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Technical Support Instrument (TSI)

21PT28- Developing a risk-based methodology for an automatic anti-money laundering/counter terrorist financing risk categorisation for supervised entities in Portugal

PROJECT SUMMARY

Project title	Developing a risk-based methodology for an automatic anti-money laundering/counter terrorist financing risk categorisation for supervised entities in Portugal (21PT28)
Project area	Portugal
Budget	277,778 EUR
Funding	European Commission DGREFORM (90%) and Council of Europe (10%)
Implementation	Economic Crime and Cooperation Division
Duration	24 months (18 June 2021 – 17 June 2023)

1. BACKGROUND

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

In 2021, the European Commission Directorate-General for Structural Reform Support (DG REFORM) continued its cooperation with the Council of Europe to support member states in effectuating structural reforms in governance and public administration and the financial sector. The technical support will be provided under the conditions set in the Framework Contribution Agreement REFORM/IM/2021/012. As part of this envelope and in order to contribute to reforms in EU countries, the Economic Crime and Cooperation Division of the Council of Europe will be supporting as of June 2021 four EU member states (Croatia, Estonia,

Portugal and Slovakia) in implementing anti-money laundering/countering terrorist financing reforms.

2. PROJECT IMPACT, OBJECTIVE AND OUTCOMES

The Project on developing a risk-based methodology for an automatic anti-money laundering/counter terrorist financing risk categorisation for supervised entities in Portugal is one of the four projects implemented under the overall CoE/EU TSI programme. The general objective of this Project is to support Portugal in their efforts to strengthen institutional and administrative capacity, including at regional and local levels, to facilitate socially inclusive, green and digital transitions, to effectively address the challenges identified in the country-specific recommendations and to implement Union law. The expected long-term effect of this Project (impact) is an enhanced AML/CFT regime in Portugal through strengthening the Bank of Portugal (BdP)'s risk-based supervision (RBS) and its consequent supervisory approach to the supervised sector. The Project aims to enhance the effectiveness of the Portugal's AML/CFT regime by reviewing the outcomes of current supervisory activities of the BdP's RBS model, as well as by developing/updating the system for weighing of variables used to inform the RBS process over the respective supervised entities. Furthermore, the Project will support the BdP with a review of the relevant automated exchange mechanisms and database integration in order to focus AML/CFT supervision activities on specific obliged entities in the supervised sector. Guidance will also be provided for the update of sectorial risk assessments including with regard to risks associated with virtual assets. Finally, the Project will develop a number of guidelines and technical papers aimed to strengthen the BdP's risk-based supervision model.

The Outcomes of the Project are:

Outcome 1	Improved understanding of the AML/CFT risks in the supervised sector.
Outcome 2	Enhanced model for risk-based supervision of the supervised sector.

3. IMPLEMENTATION ARRANGEMENTS AND CONTACTS

The Project is being implemented by the Economic Crime and Cooperation Division (ECCD) of the Action against Crime Department, Directorate General I of the Council of Europe. The national coordination for the beneficiary country is conducted by the Bank of Portugal (BdP).

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