

ANNUAL REPORT FOR 2022



Committee of Experts on the Evaluation of Anti-money Laundering Measures and the Financing of Terrorism (MONEYVAL)

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

ANNUAL REPORT 2022

Committee of Experts
on the Evaluation of Anti-money
Laundering Measures
and the Financing of Terrorism
(MONEYVAL)

French edition:
Rapport annuel 2022
CM(2023)85
www.coe.int/moneyval

The reproduction of extracts (up to 500 words) is authorised, except for commercial purposes as long as the integrity of the text is preserved, the excerpt is not used out of context, does not provide incomplete information or does not otherwise mislead the reader as to the nature, scope or content of the text.

The source text must always be acknowledged as follows “© Council of Europe, year of the publication”.

All other requests concerning the reproduction/translation of all or part of the document, should be addressed to the Directorate of Communications, Council of Europe (F-67075 Strasbourg Cedex or publishing@coe.int).

All other correspondence concerning this document should be addressed to the MONEYVAL Secretariat, Information Society and Action against Crime Directorate
Council of Europe,
F-67075 Strasbourg Cedex,
E-mail: moneyval@coe.int

Cover design and layout:
Documents and Publications
Production Department (DPDP),
Council of Europe

Photos: MONEYVAL and Shutterstock

Cover photo: Shutterstock

This publication has not been copy-edited by the DPDP Editorial Unit to correct typographical and grammatical errors.

© Council of Europe, July 2023
Printed at the Council of Europe

CONTENTS

FREQUENTLY USED ABBREVIATIONS AND ACRONYMS	4
INTRODUCTION FROM THE CHAIR	6
EXECUTIVE SUMMARY	8
1. STRATEGIC OUTLOOK	10
1.1. Compliance trends	11
1.2. Key results of the 2020-2022 Strategy	13
1.3. Preparation of the Strategy for 2023-2027	14
2. MUTUAL EVALUATIONS AND FOLLOW-UP	15
2.1. 5th round mutual evaluation report of Bulgaria	15
2.2. 5th round mutual evaluation report of Liechtenstein	16
2.3. 5th round mutual evaluation report of Monaco	17
2.4. 5th round mutual evaluation report of Estonia	19
2.5. 5th Round follow-up reports	20
2.6. Voluntary tax compliance programmes	22
2.7. Compliance enhancing procedures (CEPs)	22
3. HIGH-LEVEL AND VISIBILITY ENGAGEMENTS	23
4. OTHER ACTIVITIES IN 2022	24
4.1. Typologies programme	24
4.2. MONEYVAL plenaries and intersessional consultations	25
4.3. Trainings	25
5. KEY INTERNATIONAL PARTNERSHIPS	26
5.1. Financial Action Task Force	26
5.2. FATF-style regional bodies	26
5.3. Other partnerships	27
6. ENGAGEMENT WITHIN THE COUNCIL OF EUROPE	28
7. HUMAN RESOURCES	29
8. GOVERNANCE AND PROCEDURAL FRAMEWORK	30
8.1. Members and observers	30
8.2. Bureau	31
8.3. Scientific Experts	31
8.4. Objectives	32
8.5. Mutual evaluation rounds and follow-up procedures	32
8.6. Compliance enhancing procedures	33
APPENDICES	34
Appendix I	34
Appendix II	36

FREQUENTLY USED ABBREVIATIONS AND ACRONYMS

AML	Anti-money laundering
CDPC	European Committee on Crime Problems
CEPs	Compliance Enhancing Procedures
CETS 198	2005 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism – the Warsaw Convention – (CETS 198)
CFT	Countering the financing of terrorism
COP	Conference of the Parties to the 2005 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism – the Warsaw Convention
DNFBPs	Designated non-financial businesses and professions
EAG	Eurasian Group on Combating ML/T
EU	European Union
FATF	Financial Action Task Force
FIU	Financial intelligence unit
FSRB	FATF-Style Regional Body
FT	Financing of terrorism
ICRG	International Co-operation Review Group of the FATF
IFIs	International financial institutions – IMF and World Bank
IMF	International Monetary Fund
LEAs	Law enforcement authorities
MER	Mutual evaluation report
ML	Money laundering
MLA	Mutual legal assistance

NPO	Non-profit organisation
OSCE	Organisation for Security and Co-operation in Europe
PACE	Parliamentary Assembly of the Council of Europe
R.	Recommendation
SAR	Suspicious activity report
SR.	Special Recommendation
STR	Suspicious transaction report
TF	Terrorist financing
TFS	Targeted financial sanctions
UN	United Nations
UNCTC	United Nations Counter-Terrorism Committee
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolution
VASPs	Virtual asset service provider
VTC	Voluntary tax compliance

INTRODUCTION FROM THE CHAIR



I am pleased to introduce the annual report of MONEYVAL, which highlights MONEYVAL's achievements in 2022.

2022 was marked by significant challenges in global affairs, impacting efforts to combat money laundering and the financing of terrorism. The global community and multiple international organisations involved in anti-money-laundering and counter terrorism financing responded to the Russian Federation's aggression against Ukraine. After the expulsion of the Russian Federation from the Council of Europe and MONEYVAL, its participation was also limited in other international organisations, including the Financial

Action Task Force (FATF). Given the ties between AML/CFT efforts and sanctions policies, significant resources within competent authorities were reoriented towards tracing and freezing any funds and other assets of designated persons or entities. MONEYVAL was quick to adapt to these challenges and made adjustments to its mutual evaluation programme, where necessary.

Russia's aggression against Ukraine highlighted the link between authoritarian regimes, corrupt actors and illicit financial flows. The need to deny illicit actors access to the funds and resources used to facilitate harmful activities, including those that can undermine European security and stability, became even more apparent. Money laundering and corruption undermine the rule of law and erode public trust in key institutions. This calls for governments to invest more in their AML/CFT programmes, and adopt stricter policies to prevent the laundering of proceeds associated with corrupt regimes.

Recovery of criminal proceeds remains insufficient, further action is required from MONEYVAL to strengthen countries' frameworks for asset management and effective recovery. Recognising that this is also a priority for the FATF, MONEYVAL will continue to make active contribution to international initiatives on this area, and support any Council of Europe actions relevant to asset recovery.

The weakest links in the international financial system are its gatekeepers, the so-called designated non-financial businesses and professions, including lawyers, notaries, accountants and specialised entities providing services for trusts and companies. Professional enablers guide money launderers in setting up complex schemes through multiple jurisdictions across the globe. Following two years of dedicated efforts by MONEYVAL, they have also become the object of special interest of the FATF and will become a focus of the next global round of mutual evaluations to start in 2024.

The international community and its institutions are moving in lockstep to tackle other systemic and emerging challenges. The digital transformation of society and economy is leading AML/CFT authorities and the private sector to adopt more advanced tools and propose new methods for monitoring transactions. Notwithstanding the advantages that new technologies bring for improved AML/CFT detection and compliance performance, in particular artificial intelligence, they also trigger numerous regulatory and operational challenges in member states. MONEYVAL should guide its members in order to ensure that the introduction and use of such technologies is compatible with relevant international and European standards, including in the area of data protection, privacy and cybersecurity. Data protection, a central theme of our efforts in the Council of Europe, should remain a key consideration in this regard. It is also essential to ensure a human rights-based approach within the financial sector, as artificial intelligence increasingly takes hold. A related risk is the abuse of cryptocurrencies and the increasing threat of cybercrime which requires the active involvement and greater capacity building of AML/CFT authorities in order to be addressed. We are developing partnerships with the respective Council of Europe committees to jointly tackle these challenges.

As we move towards the conclusion of our 5th mutual evaluation cycle, ending in 2024, it is a moment of strategic reflection and intense deliberations within MONEYVAL on the way forward. Across the Global Network led by the FATF, our Committee was recognised in the top-tier of global performers, according to the most recent internal FATF ranking. We have strong expertise among delegations and within the Secretariat and delivered high-quality assessments. This is, in no doubt, the result of continuous efforts by several generations of AML/CFT experts actively taking part in the work of our Committee. Having just marked our 25-year anniversary in December 2022, I take this opportunity to thank all colleagues involved in the successful development of MONEYVAL since its establishment in 1997.

Having efficiently overcome the challenges of Covid pandemic and barriers it created to MONEYVAL operations, our monitoring body has emerged as the leader among its global peers on the total count of mutual evaluations completed in the last 3 years. As a result, we have been entrusted by the FATF to be the first in initiating mutual evaluations in the new global round as of 2024. This is a privilege and our key priority.

Our efforts in the coming years will be focused on preparing and rolling out the new assessment round and launching the next ambitious chapter in our work, based on the Warsaw Strategy (2023-2027), recently adopted by MONEYVAL's members' ministers and high-level officials. We will continue to focus our efforts on our primary goal, to enhance AML/CFT systems and their effectiveness in countries and territories assessed by MONEYVAL. We also aim to expand the regional role of MONEYVAL, enhance its partnership with European Union institutions and ensure it engages in regular dialogue with the private sector and civil society.

In 2023, I am concluding the 4-year Polish Presidency of MONEYVAL, which resulted in important achievements for the Committee, and defined a clear path for its development, based on support from its membership and the FATF. The High-level meeting of MONEYVAL held in Warsaw on 25 April 2023 is a key historic milestone in our efforts to enhance political and ministerial involvement in AML/CFT and to ensure that our common efforts lead to tangible results, as our members face new and emerging challenges.

I take this opportunity to express my sincere appreciation to our European and international stakeholders for their support and engagement with MONEYVAL as we continue our joint efforts to tackle money laundering, terrorism financing and the proliferation of weapons of mass destruction.

Elżbieta Franków-Jaśkiewicz
MONEYVAL Chair

EXECUTIVE SUMMARY

The Committee of Experts on the Evaluation of anti-money laundering measures and the financing of terrorism (MONEYVAL) is a monitoring body of the Council of Europe, which includes 35 member States and jurisdictions. MONEYVAL peer pressure motivates its members to constantly update their anti-money laundering and counter-terrorist financing (AML/CFT) legislation, institutions and operational practices. MONEYVAL's reports are public and widely used by financial institutions around the globe in determining whether to conduct business in a jurisdiction. The international AML/CFT standards monitored by MONEYVAL are defined by the Financial Action Task Force (FATF). MONEYVAL is an FATF-style regional body (FSRB) and an associate member of the FATF.

This Annual Report provides a comprehensive overview of key compliance trends in the MONEYVAL member-jurisdictions, and presents major MONEYVAL activities and results achieved in 2022 in the area of mutual evaluations, follow-up, research typologies, training, as well as external and internal engagement.

MONEYVAL member States and jurisdictions continue on average to demonstrate a **moderate level of effectiveness** in their AML/CFT efforts. Thus, the median level of compliance is **below the satisfactory threshold**. The best results are achieved in the areas of risk assessment, international co-operation and use of financial intelligence. Effectiveness remains particularly weak in financial sector supervision, private sector compliance, transparency of legal persons, money laundering convictions and confiscations, and financial sanctions for terrorism and proliferation of weapons of mass destruction.

