



Project Title:	Project against Money Laundering & Terrorist Financing	
Project Number:	206/126-126	
Country:	Russian Federation	
	Local operator	EC Consultant
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Implementation:	Council of Europe
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1 PROJECT SYNOPSIS

Project Title: Protection against Money Laundering & Terrorist Financing

Project Number: 2006/126-126

Country: Russian Federation

Project objectives: The overall objective of the Project is **to contribute to the prevention and control of money laundering and terrorist financing in the Russian Federation in accordance with European and other international standards and best practices.** The specific objective is **to enhance the human capacities of key institutions of the anti-money laundering system of the Russian Federation (Rosfinmonitoring, judiciary, prosecution, law enforcement and financial sector).** This includes the improvement of the legislative basis on which these institutions operate.

Planned outputs: **Output 1:** Legislation of the Russian Federation more compliant with all applicable European and international standards; and, the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (ETS 198) ratified and applied in practice.

Output 2: The Rosfinmonitoring training strategy elaborated and implemented.

Output 3: The AML/CTF Training Centre further developed.

Output 4: The law enforcement agencies, and in particular the Ministry of Interior and Federal Security Service as well as prosecutors and judges, have their training plans in investigating and treating money laundering and terrorist financing cases in line with international standards and are able to implement them.

Output 5: Regulators and supervisors of the financial and legal services sector supported in elaborating and implementing training plans in countering money laundering and terrorist financing including national legislation and international standards and best practices.

Synopsis of Project Activities:

The project objectives will be achieved utilising a number of delivery mechanisms including:

- Provision of expert advice and opinions;
- Study visits to other C of E Member States;
- Roundtables and seminars;
- Workshops;
- Internships in the relevant bodies of the C of E Member States;
- Training Courses;
- Research;
- Translations;
- Publication and dissemination of texts and/or audiovisual CD-ROMs.

2.1 Introduction and start up activities

Although the project officially began in January 2007 there were no substantial activities within the reporting period, the time being spent on administrative issues both in Moscow and Strasbourg.

2.2 The **1st quarter** period to end of March was primarily concerned with the preparation of the inception report, the identification and appointment of staff, the refurbishment of project office premises, the updating of office and IT equipment, establishing a mechanism to provide the project team with funds, and planning for first operational meeting with the senior management of the beneficiary organisation.

2.3 The **2nd quarter** period to end of June was primarily concerned with the organisation of the start-up meeting at the EC Delegation premises and the holding of a coordination meeting with the beneficiary. The coordination meeting also served as a closing meeting for the Moli-Ru PAP and the CFT Guidelines were publicised. Also, during this period, the Long Term International Expert was identified and recruited, as was a project assistant. Discussions continued with the beneficiary and the ITMC as to allocation of responsibilities and the agreeing of an overall work plan and schedule for activities until end 2007.

3. Summary of project planning for the next quarter [July-September]

Rosfinmonitoring has indicated that a priority for the AML/CFT authorities for the remainder of the year is the preparation for, and undertaking of, a joint FATF / EAG / Moneyval evaluation of the RF. This will involve a great amount of work from Rosfinmonitoring staff in responding to the evaluation questionnaire and will include in-country visits by the evaluation team in September and November. These visits will include time in a selection of the regions of the RF meeting with various representatives of law enforcement agencies, Rosfinmonitoring, regulators & supervisors, and the financial sector. The ITMC in cooperation with the senior management of Rosfinmonitoring will be holding a series of training seminars during the coming months in Moscow, Kaliningrad, Irkutsk, Rostov-on-Don, Khabarovsk, and Nizhniy Novgorod to raise awareness of the applicable international standards in AML/CFT and the importance of compliance with them. These will address a wide range of entities within the AML/CFT system in the RF including those being visited by the evaluators but also prosecutors and judges. The project team will participate in these training events and at

the same time utilise the opportunity of the visits to the region to undertake the TNA process as required by the work plan. Joint activities such as these promote increased cooperation and coordination between the project team and the beneficiaries as well being an effective, efficient, and economical use of resources. The dates of the seminars are not yet confirmed.

4. Project activities & outputs **April 2007 – June 2007**

4.1 Start-Up Activities

All project team staff are now recruited and the office premises are available for occupation having had the telephone and Internet facilities installed. Some portable IT equipment and software still needs to be purchased and installed but this is not a priority issue at this time.

4.2 Output 1

The UK Assets Recovery Agency, Spanish Guard Civil Police, Europol, and Swedish Administrative Court have indicated their willingness to participate in the project by being members of the Legal Working Group. Discussions are now ongoing with the beneficiary to identify and invite representatives from appropriate RF institutions to take part.

4.3 Output 2

In cooperation with the ITMC, the project team participated in a roundtable event in Moscow on 6 June attended by representatives of academic institutions. The objective of the activity was to outline the ITMC training strategy and to draw opinion from the academies as to implementation. The project team utilised the opportunity to make contact with the LEA academy from Nizhniy Novgorod and to promote the work of the project. Report attached.

