusing primarily on the technical details but assessing additionally the extent of success/results achieved by the jurisdiction. In this view the system of ME should put more pressure on the single governments. Mr Bartolo pointed out how ME specifically designed for the country under evaluation with a risk-based approach are the best way to effectively use resources. Evaluations should include high-level elements, but should not be politicised. MONEYVAL should be attuned to new global threats, and the Strategy should take into account new risks and have room to be revised from time to time.
51. Mr Daniel Theleskalf, Former Chair of MONEYVAL, addressed the fact that there is no real political will to seriously fight financial crime, because often it is perceived as an abstract crime far away from influencing citizens lives. Mr Theleskalf stated that this should be changed by convening political decision makers and by opening the Plenary for discussions with victims of ML and organizations that support the cause. Emphasis should be placed on understanding and communicating the consequences of ML and the absence of action. Mr Theleskalf underlined the importance to understand the financial aspects of conflicts and how conflicts are driven by financial crime. In this regard he suggested that MONEYVAL could lead the global network by taking on board work on proceeds obtained from conflict. Finally, Mr Theleskalf illustrated the important link between ML and human rights, which MONEYVAL as a body inside the CoE is in the position to address perfectly.
52. Mr Bill Gilmore, former MONEYVAL Scientific expert and Professor of International Criminal law at the University of Edinburgh, congratulated MONEYVAL for the great achievements of the last years. Mr Gilmore shared the view on the Strategy and emphasised the importance of achieving greater participation in the assessment teams from all the countries, but this should not undermine the great quality of the reports since this is the core foundation of MONEYVAL's work. Mr Gilmore emphasised the need for a new Additional Protocol to the CETS 198 and supported the view of Mr Theleskalf regarding the important role that MONEYVAL has in conjugating human rights and ML.

53. Mr Boudewijn Verhelst, Former Scientific Expert of MONEYVAL, took the floor emphasising the significant achievements of the Committee. Mr Verhelst underlined that confiscation should be the first aspect on the list of priorities for each country and how important solidarity between all the member is to aim to a common goal to counter crime.
54. Mr John Ringguth, Scientific Expert and former Executive Secretary of MONEYVAL, stated his support for the presented draft Strategy. He highlighted the role of scientific experts which are a unique body that only MONEYVAL has in the global network. Mr Ringguth encouraged the Committee to review the rules of consensus and to give one collective vote on substantive issues to the body of scientific experts. He emphasised the need to further develop the quality and consistency function in the Committee and develop quick tools for delegates to consult past reports, not solely of MONEYVAL but FATF as well.

The discussion on this item continued on Day 3 of the Plenary.

Day 3: Friday 9 December 2022

55. Ms Oxana Gisca, C198-COP Vice-Chair, informed the Plenary about the most recent work of the Conference of the Parties (COP). Ms Gisca explained to the Plenary the outcomes of the Joint Session with the PC-OC which agreed to launch discussions for an additional protocol to the Warsaw Convention regarding asset recovery and asset management. Additionally, Ms Gisca informed the Plenary about the restrictions adopted by the COP regarding the participation of the Russian Federation in the Conference. Finally, Ms Gisca noted that the COP and MONEYVAL share the same Secretariat which handles a significant workload and therefore additional resources are a desired perspective.
56. Ms Nazerke Zhampeis, Administrator in the EAG Secretariat, highlighted the valuable cooperation and contribution from MONEYVAL in the work of other FSRBs and shared a letter of congratulations from the EAG Executive Secretary.
57. Mr Richard Walker, Vice-Chair of MONEYVAL, expressed his opinion about the zero-tolerance approach to AML/CFT referred to in the Strategy, expressing his concern that this could become a basis for harsher evaluations and recommended actions. It may be preferable to focus the political aspects of the Strategy on the consequences (damage) of ML and TF to societies. Mr Walker also stated that he doesn't see the capacity for every jurisdiction to ensure evaluators from all the three disciplines and enforce this as a mandatory requirement.
58. Germany emphasised the need to develop synergies with C198-COP, capacity of member-jurisdictions including technical assistance coordination. The regional and materiality context should be taken into account, since the MONEYVAL membership clearly has a number of identifiable types of jurisdictional groupings within it. It is preferable to move away from a one-size-fits-all approach and focus on identifying jurisdictional needs based on the challenges they face. MONEYVAL's political messaging at the Ministerial meeting should focus on the purpose of AML/CFT and the dangers of ineffective AML/CFT regimes.
59. Gibraltar took the floor by raising its concern in relation to the materiality findings, presented by the Secretariat on Thursday, since the data provided could be used to drive premature conclusions about effectiveness.
60. Malta emphasised the need to simplify the transition between the Rounds of mutual evaluations, and enhance the capacities and involvement of MONEYVAL members. It expressed some caution regarding the mandatory contribution of evaluators and highlighted the importance of involving high level political leaders in MONEYVAL's work. Malta welcomed the materiality research and expressed cautious approach to developing