At the same time, MONEYVAL members demonstrate impressive results, when it comes to the pace of implementing recommendations in the technical compliance field covering legislative and institutional reforms. This average overall indicator has reached 72% in the current round, which is the highest in the FATF-led Global Network and on par with the FATF itself.

Covid-related working methods were still in use in the first part of 2022, including hybrid tools for mutual evaluations, but were generally discontinued in the second semester. Certain adjustments were made to the mutual evaluation schedule to take into account the consequences of Russia's aggression against Ukraine, including a delay requested by Estonia for its on-site visit, and a temporary suspension of monitoring for Ukraine. Despite these additional complications in its region, MONEYVAL continued to lead among its international peers in the overall count of completed mutual evaluations, reaching a total of ten since the start of the pandemic – the highest number in the FATF-led Global AML/CFT Network.

Throughout 2022 a total of twenty MONEYVAL States and territories were subject to active monitoring processes, through onsite visits, adopted reports, follow-up and compliance procedures. MONEYVAL continued its 5th round of mutual evaluations by adopting four mutual evaluation reports for Bulgaria, Estonia, Liechtenstein and Monaco, and conducting on-site visits for the evaluations of Romania and North Macedonia, to be completed in 2023. The mutual evaluation process was launched for four other members (Azerbaijan, Bosnia and Herzegovina, Jersey and Montenegro). The Committee adopted ten follow-up reports under the 5th Round of Mutual evaluations.

In the course of 2022, a total of five MONEYVAL members were under various stages of consideration by the FATF International Co-operation Review Group (ICRG). Among them, Albania remained in the FATF "grey list" throughout the entire year, with the last remaining concern related to its initiative to undertake a voluntary tax compliance programme which did not comply with the FATF principles in this area. Malta was successfully removed from the FATF "grey list", while Gibraltar was listed by the FATF, in June 2022. Bulgaria and Croatia remained in an observation period awaiting the FATF's decision in 2023, which will be taken considering progress achieved during this period.

In 2022 MONEYVAL concluded the implementation of its first Strategy for 2020-2022, successfully executing all priorities set out in that document, with the exception of the High-level meeting in Warsaw delayed to April 2023 due to Covid and the regional security situation. The Committee conducted preparations of its next strategic cycle for 2023-2027 and its 6th mutual evaluations round, due to start in 2024. A comprehensive dialogue on these matters was held with its members and former MONEYVAL chairs at the occasion of the 25th anniversary of MONEYVAL celebrated by the Committee in December 2022.

MONEYVAL continued to expand its engagement with the FATF and its regional bodies, developing new partnerships with the Caribbean and Latin American regions, and continuing the development of ties with

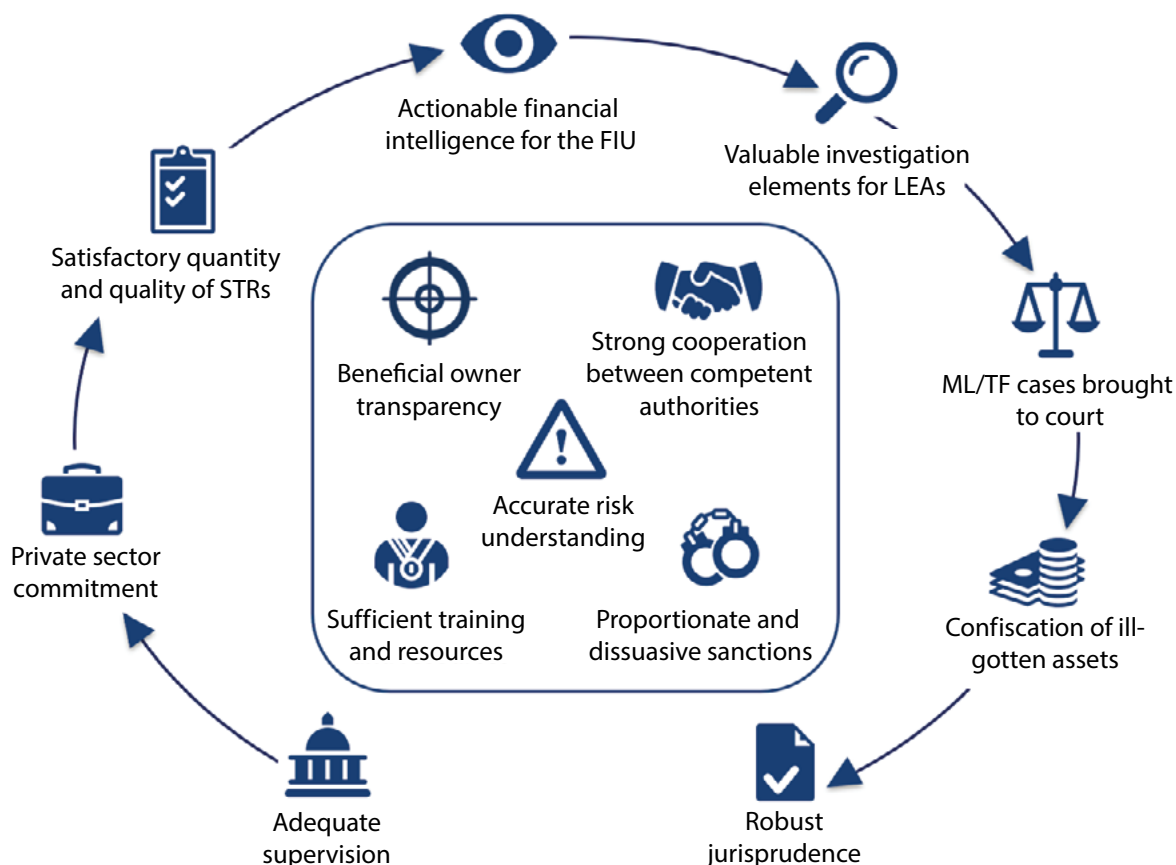
Central Asia, North Africa and the Middle East. The Islamic Development Bank was granted observer status in 2022. In February 2022, the Council of Europe was itself granted observer status in the Financial Action Task Force, and took part in the FATF Plenary meetings in June and October 2022. Since then, several thematic engagements between the FATF and various CoE bodies took place.

The aggression of the Russian Federation against Ukraine was prominent in the international AML/CFT agenda, with a number of regional bodies, such as the Asia-Pacific Group and the Caribbean Financial Action Task Force suspending Russia's observer participation. Ukraine launched a nomination of the Russian Federation for potential listing by the FATF, pending decision in 2023.

1. STRATEGIC OUTLOOK

Money laundering is the process through which criminals give the appearance of legitimacy to proceeds of crime. It is an expanding and increasingly international phenomenon, with current estimates of money laundered worldwide ranging from \$500 billion to a staggering \$1 trillion, with disastrous effects on the global economy and on society. Terrorism financing is the pre-requisite of all terrorist activity in its organised forms, and as such it is a principal threat to the safety and security of society and populations.

The international standards to combat the dual threats of money laundering and terrorism financing have been developed by the FATF, and consist of 40 Recommendations covering the legal and institutional aspects of compliance, as well as 11 Immediate Outcomes on effectiveness. The FATF Standards establish requirements for law enforcement, the judiciary, financial intelligence units (FIUs), and the private sector and its supervisors (see full list of FATF Standards in Appendix I). MONEYVAL monitors the application of these requirements for its 33 member States and territories (see full list in Section 8). The effectiveness cycle of AML/CFT measures is presented below:

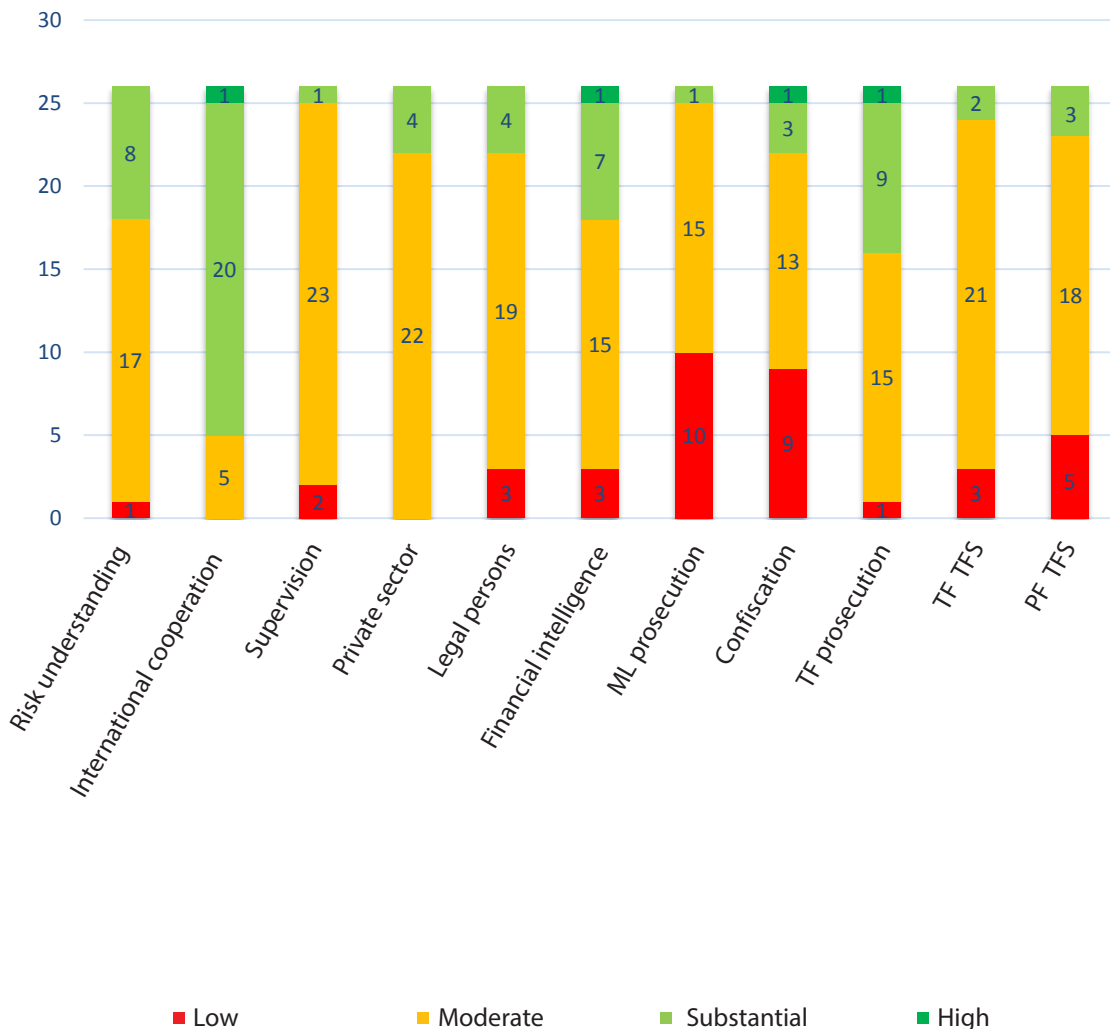


1.1. COMPLIANCE TRENDS

MONEYVAL continued its horizontal review of implementation of the FATF Recommendations by its member-jurisdictions in 2022 by systematising and incorporating the results of the most recent mutual evaluations.¹ The analysis below represents preliminary compliance trends in these MONEYVAL member jurisdictions.