4.4 Output 3

See 4.3 above.

4.5 Output 4

See 4.3 above.

4.6 Output 5

No activities this reporting period.

5. Project Team Activities April 2007 – June 2007

5.1 April 2007

- **6 April** meeting with Deputy Head Osipov on organizational issues of MOLI-RU and preparation for the start up seminar.
- **14 April** meeting with ITMC Director General Alexeev re: ITMC requirements in technical assistance during the MOLI-RU 2 project and establishing relations with other training centres in Russia with a view of formalizing the training results (acquisition of official state certificates).

- **17 April** meeting with vice rector of IIUEPS and Director of the Institute for Professional Development A Nikitin on possibilities of integrated multilateral training programmes (certifies educational and training institutions + CoE Project + ITMC)
- **27 April** meeting with Osipov re preparation of May visit of the Team Leader and May activities.

5.2 **May 2007**

- **14 May** Meeting with ITMC Director International E. Tolgsakaya on organization of forthcoming May seminars (MOLI-RU start up and related ITMC activities – round tables)
- **16-17 May** meetings with TNA experts from **Moscow Business School** (Natalia Krasnova) exchange of experience in TNA in Russia. **Moscow Business School** is a joint project of major Russian investor businessmen who decided to set up the first world-class business school in Russia. This is the first Russian business school that is likely to enter world ratings of business education and vie for the first place, thus raising high the image of Russian education in international community.
- **24 – 27 May** review of suggestions of Institute for Professional Development on the modular composition of AML training programmes (as offered by them to Rosfin Deputy Head Spiridonov) for possible use during MOLI RU Project.
- **28 May** 2 separate meetings with Osipov and Alexeev on the forthcoming seminar with specialists from Russian universities and training centres

5.3 **June 2007**

- **3 June** meeting with Prof. Nikitin re IIUEPS's existing programmes for training of Rosfinmonitoring staff and their plans for 2007
- **Second week of June** multiple telephone talks with Duma (finally with Mr. Zakaliukin) re: organization of Barnaul seminar on confiscation
- **18 June** meeting with ITMC Director General Alexeev on forthcoming regional meetings
- **22 June** meeting with ITMC Director International E. Tolgsakaya for details of the summer schedule of the regional visits and S. Goddard's articles for ITMC's book
- **27 June** visit to a training seminar for trainers on undertaking TNA at **Moscow Business School**

6. **Conclusions**

The activities during this reporting period have been undertaken to prepare for the undertaking of the TNA within the regions of the RF and to establish links between the project team and beneficiaries. It is clear that the ITMC have a major role to play in the development of training for all institutions within the AML/CFT system and the project team will need to work closely with them. Accordingly, much effort is being invested in determining the priorities and strategies of the ITMC and building effective working relationships with the senior management.

7. **Annexes**

- Report on start-up meeting in EC Delegation
- Report on coordination seminar with beneficiary
- Report on meeting with Prof. Nikitin re leadership programme
- Report on Moscow roundtable event

8. **Project planning for next reporting period**

The following activities are forecast for the reporting period July - September 2007.

In general, the focus will be on research to create the TNA template for use in the regions and then visits to conduct the TNA. This process is expected to continue into the 4th quarter with the conclusions drawn and training needs identified for delivery beginning in the 5th quarter.

8.1 Output 1:

No activities planned although Rosfinmonitoring are in the process of identifying the Russian members of the Legal Working Group.

8.2 Output 2:

Training seminars to be undertaken in cooperation with ITMC and Rosfinmonitoring in Moscow, Khabarovsk, Kaliningrad, Irkutsk, Rostov-on-Don, and Nizhniy Novgorod. During these events the project team will also undertake the TNA process to identify specific regional training needs of Rosfinmonitoring.

8.3 Output 3:

Training seminars to be undertaken in cooperation with ITMC and Rosfinmonitoring in Moscow, Khabarovsk, Kaliningrad, Irkutsk, Rostov-on-Don, and Nizhniy Novgorod in furtherance of the ITMC training strategy. Project Team will support the ITMC in the delivery of the seminars and in securing suitable international experts.

8.4 Output 4:

Training seminars to be undertaken in cooperation with ITMC and Rosfinmonitoring in Moscow, Khabarovsk, Kaliningrad, Irkutsk, Rostov-on-Don, and Nizhniy Novgorod. During these events the project team will also undertake the TNA process to identify specific regional training needs of the law enforcement agencies.

8.5 Output 5:

Training seminars to be undertaken in cooperation with ITMC and Rosfinmonitoring in Moscow, Khabarovsk, Kaliningrad, Irkutsk, Rostov-on-Don, and Nizhniy Novgorod. During these events the project team will also undertake the TNA process to identify specific regional training needs of the local regulators and supervisors.