the various uses for the data-sets. It emphasised the need to reach out to donors to support MONEYVAL's work.

61. Jersey commended the initiative to hold a Ministerial meeting, and expressed caution on a zero-tolerance approach in the political messaging of MONEYVAL under Strategic Pillar 5. In particular Jersey emphasised the need to communicate and reassure the private sector that the focus of activities is on building capacities to successfully counter ML and TF. On materiality, Jersey shared the Maltese view and stated the need to form a project team until the next Plenary, since it would be useful to include it in the next round of mutual evaluations as a sequencing criterion and for measuring materiality in the assessments themselves. Jersey stressed the need to encourage MONEYVAL members to be more involved in FATF Project teams.
62. UN CTED stressed the importance of MONEYVAL input into assessments carried out by observers. In this context, it was noted that CTED reports are endorsed by the UN Security Council. An upcoming CTED assessment for Montenegro will take place in 2023, and MONEYVAL would be invited to take part. An invitation to MONEYVAL could also be extended soon to address the UN Counterterrorism Committee of the Security Council.
63. The EC generally supported the vision of the Strategy and gave an update to the Plenary on the upcoming EU AML legislative package. EC supported the horizontal review on implementation of supranationality measures, based on the MERs adopted in the 5th Round.
64. The Slovak Republic suggested that the MONEYVAL Chair should send letters of appreciation to the former Chairs of MONEYVAL for their contributions, and emphasised that MONEYVAL could serve as a powerful engine to the Global AML/CFT community. At the same time resources and political commitment are needed to fuel MONEYVAL initiatives. National level resources should be increased to tackle ML and TF more effectively.
65. Japan supported the draft strategy and looked forward to comment on it in further processes.
66. Latvia suggested to revise the vision statement, shifting from a punitive emphasis of peer review and purely statutory aims to greater emphasis on value added to the membership of MONEYVAL, overall regional effectiveness, and return on investment for the wider society. When engaging with political leadership MONEYVAL should emphasise its added value for the development of societies. Evaluation of MONEYVAL's effectiveness is key in this respect. Latvia proposed to elaborate a regional risk assessment and to encourage cooperation with different regional institutions. In this regard the supranational assessment of the European Commission is an important reference document and a solid basis to build on. Latvia echoed proposals to engage with other FSRBs to cross-pollinate our peer-review processes, and with civil society. Regarding to the mandatory contribution of evaluators Latvia emphasised the need to maintain a proportionality principle, as jurisdictions vary in size. The key issue in this respect is the quality of the assessors provided, and that they are able to be engaged to the fullest during the time of the evaluation (workload management issue). Latvia expressed caution on the mandatory nature of assessor contributions, echoing the opinions of Malta and Jersey.
67. The FATF explained that they have a minimum requirement for each country to provide 4 to 5 assessors per jurisdiction, but the requirement doesn't foresee that they come from different subject fields.
68. The ECCD informed the plenary on their Project to assess regional risks in the Western Balkans and Turkey, and about their plans for a methodology on risks in the field of environmental crime.

69. The Chair thanked the Plenary for the fruitful and high-level discussion and stated that the comments will be used to further develop the draft Strategy.
70. The Executive Secretary presented to the Plenary the revised document on the Rules of confidentiality, with inputs and changes from the discussion of Day 1 of the Plenary. Germany and Gibraltar raised further comments to clarify some points of the document, which were integrated by the Secretariat. Jersey expressed their agreement with the revised document. No further objections to the document as revised were raised and it was adopted with further publication on the secure website.