It can be observed that MONEYVAL member States and jurisdictions continue on average to demonstrate a moderate level of effectiveness in their anti-money laundering and combating the financing of terrorism efforts. Thus, the median level of compliance continues to be below the satisfactory threshold. MONEYVAL members demonstrate the best results in the areas

of risk assessment, international co-operation and use of financial intelligence. Effectiveness remains particularly weak in financial sector supervision, private sector compliance, transparency of legal persons, money laundering convictions and confiscations, financial sanctions for terrorism and proliferation of weapons of mass destruction. The latest evaluations adopted in 2022 have improved the average median of compliance in a number of areas, namely international co-operation, the use of financial intelligence and TF prosecution. However, the field of international co-operation remains the only area where average compliance is above the satisfactory threshold across the MONEYVAL membership.



1. In the sequence of assessments carried out since 2016: Armenia, Serbia, Hungary, Slovenia, Isle of Man, Andorra, Ukraine, Albania, Latvia, Czech Republic, Lithuania, Israel, Republic of Moldova, Malta, Russian Federation, Gibraltar, Cyprus, Slovak Republic, Georgia, Holy See/Vatican City State, San Marino, Poland, Croatia, Bulgaria, Liechtenstein, Estonia and Monaco.

Risk understanding is the central pillar of a robust AML/CFT system. An inadequate understanding of country risks is likely to lead to inappropriate policies. In almost 92% of the assessed countries, the analysis highlights the absence of in-depth assessment of certain specific risks, such as terrorism financing, VASP sector and offshore money laundering, where relevant to the particular context of a jurisdiction. Moreover, when the assessment of risks is not thorough, risk-based responses cannot be adequate. Indeed, the analysis points to the difficulty of 7 countries (26%) to successfully apply a risk-based approach to non-profit organisations (NPOs) potentially at risk of misuse for terrorism financing purposes.

A proper risk assessment cannot be conducted, and the performance of the regime cannot be evaluated, without proper ML/TF statistics. All countries assessed so far have room for improvement in gathering and maintaining high-quality and reliable ML/TF statistics. Countries should engage further with the private sector in the risk assessment process in order to develop a fuller and more accurate picture of ML/TF threats.

Given the nature of money laundering and financing of terrorism, solid international co-operation is key to effective implementation of AML/CFT. The FATF Standards call for mutual legal assistance (MLA) and other forms of international co-operation to the greatest extent possible and an established system for expeditious actions to be taken in response to requests made by foreign countries. International co-operation and information exchange are the strongest point of MONEYVAL members. Twenty-one (80%) of the jurisdictions assessed by MONEYVAL proactively pursue international co-operation, and only 5 (13%) face difficulties in sending and receiving MLA requests, lacking prioritisation mechanisms or cannot guarantee the provision of information in a timely manner.

Efficient supervision of the private sector lies at the basis of an effective AML/CFT regime. However, no country was awarded a high effectiveness rating so far, and supervision is one of the areas where countries are less effective. The analysis underlines the significant differences in the global risk understanding among the supervisors, that is the supervisors of the designated non-financial sectors (lawyers, notaries, accountants, casinos, trust and company service providers, real estate agents, dealers in precious metals and stones). In all countries, having a sole supervisor for the different non-financial sectors passably enhances effectiveness, if and only if the supervisor benefits from adequate powers and resources; yet insufficient resources have been noted for 73% of the assessed jurisdictions.

Actionable financial intelligence is a fundamental component of an effective AML/CFT regime, as it provides law enforcement authorities with valuable

elements for their financial investigations. When the private sector is poorly supervised and not committed to putting efforts into disrupting financial crime, it produces low quality suspicious transaction reports, or none at all. For 10 countries (38% of the sample), the analysis strongly recommends addressing the lack of feedback provided by the FIUs) to the private sector. It also highlights the low quality of internal controls in the non-financial sector for 70% of the countries.

Another condition for law enforcement authorities to successfully conduct their financial investigations is their ability to easily obtain beneficial ownership information in a timely manner. Nevertheless, the analysis shows that countries generally apply insufficient measures to ensure that this information is accurate and up to date. Maintaining beneficial ownership registers is one of the tools frequently used in the European space, and eleven countries assessed so far have operational beneficial owners registers. At the same time, only six of them (22%) have efficient mechanisms to verify the information contained in those registers.

Regarding convictions for serious and complex money laundering offences, they still appear to be rare, and this is reflected in the effectiveness ratings: twelve countries (46%) have been given a Low rating. Money laundering is mostly treated as a consequence of the underlying criminal activity, as illustrated by the lack of pursuit of systematic parallel financial investigations in 14 countries (53%).

The same can be noted for terrorism financing prosecutions: in 16 countries (62%) financing of terrorism investigations are either not systematically carried out in the context of terrorism investigations, or financing aspects are lacking in the investigations. For both ML and TF, this leads to a lack of robust jurisprudence, which is needed to facilitate the convictions of these crimes.

Targeted financial sanctions (TFS) prevent assets from being available to listed persons and entities such as terrorists and other designated criminals. It can be noted that 92% of the countries have received a moderate or a low rating for their TFS regime. Seven countries (26%) fail in the timely transposition of international official designations in their national framework. Besides, adequate measures to freeze, and even to identify funds, are often not taken.

Urgent improvement is required regarding overall sanctioning, that is when supervising the private sector, legal persons and arrangements, such as trusts. The analysis demonstrates that, in many cases, sanctions are either not proportionate, dissuasive, and effective enough, and in many cases they are not applied by, or not even available to, the competent authorities. Indeed, only in three jurisdictions (13%) was the sanctioning regime for banks considered effective. Sanctioning of non-financial institutions was not considered effective in

any jurisdiction, whilst in 19 jurisdictions (73%) it was considered as fully ineffective.

Moreover, successful confiscations of ill-gotten funds as a criminal measure are rather rare in comparison with the estimates of the proceeds of crime. Countries should resort not only to freezing but also to seizure and confiscation of criminal funds. In at least ten countries (39%), enhancing the powers and resources of the countries' asset recovery and management offices will be crucial to improving their effectiveness.

Lack of adequate human resources and expertise on the part of the competent authorities is a cross-cutting issue in the majority of assessed countries. As regards supervisors, the analysis highlights insufficient resources and/or expertise in 15 (65%) of the assessed jurisdictions. Countries should therefore consider continuously strengthening their human resources capacities and the development of skills.

1.2. KEY RESULTS OF THE 2020-2022 STRATEGY

This section summarizes the main results achieved by MONEYVAL in the implementation of its 2020-2022 Strategy, as presented to the MONEYVAL Plenary meeting in December 2022.

The MONEYVAL Strategy for 2020-2022, adopted in December 2019, was the first MONEYVAL strategic document - a key first step in the development of long-term planning. It took stock of the key workstreams of MONEYVAL and set general and specific targets in the various areas.

The Strategy 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.

Overall, MONEYVAL has made significant advancements on all of these benchmarks, adapting to the constraints of the unprecedented and unexpected Covid pandemic and other contextual factors.

Sustaining MONEYVAL's monitoring and other activities

The years 2020-2022 were a significant challenge to the **mutual evaluations programme** of MONEYVAL – its sustained delivery was under threat due to Covid

lockdowns. Ensuring continued roll-out of evaluations required major readjustments of evaluation methods, which was accompanied by increased strain on human resources in the Secretariat, Bureau and member states and territories. MONEYVAL successfully met the challenges by pioneering hybrid evaluation methods, and it remains the assessor body in the Global Network with the most evaluations completed since the start of the pandemic.

As the FSRB with the largest number of non-FATF members MONEYVAL has gained significant experience in area of mutual evaluations, which serves as an excellent basis for further horizontal analysis and identification of trends. Based on this experience MONEYVAL launched a number of horizontal projects, including the Horizontal Review of mutual evaluations (presented to the 62nd Plenary in 2021), analysis of materiality indicators (launched in January 2022), preparation of a detailed mutual evaluation report template. These projects are leading to enhancements in the quality and consistency of mutual evaluations, improved equal treatment and expert support of member jurisdictions, and assessors, as well as resource efficiencies for national administrations and the MONEYVAL structures and Secretariat.

Between 2020 and 2022 MONEYVAL has significantly streamlined its approach to **follow-up reporting**, in order manage the increasing number of reports accumulating towards the end of the evaluation round. This included a partial transition to written procedures, and efficiency adjustments in the reporting procedure. The effectiveness of MONEYVAL's follow-up reporting is now the highest among all assessor bodies in the Global Network, according to a recent review carried out by the FATF. It shows that 72% of MONEYVAL's technical compliance recommendations are being implemented. **Compliance Enhancement Procedures (CEPs)** are continuing to be an important tool to motivate assessed countries to make progress. Their automatic integration with the follow-up process agreed by the 63rd Plenary now further enhances the peer pressure toolbox of MONEYVAL.

Capacities of MONEYVAL members – training & typologies

During Covid, the **training programmes** were adjusted to maximise the impact and utility for MONEYVAL. Assessor training needs were largely met through Joint Trainings with the FATF. Standards training was introduced in 2021 through a tailored workshop based on initial findings of the MONEYVAL horizontal review of mutual evaluations. A joint MONEYVAL/FATF standards training was subsequently held in 2022 based on a programme of the FATF Training Institute.

Between 2020 and 2022 the **typologies** workstream largely had a focus on capacity-building. After a multi-year pause (between 2014 and 2020), this workstream

was successfully re-launched and provided significant added benefit to the work of the Committee in the Covid context. Typologies studies were focused on methods and trends, as well as indicators for authorities to handle Covid-related risk factors in general, and more specifically in the area of financial supervision. Typologies studies were frequently picked up by media outlets, and provided significant additional **visibility** to the Committee. Since 2022 the use of typologies has been further expanded to build institutional co-operation with other Committees of the Council of Europe, in particular in the field of cybercrime (with regard to virtual assets research).

Enhancing MONEYVAL's involvement in the Global AML/CFT network

MONEYVAL achieved important results in expanding its engagement and role in the Global Network by promoting several strategic initiatives to reform the relationship between the FATF and FATF-style regional bodies (FSRBs). This includes the creation of a "feedback" mechanism allowing FSRBs to request FATF for an interpretation of the global Standards. This mechanism has already been activated twice by MONEYVAL, resulting in changes to the FATF Recommendations. Furthermore, a joint MONEYVAL initiative with other FSRBs was launched to develop and implement a new Global Strategic vision, envisaging a higher degree of integration between the assessor bodies, and influence of the FSRBs on the FATF. This long-standing project shall be implemented throughout 2022-2024.

Co-operation with other FSRBs has been expanding through MONEYVAL's engagement in the review of mutual evaluation reports and consultations on strategic issues. Initial discussions have taken place among FSRBs to increase cross-fertilisation through sharing assessors and exchange of secretariat staff for each other's evaluations.

Concrete relationships have been developed by MONEYVAL with counterparts in the Council of Europe in the fields of data protection, counterterrorism, cybercrime, human rights and regulation of non-profit organisations, including as regards unintended consequences of the FATF standards, and other areas. This produces unique synergies which benefit MONEYVAL and the Council of Europe as a whole. The

Committee also facilitated further synergies between interested CoE entities and the FATF, and supported the successful observer request of the Council of Europe to the FATF. MONEYVAL continues to prioritise engagement with the Conference of the Parties to the CETS 198 Convention and actively promotes its standards at the FATF global level.

Strengthening MONEYVAL's political standing

Political engagement and visibility of MONEYVAL have increased, including through high level engagement with national governments undergoing mutual evaluations. Strategic consultations with ministers responsible for AML/CFT issues were initiated in order to discuss and adopt the new Strategy in 2023, agree on strategic resource commitments with regard to MONEYVAL and the parameters of its developing engagement in the Global Network.

1.3. PREPARATION OF THE STRATEGY FOR 2023-2027

The implementation of the 2020-2022 Strategy allowed MONEYVAL, its governing bodies and Secretariat to further develop experience in strategic planning, thus setting the stage for the preparation of the new Strategy for the period 2023-2027. A dedicated Strategy group was created and held a meeting in October 2022 for this purpose. Its discussions were based on a detailed analysis of MONEYVAL's strengths, weaknesses, opportunities and threats (SWOT), while taking into account the resource capacities of the Committee and the potential for extrabudgetary support from the membership.

The resulting draft Strategy aims to develop MONEYVAL in line with five Strategic Pillars, related to: further enhancing MONEYVAL's monitoring mechanisms; enhancing the Committee's role as a reference point for AML/CFT issues in the region; strengthening its role in the FATF Global Network; further developing synergies within the Council of Europe; developing MONEYVAL's political standing and media visibility; and strengthening the Committee's resources.

The new Strategy and a declaration were adopted at the High-level meeting held in Warsaw, Poland on 25 April 2023.²

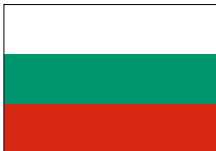
2. See MONEYVAL Strategy - Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (coe.int).

2. MUTUAL EVALUATIONS AND FOLLOW-UP

Mutual evaluations are the central pillar of the MONEYVAL mandate. After only a six-month delay caused by the Covid lockdown in 2020, the mutual evaluation programme continued on schedule in 2021, and then subsequently in 2022 with four on-site visits carried out to Estonia, Monaco, North Macedonia and Romania, and four mutual evaluation reports adopted for Bulgaria, Estonia, Liechtenstein and Monaco.

MONEYVAL maintained the use of hybrid means for mutual evaluations only for the evaluation of Monaco, in order to mitigate risks related to Covid travel cancellations and possible infections among evaluation team members. Other evaluations were held in physical mode. MONEYVAL continues to be the FATF-style regional body with the most mutual evaluations conducted in the Global Network of AML/CFT assessor bodies since the start of the pandemic.

2.1. 5th ROUND MUTUAL EVALUATION REPORT OF BULGARIA



The 5th Round mutual evaluation report of Bulgaria was adopted at the 63rd Plenary meeting in May 2022. MONEYVAL concludes that Bulgaria achieved a moderate

level of effectiveness regarding the assessment of money laundering and terrorism financing risks, and domestic co-ordination, investigation and prosecution of terrorism financing, targeted financial sanctions related to terrorism financing, the implementation of preventive measures by and supervision of financial institutions and non-financial professions (accountants, lawyers, notaries, trusts and company service providers, casinos and real estate agents), as well as in international co-operation. Bulgaria demonstrates a low level of effectiveness in areas related to the use of financial intelligence, investigations and prosecutions of money laundering, confiscation of proceeds of crime or property of equivalent value, targeted financial sanctions related to proliferation financing and the prevention of misuse of legal persons and arrangements. MONEYVAL commends Bulgaria for conducting a comprehensive national risk assessment and notes that Bulgaria has, in general, a reasonable understanding of the main money laundering risks,

while the understanding of the terrorism financing risks was limited. The report finds that the lack of comprehensive statistics limits the authorities' understanding and their abilities to react to risks. Challenges are noted also in relation to inter-agency co-operation between law enforcement agencies, which is particularly hindered by the lack of necessary technical tools.

The number of money-laundering investigations, prosecutions, and convictions, as well as the severity of the criminal sanctions for money laundering is generally low and is not commensurate with the identified money laundering risks. MONEYVAL notes that Bulgaria should improve the use of financial intelligence, the investigation and prosecution of the money laundering and confiscation regime, which are currently hampered by several technical and procedural constraints. In addition, the report finds that Bulgaria should take a more systematic approach to investigate the financing aspects of the terrorism-related offences, improve the national mechanism for implementing targeted financial sanctions and conduct more comprehensive analysis of terrorism financing vulnerabilities in the non-profit sectors. Bulgaria should also enhance risk-based supervision or monitoring of those non-profit organisations that are at risk of being misused for terrorism financing.

The knowledge of anti-money laundering and combating of financing of the terrorism obligations by obliged entities is generally high, however, the understanding of the business-related risks and the application of the preventative measures in higher-risk areas need to be improved. Supervisors are applying the risk-based approach for the financial sector to a large extent, while for other sectors the supervisory activities are still neither risk-based nor effective, which can be attributed to a significant lack of resources. In addition, the absence of measures to prevent criminals from entering the market for certain sectors (such as real estate brokers, trusts and company service providers, accountants, virtual asset service providers) is of concern. The report also notes that there are no criminality or other fit and proper tests performed regarding postal money operators or shareholders of currency exchange offices, and the ownership threshold for casinos that triggers fit and proper checks is higher than permitted by the FATF. MONEYVAL recommends establishing such market entry measures and to take proactive measures to prevent unlicensed (hawala) businesses.



Despite Bulgaria's efforts to increase the transparency of the beneficial ownership regime, there are significant concerns in relation to accuracy of the beneficial ownership information held in the registers and by the obliged entities. MONEYVAL recommends urgently reviewing policies and taking urgent actions in this sphere.

Finally, the report concludes that although there are some technical and procedural constraints, Bulgaria provides generally timely and constructive assistance across the range of requests for international co-operation, including mutual legal assistance.

Based on the results of its evaluation, MONEYVAL decided to apply its enhanced follow-up procedure and invited Bulgaria to report back in May 2024.

MONEYVAL compliments Liechtenstein for having a broad and convergent understanding of its core ML/TF risks. The report also notes that, although a more comprehensive understanding of risks in some particular areas is needed, this endeavor would only require refinements to a well-established risk assessment process.

Whilst the report finds that competent authorities produce good quality financial intelligence and are successful in confiscating the proceeds of crime, more efforts need to be invested in investigating and prosecuting money laundering of the widest range of foreign predicates, which target sophisticated ML schemes, including complex legal structures established and managed in the country.

2.2. 5th ROUND MUTUAL EVALUATION REPORT OF LIECHTENSTEIN



The 5th Round mutual evaluation report of Liechtenstein was adopted at the 63rd Plenary meeting in May 2022. It acknowledges that the country has demonstrated a substantial

level of effectiveness with understanding of ML/TF risk, setting national AML/CFT policies and co-ordination, use of financial intelligence, confiscation of proceeds of crime, terrorist financing investigations and prosecution, and international co-operation. The report finds that further improvements are needed in enhancing supervision, application of AML/CFT preventative measures by the private sector, transparency of beneficial ownership of legal persons and legal arrangements, money laundering investigation and prosecution and implementation of targeted financial sanctions.

Being geographically surrounded by Switzerland and Austria, Liechtenstein closely co-operates with both countries in combatting terrorism and TF. The report, which examines the features of TF related investigatory actions carried out by the competent authorities, concludes that these authorities are equipped with skills and knowledge to detect collection, movement and use of funds for TF purposes.

Understanding of ML/TF risks and obligations is now generally good in the private sector. Banks and large trust and company service providers demonstrated the best understanding of ML/TF risks, linked to private banking and wealth management. The supervisory approach applied by the main AML/CFT supervisory authority has been subject to a significant overhaul and greater use is now made of inspections conducted by its own staff, rather than external audit firms. This notwithstanding, supervision over entities assessed as presenting a high or medium-high risk is found not to be sufficient.



Beneficial ownership (BO) information on legal persons and legal arrangements is available to competent authorities from a register maintained by the Office of Justice and directly from the private sector. Whilst the report notes that there has been no difficulty in accessing this information in a timely manner, the completeness and plausibility of information held in the BO register has not yet been a subject of monitoring by the Office of Justice.

Finally, the report concludes that, although there are some procedural constraints, Liechtenstein provides timely and constructive assistance across the range of requests for international co-operation, including mutual legal assistance.

Liechtenstein will be subject to MONEYVAL's regular follow-up reporting process as a result of the report.

2.3. 5th ROUND MUTUAL EVALUATION REPORT OF MONACO



The 5th Round mutual evaluation report of Monaco was adopted at the 64th Plenary meeting in December 2022. The MONEYVAL report considers that the country has demonstrated a moderate level of effectiveness in relation to ML/TF risk understanding, international co-operation, the application of AML/CFT preventive measures by the private sector, the use of financial intelligence and the implementation of the United Nations targeted financial sanctions (TFS) on TF and proliferation financing (PF). The report finds that major improvements are also required regarding the transparency of legal persons, as well as TF investigations and prosecutions.

The report considers that fundamental improvements are needed to enhance effectiveness on supervision, ML investigations and prosecutions and confiscation of proceeds of crime.

MONEYVAL acknowledges that Monaco has undertaken commendable efforts to identify ML/TF risks. While the achieved results provide an initial risk understanding in some sectors, further analysis is needed regarding others (casinos, company services providers, trusts and virtual assets). Furthermore, the threat environment should be further analysed as regards organised crime and external money laundering threats.

The Monegasque Financial Intelligence Unit (SICCFIN) is a key source of financial intelligence. Despite a significant lack of human and technical resources, SICCFIN has proven its capacity to produce high-quality analysis, which however is not fully used by the investigative authorities.

MONEYVAL notes that ML investigations and prosecutions do not appear to be consistent with Monaco's risk profile, with particular shortcomings relating to complex cases. The report expresses concerns regarding the very low number of convictions achieved, and the even lower number of confiscation measures ordered, none of which covers property of equivalent value or property held by third parties. Monaco needs to enhance its efforts to identify and prioritize ML cases, seize, confiscate and recover the proceeds of ML and predicate offences.