Agenda item 14 – Planning and sequencing for the 6th Round of mutual evaluations

71. The Executive Secretary informed the Plenary about the issues under discussion concerning the financing, sequencing, assessors training and the coordination with the FATF.
72. The Slovak Republic highlighted the importance of a punctual and high-level training for assessors in the upcoming round. The Executive Secretary stated that a larger comprehensive program for the training of assessors should be established by MONEYVAL but with external funding, since it will not be part of the ordinary budget.
73. Serbia agreed with the proposals of the Secretariat for the timeframe on the start of the new round, and that materiality should be taken into account for sequencing, but still avoiding to place countries evaluated first in the previous round in the first positions in the new round.
74. Germany pointed out the importance of the FATF standard-setting role of the FATF, and the importance to maintain this as MONEYVAL adopts its first reports.
75. Japan stated that many other FSRBs are facing the same issues as MONEYVAL and that this should be discussed in the FATF Plenary in February 2023 with a flexible approach to be adopted.
76. Jersey agreed with Serbia in the view to take materiality considerations into account for the sequencing and expressed the view that the timeline for the new round could form gradually.
77. Latvia agreed generally with the document presented by the Secretariat and proposed to consider a compliance threshold for effectiveness in conjunction with ICRG procedure when configuring the sequencing, while at the same time proceeding with a common sense approach with sufficient flexibility. Furthermore, Latvia volunteered to be among the first countries evaluated in the next round.
78. Andorra asked if there is a deadline to volunteer for being evaluated in the upcoming round. The IMF offered their help to assist in evaluation process and assessment in next round.
79. The Executive Secretary highlighted how the timelines outlined in the document on preparation for the next round must be considered as preliminary. The first 6th Round on-site visit in the beginning of 2024 will not be possible since the FATF documents for the new round will not be ready sufficiently in advance to make that possible. The Executive Secretary informed the Plenary that if other countries would like to volunteer to be among the first in the next round, they should inform the Secretariat before June 2023.
80. The Chair underlined the importance of having a project team on the further development of the procedures of MONEYVAL for the 6th Round and invited interested delegations and the FATF Secretariat to join the work.

Agenda item 15 – Follow-up modalities for Andorra

81. The Secretariat presented the Plenary the Follow-up modalities for Andorra since the country did not ask for a re-rating but for a Plenary decision in accordance with paragraph 8 of the Rule 21. The Secretariat informed the Plenary that Andorra provided additional information to understand the context of the VASP sector in the country. The Secretariat finally suggested that considering the risk related to VASPs the new approach under paragraph 8 of the Rule 21 can be applied and Andorra should report back in 3 years' time. Andorra thanked the Secretariat for the work. No members opposed the proposal and the decision on extending the reporting timeframe to 3 years for Andorra was adopted.

Agenda item 16 – 5th Round follow-up procedures: new templates for follow-up reporting

82. The Secretariat presented to the Plenary the revised follow-up templates aligned with the new FATF templates for approval. In this regard a new approach in drafting the FUR will be applied directly in the TC Annex. Cyprus commented on the document and suggested some minor technical amendments which were integrated by the Secretariat. No other delegations raised objections to the document.

83. The Executive Secretary stated that the templates will be used for the FURs which will be presented in the upcoming 65th Plenary.

Agenda item 17 – MONEYVAL typologies

84. The Secretariat informed the Plenary on the initial draft of the report, which will further be improved and reviewed. The Typologies meeting will be held in the first months of 2023, subject to available resources either remotely or physically. The Project Leader, Mr David Baker, updated the Plenary on the typologies report. The FATF suggested a road map regarding the global implementation of R.15 and coordination of the work conducted by MONEYVAL and the FATF Virtual Assets Contact Group.

Agenda item 18 – Update on FATF workstreams and engagement

85. The FATF Secretariat informed the Plenary on the on-going work, projects and timeframes within its working groups.

Agenda item 19 – Items for information

86. The Secretariat informed the Plenary about the Rapporteurs for the next Plenary. For Albania, the Rapporteurs will be Cyprus and Estonia; for Slovenia, Georgia and Germany. Given the ICRG process for Bulgaria a flexible approach for the follow-up schedule will be adopted, should Bulgaria be ready to report for the 65th Plenary meeting.

87. The Secretariat presented changes in the secure website of MONEYVAL, and the new documents uploaded therein relating to the mutual evaluation and follow-up process.

88. The Chair thanked the Plenary for the fruitful discussions held during the Plenary week and closed the Plenary meeting.