Monaco needs to fundamentally improve its supervisory system. Deficiencies are noted in relation to beneficial ownership (BO) fit and proper checks, while the shortcomings in the risk understanding undermine authorities' capacity to apply tailored supervision for

a number of obliged entities. Sanctions for failure to comply with the AML/CFT obligations are limited, not proportionate, not dissuasive, and imposed with delays.

Turning to the private sector, MONEYVAL notes that the AML/CFT obligations are implemented to some extent. The number of suspicious transaction reports (STRs) originating from the banking sector can be considered satisfactory, although the large volume of defensive reporting and excessively long transmission times raise questions about the quality of information provided. The designated non-financial business and professions (DNFBPs) have a poorer AML/CFT risk understanding and compliance culture. The number of STRs filed by casinos and jewellers is still limited even though the two sectors play an important role in the Principality.

Monaco is commended for reforming the framework enabling the implementation of TF and PF-related TFS under the United Nations Security Council Resolutions (UNSCRs). Since May 2021, the existing delays under the previous system were reduced, although technical deficiencies were identified, mainly regarding the risk of freezing measures being lifted. While Monaco carried out an initial risk assessment of the non-profit sector, due to its recent adoption, it was not used to construct a risk-based approach. The existing awareness-raising and supervision measures could not be regarded as proportionate and targeted.

MONEYVAL notes that there have been no prosecutions or convictions for TF in Monaco. Given the gaps in the TF risk analysis, it could not be concluded that this is fully in line with the country's risk profile.

MONEYVAL acknowledges the good understanding of ML/TF risk associated with the activities of various types of legal persons, by the Monegasque authorities, but criticises major shortcomings in obtaining beneficial ownership information. The mitigating measures applied are insufficient when it comes to a high-risk category of legal persons and in relation to the non-for profit organisations. Most of the applicable sanctions are not dissuasive and are rarely imposed.

Major improvements are needed to enhance the Principality's effectiveness in international co-operation. Monaco generally seeks the co-operation of its counterparts, although not entirely in line with the risk and context of the jurisdiction. The prosecution authorities execute requests satisfactorily, but systemic and unusual legislative obstacles, hinder the provision of mutual legal assistance by Monaco. As far as extradition is concerned, the restrictive interpretation by the courts of the dual criminality principle results in one out of two requests being refused.

Based on the results of its evaluation, MONEYVAL decided to apply its enhanced follow-up procedure and invited Monaco to report back in December 2024.





2.4. 5th ROUND MUTUAL EVALUATION REPORT OF ESTONIA



The 5th Round mutual evaluation report of Estonia was adopted at the 64th Plenary meeting in December 2022. The report acknowledges that the country has demonstrated

a substantial level of effectiveness in international co-operation, use of financial intelligence and implementation of the United Nations targeted financial sanctions on proliferation financing. The report finds that further improvements are needed in enhancing the understanding of ML/TF risks, effectiveness of ML and TF investigations and prosecutions, confiscation of proceeds of crime, implementation of targeted financial sanctions on TF, application of AML/CFT preventative measures by the private sector, supervision and transparency of beneficial ownership of legal persons and legal arrangements.

MONEYVAL considers that Estonia has an appropriate mechanism for identification, assessment and, subsequently, understanding of ML/TF risks. While the achieved results provide useful hints on sectors with higher risk exposure, they do not give a fully sufficient view of the risk environment.

Estonia is commended for co-ordination and co-operation between the Estonian Financial Intelligence Unit (EFIU) and the law enforcement authorities (LEAs). At the same time, the report finds that the EFIU should reinforce proactive detection of ML/TF targets. More efforts are required in improving interpretation of the ML offence and investigating and prosecuting ML in line with the risk in the country. LEAs and prosecutors

are expected to enhance their efforts in dealing with complex types of ML, also where legal persons and company service providers (CSPs) are involved and misused. Estonia needs to enhance to a major extent its efforts to seize, confiscate and recover the proceeds of ML and predicate offences, especially those moved abroad, in line with its ML/TF risks.

MONEYVAL noted that the authorities undertake investigations into TF and achieved a conviction, which demonstrates authorities' skills and knowledge to deal with the TF offence. Nevertheless, those efforts need to be further enhanced in line with improved understanding of national TF risks, and the effectiveness of criminal sanctions should be improved.

There was significant improvement achieved in implementation of preventative measures over the assessment period as a result of focused supervisory actions. The report concludes that currently, the understanding of ML/TF risks is good in the banking sector. Virtual assets service providers (VASPs) and CSPs demonstrated a superficial understanding of ML risks to which their individual businesses are exposed. Understanding of TF risk is generally lower across all sectors. Banks and VASPs have a generally good understanding of their AML/CFT obligations, while CSPs - to a lesser degree. Hence, further continued efforts of the supervisory authorities in strengthening the implementation of preventative measures by the private sector are still expected.

Beneficial ownership (BO) information on legal persons is available to competent authorities, but the measures in place do not fully enable availability of adequate, accurate and current BO information. The large share of Estonian companies with e-Residents as their basic or

beneficial owners, significant involvement of licensed and non-licensed CSPs in the company registration processes, coupled with poorly designed and vaguely understood CDD measures implemented by them, are factors with adverse impact on the quality of BO information. Applicable sanctions are not effective.

Finally, the report concludes that although there are some technical and procedural constraints, Estonia provides generally timely and constructive assistance across the range of requests for international cooperation, including mutual legal assistance.

Estonia is subject to MONEYVAL's enhanced follow-up reporting process as a result of the report.

2.5. 5th ROUND FOLLOW-UP REPORTS

MONEYVAL has been gradually reforming its system of follow-up reporting, in order to enhance transparency and engagement of members in the process in modalities similar to the mutual evaluation approach, including face-to-face meetings. In 2022 the Committee considered ten 5th Round follow-up reports.



The follow-up report for **Albania** has found that this country has improved measures to combat money laundering and terrorist financing in line with the FATF Recommendations.

The positive steps taken by the authorities resulted in the upgrading of the country's ratings from "partially compliant" to "largely compliant" in two areas related to transparency and beneficial ownership (BO) of legal persons, and regulation and supervision of financial institutions; as well as in further upgrading from "partially compliant" to "compliant" in the area of mutual legal assistance (MLA) regarding freezing of assets and confiscation. Overall, Albania has met MONEYVAL's general expectation by addressing most - if not all - technical compliance deficiencies within three years after the adoption of the mutual evaluation report.



In its follow-up report for **Hungary**, MONEYVAL concluded that Hungary has improved measures to combat money laundering and terrorist financing, demonstrating good

progress in the level of compliance with the FATF standards. The positive steps taken by the authorities have led to the upgrade of Hungary from "partially compliant" to "largely compliant" in three areas related to correspondent banking relationships, internal controls in financial institutions and transparency and beneficial ownership (BO) of legal persons. Among the positive developments noted by MONEYVAL are

the amendments to the Companies register, which has established the necessary requirements to ensure the accuracy of basic information of legal persons submitted to the register. Besides, Hungary has introduced requirements for financial institutions on screening procedures when hiring employees and on-going trainings. Moreover, new requirements have been introduced on correspondent banking relationship with financial institutions established within the EU. Overall, Hungary has succeeded in meeting the general expectation of MONEYVAL for countries to have addressed most - if not all - of the technical compliance deficiencies within five years after the adoption of the mutual evaluation report.



MONEYVAL found a range of improvements made by the **Republic of Moldova** to its measures to combat money laundering and terrorist financing. The positive steps taken by

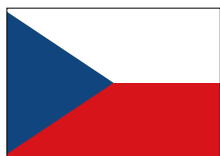
the authorities have led to the upgrading of the country's ratings from "partially compliant" to "largely compliant" in four areas related to the activities of designated non-financial businesses and professions, customer due diligence, politically exposed persons, and higher risk countries. However, in the field of new technologies, where new international requirements for virtual assets have been introduced, Moldova's rating has been downgraded. Among the positive developments identified by MONEYVAL is the expansion of the scope of the entities obliged to carry out customer due diligence requirements. Previously identified deficiencies regarding the need for enhanced due diligence for high-risk countries have also been addressed. Moldova has equally taken necessary steps in the area of politically exposed persons with the view to enhancing requirements for financial institutions.



MONEYVAL noted **Slovenia's** positive progress in AML/CFT reforms, which has led to an upgrade from "partially compliant" to "largely compliant" in the area related to assessment

of money laundering and terrorist financing (ML/TF) risks. However, the legal framework of Slovenia still contains significant deficiencies as regards the criminalisation of terrorism financing. Therefore, Slovenia has not succeeded in meeting the general expectation of MONEYVAL, which is that countries should have addressed most - if not all - of the technical compliance deficiencies within three years after the adoption of the mutual evaluation report in June 2017. Under these circumstances, MONEYVAL decided to apply its Compliance Enhancing Procedures (CEPs) with regard to Slovenia. The first step envisaged inviting the Secretary General of the Council of Europe to send a letter to the country's authorities requesting the

necessary corrective measures to be taken. The respective exchange of letters between the Secretary General and Slovenian authorities resulted in positive legislative changes to be reviewed by MONEYVAL in 2023.



MONEYVAL considers that the **Czech Republic** has taken some steps to enhance its level of compliance with the FATF standards, in particular concerning the physical cross-

border transportation of currency and bearer negotiable instruments (BNIs). MONEYVAL concludes that the authorities have taken some positive steps to empower the customs to temporarily detain currency and bearer negotiable instruments, though this established legal framework only applies to currency and BNIs entering or leaving the EU. The Czech Republic is expected to report back to MONEYVAL on further progress to strengthen its implementation of AML/CFT measures in 2023.



The **Republic of Slovakia** has improved measures to combat money laundering and terrorist financing, demonstrating good progress in the level of compliance with the

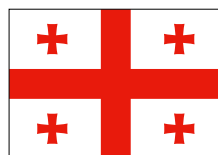
FATF standards. The positive steps taken by the authorities have led to the upgrading of the country's ratings from "partially compliant" to "largely compliant" in four areas related to the ML/TF risk assessment, suspicious transaction reporting, designation of a competent authority for ML and maintaining comprehensive statistics. However, in the field of new technologies, where international requirements for virtual assets have recently been introduced, Slovakia's rating has been downgraded. Among the positive developments identified by MONEYVAL is the adoption of the Action plan to manage and mitigate ML and TF risks. Previously identified deficiencies regarding the requirement to report suspicious transactions to the Financial Intelligence Unit have also been addressed. Slovakia has equally taken necessary steps in the area of establishing a competent authority to investigate ML cases and a requirement to keep and maintain comprehensive statistical data.



MONEYVAL assessed the progress made by **Cyprus** on legislative, regulatory and institutional measures to tackle money laundering and terrorism financing, and found that

Cyprus has made some progress in improving its level of compliance with FATF standards. The Cypriot authorities took measures aimed at improving the level of compliance with the FATF Recommendations concerning non-profit organizations, virtual asset services providers (VASPs) and powers of investigative and

law enforcement authorities, however, moderate shortcomings still remain. Specifically, the authorities have taken several measures to assess terrorism financing (TF) risk exposure by the non-profit sector and strengthen its oversight activities, however, these measures have not yet been fully implemented. Substantive progress has been made by Cyprus in the implementation of its VASP regime, however, inter alia, there is no national action plan to address risks identified in the VASP sector and some technical deficiencies remain in implementation of preventive measures, including the so called "travel rule". In addition, moderate shortcomings remain relating to the absence of powers to intercept the content of communication concerning the investigation of money laundering, terrorism financing and some other associated predicate offences, such as, for example, sexual exploitation, participation in an organised criminal group, fraud, theft, arms trafficking, some corruption offences and tax crimes, among others.



MONEYVAL's follow-up report of **Georgia** found improvements in its measures to combat money laundering and terrorist financing. It notes good progress achieved by

Georgia within its Financial Intelligence Unit, leading to an upgrade from "partially compliant" to "largely compliant" with FATF Recommendation 29. By enhancing the powers of the Financial Monitoring Service (Financial Intelligence Unit of Georgia) to disseminate information and results of analyses upon request and without a court order to all law enforcement authorities, Georgia has addressed a significant shortcoming earlier identified. Only minor shortcomings remain regarding a lack of explicit reference to require the Financial Monitoring Service to conduct operational and strategic analysis and the scope of the money laundering definition.



MONEYVAL adopted the follow-up report of the **Isle of Man**, noting only few remaining deficiencies in its AML/CFT regime, in particular as regards compliance requirements for

designated non-financial businesses and professions in accordance with FATF Recommendation 23. The Isle of Man has otherwise achieved an adequate level of compliance with all other AML/CFT requirements as prescribed by the FATF Recommendations.



MONEYVAL considered that **Lithuania** is making progress to address most of the technical compliance deficiencies after the adoption of the mutual evaluation report within two

years, however continued efforts remain necessary.

Lithuania has improved its measures related to transparency of legal persons and cash couriers. By enhancing the powers of the customs authority to request and obtain further information where a false declaration or disclosure, or failure to declare, has been detected, Lithuania has addressed a significant shortcoming identified earlier. Moreover, Lithuania has enhanced its co-ordination mechanisms among customs and immigration authorities and the FIU. Some minor shortcomings remain regarding a declaration requirement for transportation of cash by mail/cargo and restraining currency for a reasonable period of time in order to ascertain whether evidence of ML/FT may be found. In addition, Lithuania has taken some important steps to enhance transparency of legal persons. The country has established a beneficial ownership register and started collecting information on shareholders, members and owners of legal persons. Although, Lithuania has improved its legal framework, several outstanding shortcomings remain regarding proportionality and dissuasiveness of sanctions and a lack of risk assessment of legal persons.

2.6. VOLUNTARY TAX COMPLIANCE PROGRAMMES

MONEYVAL continued to monitor and evaluate voluntary tax compliance (VTC) programmes in its member States and territories. In 2022 MONEYVAL reviewed the draft VTC initiative in Albania, in the framework of its discussion by the FATF International Co-operation Review Group.

2.7. COMPLIANCE ENHANCING PROCEDURES (CEPS)

Slovenia is currently under Step 1 of MONEYVAL's Compliance enhancing procedures, due to continued shortcomings in the criminalisation of terrorism financing. As a result of an exchange of letters between the Council of Europe Secretary General and Slovenian authorities in 2022, the necessary steps were taken by the Slovenian government to introduce and pass the necessary legislation to rectify existing shortcomings.

3. HIGH-LEVEL AND VISIBILITY ENGAGEMENTS

In 2022 the MONEYVAL Chair and Secretariat carried out a number of high-level and visibility activities and engagements with external counterparts, including the following actions:

- ▶ On 1-4 March 2022 the MONEYVAL delegation led by the Chair Ms Elżbieta Franków-Jaśkiewicz took part in the Plenary meeting of the Financial Action Task Force in Paris, France. This Plenary meeting completed the process of the Strategic Review by the FATF by adopting the new FATF Methodology and Procedures for the next round of mutual evaluations, which will serve as the basis for MONEYVAL's next evaluation round. The FATF endorsed a new Strategic vision for the AML/CFT Global Network, supported by MONEYVAL. The Plenary also adopted the mutual evaluation report of France, where MONEYVAL was engaged as a reviewer.
- ▶ On 30 March 2022 the Chair of MONEYVAL Ms Elżbieta Franków-Jaśkiewicz held an exchange of views with the Council of Europe Committee of Ministers. The meeting focused on the current international and European trends in the field of money laundering, the financing of terrorism and the proliferation of weapons of mass destruction. The MONEYVAL Chair also presented the Annual Report of MONEYVAL for 2021, and the results achieved so far by the Committee in the current round of mutual evaluations.
- ▶ On 10-11 April 2022 representatives of the Financial Action Task Force (FATF) and MONEYVAL held an on-site visit to Malta in order to ascertain Malta's progress in the framework of the FATF de-listing procedure. The team met with representatives of Maltese authorities involved in AML/CFT efforts and was received by the Prime Minister of Malta Mr Robert Abela.
- ▶ The MONEYVAL Chair and Secretariat took part in the FATF Plenary meeting on 14-17 June 2022 in Berlin, Germany. The MONEYVAL delegation actively took part in the discussion of the FATF mutual evaluation reports of Germany and The Netherlands. The FATF took the decision to remove Malta from its "grey list", while deciding to include Gibraltar in the same list.
- ▶ The MONEYVAL Chair and Secretariat took part in the FATF Plenary meeting on 17-21 October 2022 in Paris, France. The Plenary meeting discussed issues related to the preparation of the next round of mutual evaluations, including the possibility of allowing MONEYVAL to lead the first evaluations in the round. The Plenary also finalised FATF work in a number of important areas, including an updated guidance for a risk-based approach to virtual assets and virtual asset service providers.
- ▶ The Chair of MONEYVAL took part in the Third Ministerial Conference 'No Money for Terror' in New Delhi, 18-19 November 2022. It included over 500 delegates from across the world, including Ministers, Heads of Multilateral organisations and FATF Heads of Delegations. The Prime Minister of India, Mr Shri Narendra Modi addressed the Conference, stressing that the United Nations Security Council, Financial Action Task Force, Financial Intelligence Units, and the Egmont Group, are boosting co-operation in the prevention, detection and prosecution of illegal fund flows. The Prime Minister highlighted that the framework is helping the war against terror in multiple ways over the past two decades.



4. OTHER ACTIVITIES IN 2022

In addition to its normal evaluation cycles, progress and follow-up reports and other peer pressure assessment mechanisms, MONEYVAL engages in other activities, including those listed below.

4.1. TYPOLOGIES PROGRAMME

The outcomes of the first typologies research Project (led by Poland) on the topic “AML/CFT supervision in times of crisis and challenging external factors” were published on 25 January 2022. The report is based on information collected from supervisors across MONEYVAL jurisdictions and other international actors on the measures they have taken to overcome the difficulties caused by the Covid-19 pandemic, including operational limitations, notably the physical movement restrictions impeding the execution of on-site visits, limited human resources and technical complications. It draws on earlier work conducted by MONEYVAL on the topic of Covid-19 risks.

In 2022, MONEYVAL continued its typologies research by focusing on various aspects of the potential misuse of virtual assets (VA) and virtual asset service providers (VASPs) in money laundering or terror financing schemes. The research Project, led by Isle of Man, looks into issues related to risk, supervision and suspicious activity reporting. The topic of VA and VASPs has evolved tremendously in the recent years. A range of new products, services and business models have been developed that have the potential to spur financial innovation and efficiency and improve financial inclusion, but they also create new opportunities for criminals and terrorists to launder their proceeds or finance their illicit activities. The typologies study is scheduled to be completed and published in 2023.

4.2. MONEYVAL PLENARIES AND INTERSESSIONAL CONSULTATIONS

At its Plenary meetings in 2022, MONEYVAL discussed a number of topical issues in the AML/CFT field, and had exchanges of views with AML/CFT experts. Apart from the issues already covered elsewhere in this report, the following lists a selection of these decisions and exchanges. In particular the MONEYVAL Plenary:

- ▶ a approuvé les modifications apportées à la agreed on changes to the procedure on follow-up to mutual evaluations, including a new approach to reporting, its link with the Compliance Enhancing Procedures, and increased engagement between the rapporteur team and the country under review;
- ▶ 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, including an exchange of views with Ms Helga Gayer, the Chair of the Group of Experts on Action against Trafficking in Human Beings (GRETA);
- ▶ discussed the Draft MONEYVAL Strategy for 2023-2027 and heard interventions from the former MONEYVAL Chairs and scientific experts.

4.3. TRAININGS

On 14-24 February 2022, MONEYVAL delegations participated in the tenth virtual course focused on anti-money laundering, counter-terrorist financing and counter-proliferation financing techniques. The training course was jointly delivered by training specialists from the FATF Training Institute in Busan, Republic of Korea and experts from MONEYVAL. The Standards Training Course aimed at enhancing participants' understanding of the FATF Standards on AML/CFT and the implementation of effective measures to combat ML/TF. It was an intermediate level training, designed for AML/CFT practitioners with prior exposure to the FATF Standards, and was delivered through a series of e-learning, presentations, group discussions and small group activities. In addition, this course is also designed for practitioners looking to improve their countries' AML/CFT measures.



5. KEY INTERNATIONAL PARTNERSHIPS

MONEYVAL is a key partner in the Global Network of AML/CFT assessment bodies, which is led by the FATF. The development of horizontal partnerships within this Network is essential to its coherent functioning and overall global effectiveness.

5.1. FINANCIAL ACTION TASK FORCE



The Financial Action Task Force (FATF) continues to be MONEYVAL's primary international partner and collaborator. The FATF is an inter-governmental body established in 1989 and designed to set standards and promote effective implementation of anti-money laundering and countering terrorist financing measures. The FATF is therefore a policy-making body which works to generate the necessary political will to bring about national legislative and regulatory reforms. It operates in combination with nine FATF-style regional bodies, among which MONEYVAL is recognised as a leading member.

As an associate member of the FATF since 2006, MONEYVAL contributes to the policy-making work of FATF. The Chair, the Vice-Chairs and the Executive Secretary systematically attend and actively contribute in FATF working groups and plenary meetings, together with delegates from MONEYVAL States and territories who participate under the MONEYVAL flag. Thus, MONEYVAL members have real opportunities of providing input to the FATF's global AML/CFT policy-making.

Considerable MONEYVAL Secretariat resources are devoted to following the work of each of the main FATF working groups, and in attendance at inter-sessional meetings. This concerns in particular the International Co-operation Review Group (ICRG), to which four MONEYVAL members had been referred to in past years. But it also concerns the Policy and Development Group (PDG) responsible for amending the FATF standards, as well as the Evaluations and Compliance Group (ECG) which deals with issues involving the interpretation of the FATF standards and the development of the global AML/CFT Methodology. MONEYVAL's involvement is essential in these working groups, given that amendments of the FATF standards or decisions on their interpretation have direct consequences for all future MONEYVAL evaluations. It is therefore in the interest of all its members that MONEYVAL is properly and sufficiently represented in these working groups at FATF Plenaries.

In 2022, the MONEYVAL delegation attended three FATF Plenaries, and numerous other FATF working group and project meetings. MONEYVAL's contribution had a significant impact on the on-going revision of FATF Standards, and a number of procedural issues in the FATF workstream. MONEYVAL is an active contributor to the on-going process of the FATF Strategic Review, which will determine the parameters of the next assessment round for the entire Global Network.

An important subject of engagement between the FATF and MONEYVAL is the FATF International Co-operation Review Group (ICRG), which works on the so-called "grey" and "blacklists" lists of jurisdictions. There are currently five MONEYVAL jurisdictions at various phases of the ICRG process. In prior years during the 5th Round four other MONEYVAL jurisdictions were subject to the ICRG. Jurisdictions are reviewed by the ICRG, when their mutual evaluations (as carried out by MONEYVAL or other FATF-style regional bodies) contain a large number of low and moderate ratings.

Following a decision of the Committee of Ministers, the Council of Europe submitted an application for observer status to the FATF, and was granted a positive decision in February 2022. Council of Europe delegations representing a range of entities within the Organisation attended FATF Plenary meetings in June and October 2022. Direct engagement of the Council of Europe in the FATF facilitates synergies between the two organisations in a number of clusters, which lie beyond the mandate of MONEYVAL. This includes, in particular the Venice Commission, GRECO as well as entities of the Organisation dealing with cybercrime, data protection and counterterrorism issues.

5.2. FATF-STYLE REGIONAL BODIES

MONEYVAL has mutual observer status with other FATF-style regional bodies (FSRBs), in particular the Asia-Pacific Group on Money Laundering and the Eurasian Group on Combating Money Laundering (APG) and the Financing of Terrorism (EAG).³ MONEYVAL, EAG and APG actively participated in each other's Plenary and working group meetings in the course of 2022. MONEYVAL has also launched co-operation with the Financial Action Task Force on Money Laundering of Latin America (GAFILAT) and the Caribbean Financial Action Task Force (CFATF). Furthermore, MONEYVAL successfully launched a joint initiative with the APG, EAG, and other FSRBs on the reform of the Global Network.

3. The full list of associate members appears in Appendix II to this report.

5.3. OTHER PARTNERSHIPS

In 2022, MONEYVAL continued to actively develop its partnership with the European Union, which has been actively involved in MONEYVAL since its inception. It is represented in MONEYVAL through the European Commission, which actively participated in MONEYVAL mutual evaluation discussions in the course of 2022, and provided updates to MONEYVAL members on the developing legislative framework on AML/CFT in the EU.



In the past two decades, the role of the international financial institutions (IFIs), including the **World Bank and the International Monetary Fund (IMF)**, in the AML/CFT-field has expanded. In 2022, representatives from both the World Bank and the IMF participated in MONEYVAL Plenary meeting, actively providing inputs to the MONEYVAL mutual evaluation reports.



The **United Nations Office on Drugs and Crime (UNODC)** regularly sends representatives to MONEYVAL Plenaries who inform its members of respective developments in the work of UNODC.



The **Organisation for Security and Co-operation in Europe (OSCE)** takes an interdisciplinary approach to AML/CFT mainly focused on issues of counter-terrorism and security. OSCE is a permanent observer to MONEYVAL

The **Egmont Group of Financial Intelligence Units (FIUs)** was established in 1995 as an international forum bringing together FIUs in order to improve and systemise AML/CFT co-operation, particularly at intelligence level. The work of the FIUs is an integral part of the FATF standards and MONEYVAL evaluations. MONEYVAL has observer status and actively participates in Egmont Group meetings. The 64th Plenary Meeting of MONEYVAL held a productive exchange of views with the Executive Secretary of the Egmont Group.

The **European Bank for Reconstruction and Development (EBRD)** is an international financial institution founded in 1991. As a multilateral developmental investment bank, the EBRD uses investment as a tool to build market economies. Representatives of the EBRD attend MONEYVAL meetings on a regular basis and informed the Plenary about ongoing developments.

The **Group of International Finance Centre Supervisors (GIFCS)** is a long-established group of financial services supervisors with a core interest of promoting the adoption of international regulatory standards especially in the banking, fiduciary and AML/CFT arena. Representatives of the GIFCS attended MONEYVAL meetings on a regular basis and contributed to a number of specialised discussions.

The Conference of the Parties to CETS 198: The 2005 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (or Warsaw Convention, CETS 198), which came into force on 1 May 2008, builds on the success of the 1990 Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (or Strasbourg Convention, CETS 141). The Warsaw Convention is currently the only comprehensive internationally-binding treaty worldwide which is entirely devoted to AML/CFT. It covers prevention, repression and international co-operation as well as confiscation. More specifically, this instrument:

- ▶ provides States Parties with enhanced possibilities to prosecute money laundering and terrorist financing more effectively;
- ▶ equips States Parties with further confiscation tools to deprive offenders of criminal proceeds;
- ▶ provides important investigative powers, including measures to access banking information for domestic investigations and for the purposes of international co-operation;
- ▶ covers preventive measures, and the roles and responsibilities of financial intelligence units and the principles for international co-operation between financial intelligence units;
- ▶ covers the principles on which judicial international co-operation should operate between States Parties.

The Warsaw Convention counts to date 39 States Parties and five signatories (including the European Union).

The Warsaw Convention provides for a monitoring mechanism through a Conference of the Parties (COP) to ensure that its provisions are being effectively implemented. The monitoring procedure under the Convention is particularly careful not to duplicate the work of MONEYVAL or of the FATF. MONEYVAL's Executive Secretary is also the Executive Secretary to the COP, due to the relevance and interconnection of the COP's mandate to the work of MONEYVAL. Similarly, MONEYVAL's Secretariat staff also provides full support to the COP.

6. ENGAGEMENT WITHIN THE COUNCIL OF EUROPE

Engagement with the bodies of the Council of Europe is a key priority in the work of MONEYVAL. In the course of 2022, MONEYVAL engaged with the following bodies of the Council of Europe:

Parliamentary Assembly of the Council of Europe (PACE)

PACE is an important partner to MONEYVAL due to the attention it pays to the topic of money laundering, and the public effect of the parliamentary discussions. The dialogue with PACE adds to MONEYVAL's institutional standing in and outside the Council of Europe. Exchanges on priorities and mutual referencing greatly facilitates the promotion of MONEYVAL's objectives, including at the level of the FATF, as well as in international media.

In 2022, PACE issued a dedicated resolution on the topic of asset recovery and use of confiscated assets for social purposes, which is highly relevant in the AML/CFT context.

Sectorial bodies

Contacts with the various sectorial bodies of the Council of Europe allows MONEYVAL to engage internal partners in the fight against ML/TF and contribute its expertise on topics of shared relevance, and then to leverage these internal partnerships in our engagements with the FATF and the broader Global Network.

In 2022, the MONEYVAL Secretariat engaged with the following sectorial bodies and institutions of the Council of Europe:

- ▶ **Venice Commission and European Court of Human Rights (ECHR):** engagement on unintended consequences of the FATF Standards. MONEYVAL also facilitated dialogue between VC, ECHR and FATF;
- ▶ **Data Protection Consultative Committee to Convention 108:** engagement on the draft AML/CFT Data Protection Guidelines under development by C108. MONEYVAL also facilitated a dialogue between C108 and FATF;
- ▶ **Cybercrime Convention Committee (TC-Y):** MONEYVAL engaged on cybercrime issues with the TC-Y Secretariat, which expressed an interest to join Council of Europe typologies work on cryptocurrencies. MONEYVAL also facilitated engagement between the FATF and TC-Y;
- ▶ **Committee on Counterterrorism (CDCT):** joint experts group with C198-COP and the CDCT has been set up to explore possible changes to Council of Europe CFT standards.

Additionally, MONEYVAL is exploring further partnership with the PC-OC (Committee of Experts on the Operation of European Conventions on Co-operation in Criminal Matters), and the **Follow-up Committee to the Macolin Convention** on Manipulation of Sports Competitions (CETS No. 215). The MONEYVAL Secretariat also maintains working level contacts with the Secretariat of GRECO on any shared issues arising out of the bodies' monitoring work

7. HUMAN RESOURCES

At the end of 2022, the MONEYVAL Secretariat was comprised of the Executive Secretary, the Deputy Executive Secretary and eight Council of Europe administrators, five administrators on secondment from national administrations (from

Andorra, Armenia, Malta, Montenegro, the Republic of Moldova), two project officers, and four administrative assistants. MONEYVAL would like to warmly thank the governments of the above countries for their support in 2022.



8. GOVERNANCE AND PROCEDURAL FRAMEWORK

The Council of Europe was the first international organisation to emphasise the importance of taking measures to combat the threats posed by money laundering for democracy and the rule of law. The Council's efforts led to the creation in 1997 of the Select Committee of Experts on the Evaluation of Anti Money Laundering Measures (PC-R-EV), later renamed to Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL). After the terrorist attacks of 11 September 2001, the Committee also began applying international standards designed to combat terrorist financing.

MONEYVAL is a permanent monitoring mechanism of the Council of Europe reporting directly to the Committee of Ministers. MONEYVAL is 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.

8.1. MEMBERS AND OBSERVERS

Evaluation by MONEYVAL currently covers, under Article 2 of the Statute of MONEYVAL, the following jurisdictions:

- ▶ member States of the Council of Europe that are not members of the FATF (Article 2.2a of the Statute) and member States of the Council of Europe that become members of the FATF

and request to continue to be evaluated by MONEYVAL (Article 2.2b of the Statute), currently:

- Albania
- Andorra
- Armenia
- Azerbaijan
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Estonia
- Georgia
- Hungary
- Latvia
- Liechtenstein
- Lithuania
- Malta
- Republic of Moldova
- Monaco
- Montenegro
- North Macedonia
- Poland
- Romania
- Serbia
- San Marino
- Slovenia
- Slovak Republic
- Ukraine

- ▶ Non-member States of the Council of Europe (Article 2.2e of the Statute):
 - Israel (a FATF member as of 2018);
 - The Holy See/Vatican City State by virtue of Resolution [CM/Res\(2011\)5](#);
 - The UK Crown Dependencies of Guernsey, Jersey and the Isle of Man by virtue of Resolution [CM/Res\(2012\)6](#);
 - The UK Overseas Territory of Gibraltar by virtue of Resolution [CM/Res\(2015\)26](#).

According to Article 3, paragraph 3 of MONEYVAL's Statute, the presidency of the FATF shall appoint to the meetings of MONEYVAL two members of the FATF, for a renewable term of office of two years. By letter of the FATF President, the current nominated FATF members are Italy and Germany.

In addition, the following countries, bodies, organisations and institutions have observer status with MONEYVAL and are entitled to send a representative to MONEYVAL meetings:

- ▶ the Parliamentary Assembly of the Council of Europe (PACE);
- ▶ the Council of Europe Development Bank (CEB);
- ▶ the European Committee on Crime Problems (CDPC);
- ▶ the Conference of the Parties of the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (COP);
- ▶ the European Commission and the Secretariat General of the Council of the European Union;
- ▶ States with observer status of the Council of Europe (Canada, Japan, Mexico and the United States of America);
- ▶ the Secretariat of the Financial Action Task Force (FATF);
- ▶ Interpol;
- ▶ the Islamic Development Bank;
- ▶ the International Monetary Fund (IMF);
- ▶ the United Nations Office on Drugs and Crimes (UNODC);
- ▶ the United Nations Counter-Terrorism Committee (CTC);
- ▶ the World Bank;
- ▶ the Commonwealth Secretariat;
- ▶ the European Bank of Reconstruction and Development (EBRD);
- ▶ Group of International Finance Centre Supervisors (GIFICS);
- ▶ the Organisation for Security and Co-operation in Europe (OSCE);
- ▶ the Egmont Group of Financial Intelligence Units;

- ▶ the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG);
- ▶ any other FATF style regional body (FSRB) which is or becomes an associate member of the FATF, on the basis of reciprocity;
- ▶ any member of the FATF.

8.2. BUREAU

The MONEYVAL Bureau is the key governance body of MONEYVAL, carrying a number of tasks, including assisting the Chair, supervising the preparation of Plenary meetings and ensuring continuity between meetings. The MONEYVAL Bureau is composed of a Chair, two Vice-Chairs and two other Bureau members. The Bureau members as at the end of 2022 were:

MONEYVAL Bureau elected for a term of two years in 2019	
Chair:	Ms Elzbieta Franków-Jaśkiewicz (Poland)
Vice-Chairs:	Ms Astghik Karamanukyan (Armenia) Mr Richard Walker (UK Crown Dependency of Guernsey)
Members:	Mr Ladislav Majernik (Slovak Republic) Mr Matis Mäeker (Estonia)

8.3. SCIENTIFIC EXPERTS

MONEYVAL work is supported by a panel of independent scientific experts. The role of a scientific expert is to provide neutral, experienced opinions and to assist the Chair and Secretariat in ensuring the consistency of MONEYVAL's outputs. This includes, among others, fulfilling a quality control function for draft evaluation reports, attending all MONEYVAL Plenaries as well as enriching the debates with their experience and knowledge. In 2022, the scientific experts were:

MONEYVAL scientific experts	
▶	Mr Lajos Korona, Public Prosecutor in Hungary – Legal scientific expert
▶	Mr John Ringguth, former Executive Secretary to MONEYVAL – Legal scientific expert
▶	Mr Andrew Strijker, former Head of the Dutch delegation to FATF – Financial scientific expert
▶	Ms Lia Umans, former member of the FATF Secretariat – Law enforcement scientific expert
▶	Mr Ian Matthews, former supervisor in the UK, and former Co-chair of the FATF Evaluations and Compliance Group - Financial scientific expert

8.4. OBJECTIVES

The objective of MONEYVAL is to ensure that its evaluated jurisdictions have in place effective systems to counter money laundering and terrorist financing and comply with the relevant international standards in these fields. MONEYVAL endeavours to achieve this through the following methodological tools:

Methodology

- ▶ Assessing compliance with all relevant international standards in the legal, financial and law enforcement sectors through a peer review process of mutual evaluations;
- ▶ Issuing reports which provide tailored and concise recommendations on ways to improve the effectiveness of domestic regimes to combat money laundering and terrorist financing and States' capacities to cooperate internationally in these areas;
- ▶ Ensuring an effective follow-up of evaluation reports, including Compliance Enhancing Procedures (CEPs), to improve levels of compliance with international AML/CFT standards by the States and territories which participate in MONEYVAL's evaluation processes;
- ▶ Conducting typologies studies of money laundering and terrorist financing methods, trends and techniques and issue reports thereabout.

8.5. MUTUAL EVALUATION ROUNDS AND FOLLOW-UP PROCEDURES

MONEYVAL has completed four rounds of mutual evaluations. In 2015, it commenced its 5th round of mutual evaluations, which is based on the FATF 2012 Recommendations and the 2013 Methodology for assessing technical compliance with the FATF Recommendations and the effectiveness of AML/CFT systems. For each round, evaluations of MONEYVAL States and territories give rise to mutual evaluation reports.

Mutual evaluation rounds

First evaluation round (1998-2000)

The first round of mutual evaluations, based on the 1996 FATF Recommendations, was initiated in 1998 and onsite visits were concluded in 2000. 22 Council of Europe member States were evaluated in the first evaluation round.

Second evaluation round (2001-2004)

This second round was also based largely on the 1996 FATF Recommendations and included evaluation against the FATF's Criteria for non-co-operative States and territories. MONEYVAL concluded its second round of onsite visits until 2003. 27 Council of Europe member States were evaluated.

Third evaluation round (2005-2009)⁴

The third round of mutual evaluations was based on the 2003 revised FATF Recommendations. In addition, the evaluations reviewed aspects of compliance with the European Union's Third Anti-Money Laundering Directive, which came into force in 2007. 28 Council of Europe member States together with the Holy See/Vatican City State and Israel have been evaluated in the third evaluation round.

Follow-up evaluation round or "MONEYVAL's Fourth Round" (2009-2014)

MONEYVAL commenced a follow-up round of onsite visits in 2009. For each country, these evaluations focused on the effectiveness of implementation of a number of priority FATF recommendations, together with any recommendations for which the country received either a non-compliant or partially compliant rating in the third round. In addition, the evaluation also reviewed aspects of compliance with the EU's 3rd Anti-Money Laundering and Counter-Terrorist Financing Directive (Directive 2005/60/EC).

Fifth evaluation round (2015-2024)

The FATF 2012 Recommendations and the 2013 "Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems" constitute the basis of the 5th MONEYVAL round of evaluations. In this new round which commenced in 2015, the main emphasis is on the effective implementation of the FATF Recommendations by States and territories, with each onsite visit lasting between 10 and 14 days, or longer as appropriate. The first MER report under this new round was adopted in December 2015. By the end of 2021, twenty-one mutual evaluation reports were adopted, and two other countries received onsite visits. By the end of 2022, twenty-six mutual evaluation reports were adopted, and two additional countries (North Macedonia and Romania) received onsite visits in the current round.

4. Although the third round of evaluations concluded in 2009, the Holy See (including Vatican City State) was subsequently evaluated in 2011, with the report being adopted in 2012 following the adoption by the Committee of Ministers on 6 April 2011 of Resolution [CM/Res\(2011\)5](#).

8.6. COMPLIANCE ENHANCING PROCEDURES

MONEYVAL's Compliance Enhancing Procedures (CEPs) ensure that countries take steps to meet the international standards and follow MONEYVAL recommendations within an appropriate timeframe. For both the fourth and the fifth round of mutual evaluations, the process is as follows:

Steps in CEPs process

Step 1: MONEYVAL inviting the Secretary General of the Council of Europe to send a letter to the relevant Minister(s) of the State or territory concerned, drawing his/her/their attention to non-compliance with the reference documents and the necessary corrective measures to be taken.

Step 2: Arranging a high-level mission to the non-complying State or territory to meet relevant Ministers and senior officials to reinforce this message.

Step 3: In the context of the application of the 2012 FATF Recommendation 19 by MONEYVAL States and territories, issuing a formal public statement to the effect that a State or territory insufficiently complies with the reference documents and inviting the members of the global AML/CFT network to take into account the risks posed by the non-complying State or territory.

Step 4: Referring the matter for possible consideration under the FATF's International Co-operation Review Group (ICRG) process, if this meets the nomination criteria set out under the ICRG procedures.

APPENDICES

APPENDIX I

List of the 2012 FATF Recommendations and the 11 Immediate Outcomes in the FATF Methodology of 2013

A. 2012 FATF Recommendations	
R.1	Assessing Risks and applying a Risk-Based Approach
R.2	National Co-operation and Co-ordination
R.3	Money laundering offence
R.4	Confiscation and provisional measures
R.5	Terrorist financing offence
R.6	Targeted financial sanctions related to terrorism and terrorist financing
R.7	Targeted financial sanctions related to proliferation
R.8	Non-profit organisations
R.9	Financial institution secrecy laws
R.10	Customer due diligence
R.11	Record-keeping
R.12	Politically exposed persons
R.13	Correspondent banking
R.14	Money or value transfer services
R.15	New technologies
R.16	Wire transfers
R.17	Reliance on third parties
R.18	Internal controls and foreign branches and subsidiaries
R.19	Higher-risk countries
R.20	Reporting of suspicious transactions
R.21	Tipping-off and confidentiality
R.22	DNFBPs: Customer due diligence
R.23	DNFBPs: Other measures
R.24	Transparency and beneficial ownership of legal persons
R.25	Transparency and beneficial ownership of legal arrangements
R.26	Regulation and supervision of financial institutions
R.27	Powers of supervisors
R.28	Regulation and supervision of DNFBPs
R.29	Financial intelligence units
R.30	Responsibilities of law enforcement and investigative authorities
R.31	Powers of law enforcement and investigative authorities
R.32	Cash Couriers
R.33	Statistics
R.34	Guidance and feedback
R.35	Sanctions

R.36	International instruments
R.37	Mutual legal assistance
R.38	Mutual legal assistance: freezing and confiscation
R.39	Extradition
R.40	Other forms of international co-operation

B. Immediate Outcomes	
IO.1	Money laundering and terrorist financing risks are understood and, where appropriate, actions co-ordinated domestically to combat money laundering and the financing of terrorism and proliferation.
IO.2	International co-operation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.
IO.3	Supervisors appropriately supervise, monitor and regulate financial institutions, DNFBPs and VASPs for compliance with AML/CFT requirements commensurate with their risks.
IO.4	Financial institutions, DNFBPs and VASPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
IO.5	Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.
IO.6	Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.
IO.7	Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.
IO.8	Proceeds and instrumentalities of crime are confiscated.
IO.9	Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.
IO.10	Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.
IO.11	Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant resolutions of the UN Security Council.

APPENDIX II

List of FATF-style regional bodies
Asia/Pacific Group on Money Laundering (APG)
Caribbean Financial Action Task Force (CFATF)
Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)
Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG)
Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)
Financial Action Task Force on Money Laundering of Latin America (GAFILAT)
Inter-Governmental Action Group against Money Laundering in West Africa (GIABA)
Middle East and North Africa Financial Action Task Force (MENAFATF)
Task Force on Money Laundering in Central Africa (GABAC)

The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) is 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.

For more information on MONEYVAL, please visit our website: www.coe.int/moneyval

www.coe.int

The Council of Europe is the continent's leading human rights organisation. It comprises 46 member states, including all members of the European Union. All Council of Europe member states have signed up to the European Convention on Human Rights, a treaty designed to protect human rights, democracy and the rule of law. The European Court of Human Rights oversees the implementation of the Convention in the member states.