



## Inception Report

### MOLI-RU-2

Project Title	:	Project against Money Laundering and Terrorist Financing	
Project Number	:	2006/126-126	
Country	:	Russian Federation	
		Local operator	EC Consultant
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## Project synopsis

Project Title	:	Project against Money Laundering and 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 project 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.

### Project 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.

Starting date: 1 January 2007

Project duration: 42 months

## **1. Background information**

### **Historical outline**

The Russian Federation is one of the world's biggest economies and certainly the biggest transition economy and as such faces important proportion of shadow economy. The exact amount of dirty money circulating in the Russian economy is hard to establish but an approximate evaluation may be based on an assessment of the size of the Russian shadow economy which, according to the Russian National Security Council in September 2003, amounted to 20- 25 % of GDP i.e. about 2-2.5 trillion Roubles (or USD 67 – 83 billion) per annum. The extent of the criminal activity per se was about 5% (500 billion Roubles) per annum. The latter figure (that in US dollar equates to about \$ 16.7 billion) may be regarded as a rough estimate of the scale of criminal money laundering in the Russian Federation at that time. It is estimated that approximately 9 million people received their main source of income from within the shadow economy. As a consequence of operating within the shadow economy it was clear that in addition to their criminal proceeds, their wages and other payments received by them required laundering. In addition a very significant illegal cross border outflow of funds was taking place that in 2002 was estimated to be at a rate of \$12 billion a year. Though obviously unsatisfactory, the situation at this time represented a significant advancement compared with that of only five years before, when according to the Home Ministry figures the shadow economy accounted for nearly 40 per cent of GDP (\$100 -110 billion) and the illegal capital flight was at least \$24 billion a year.

Until 2000 the government's response to this problem was rather weak. The AML legislation was non-existent and there was no international co-operation. As a consequence the country failed to comply with international standards of AML/CFT that was reflected by the fact that Russia continued to remain on FATF list of non-cooperating countries and territories (NCCT). On 7 August 2001, President of the Russian Federation signed the federal law (no 115-FZ) on action to combat the laundering of proceeds from crime that is aimed at preventing and suppressing activities related to money laundering. It regulates, among other things, reporting obligations and monitoring requirements for transactions involving monetary or other assets and entered into force on 1 February 2002. In line with this law, and through Decree no 1263 (1 November 2001) of the President of the Russian Federation, a Russian Financial Intelligence Unit (KFM of Russia, at present- Rosfinmonitoring) was created.

In 2002 Rosfinmonitoring undertook measures to secure Russia's removal from the FATF black list (NCCT List). The goal was achieved in the autumn of 2002. Following the adoption of legislation and the creation of the FMC, Russia was removed from the list of non-co-operative countries established by the Financial Action Task Force (FATF) in October 2002. In June 2002, the Russian Federation became a member of the Egmont Group and the FMC was thus recognised as a Financial Intelligence Unit meeting the Egmont Group standards. Soon after, in June 2003, Russia became a full member of FATF.

Since February 2003, Rosfinmonitoring was benefiting from the Project Against Money Laundering MOLI-RU funded by the European Commission and implemented by the Council of Europe. By that time Rosfinmonitoring was already a fully fledged FIU staffed by 148 persons and member of the Egmont Group. The MOLI-RU assisted the development of the AML system by provision of legal expertise and advice as well as of basic training to Rosfinmonitoring staff and, to a limited extent, to law enforcement and financial institutions. It also promoted the interagency co-ordination and international co-operation delivered activities that could demonstrate effectiveness, efficiency and economy with qualitative assessments on the sustainability of their impact on the beneficiaries.

That project was followed-up by a policy advice project, also implemented by the Council of Europe and co-funded by the Council of Europe and the European Commission. The direct objective of this project was to support the adoption and implementation of new international standards on money laundering and the financing of terrorism by the Russian Federation. As a result detailed guidelines of combating terrorist financing were prepared as well as a report on the legislative changes necessary to ratify the Council of Europe Warsaw Convention (CETS 198).

## 1.2 Current state of affairs in the sector

- FIU (Federal Financial Monitoring Service - Rosfinmonitoring) structures and working procedures were created and developed - between February 2002 and current date appropriate resources have been provided from the state budget which allowed ensuring adequate staffing, premises and equipment.
- A network of seven regional offices of Rosfinmonitoring has been created in the federal districts to ensure effective cooperation with obliged institutions and law enforcement agencies in the regions ;
  - AML/CTF legislation was adopted and entered into force. The most important pieces of legislation in this field include:
    - Federal Law 115-FZ 07.08.2001 "On countering legalization (laundering) of criminal proceeds and terrorism financing" (as amended 27.07.2006 ); (a.k.a. FZ-115),
    - Act 307 of the Government of the Russian Federation 23.06.2004 "On approval of the Statute of the Federal Financial Monitoring Service"
    - Act No. 245 of the Government of the Russian Federation "On Approval of the Regulation for Provision of Information by Organizations to the Rosfinmonitoring", dated April 17, 2002
    - Act No. 425 of the Government of the Russian Federation "On Approval of the Regulation for Provision of Information and Documents by State, Regional and Local Authorities to the Rosfinmonitoring", dated June 14, 2002
- A number of the Rosfinmonitoring staff were trained, including abroad;
- A modern IT system to gather, process, analyse and exchange information was created and put into operation;
- Rosfinmonitoring receives a great number of suspicious and threshold transaction reports, analyses them and informs law enforcement accordingly;
- Rosfinmonitoring signed 30 MOUs with other FIUs and exchanges information with more than 80 FIUs.
- The Russian FIU became a member of the Egmont Group in June 2002 and joined the FATF in June 2003;
- During recent years, in the course of implementation of a unified national anti-money laundering strategy, a logical and well-coordinated national AML/CFT system has been established in the Russian Federation. At the top of the system stands the President of the country, who personally implements the strategy through the government and other state institutions. The system is composed of the following national bodies or agencies:
  - State bodies that participate in the development of legislation, such as the Federal Assembly and other state entities which enjoy the right of legislative initiative.
  - The authorized body performing collection, processing, analysis of information and interagency coordination (Rosfinmonitoring, the Russian FIU),
  - Agencies with regulatory and supervisory functions (e.g. Ministry of Finance)
  - Law enforcement bodies working with materials on AML/CFT (Federal Security Service, FSB; Ministry of Internal Affairs, MVD; Federal Service for Drug Control, and Prosecutor General Office)
  - Agencies rendering international assistance (e.g. Foreign Ministry)
  - Agencies that act as holders of information resources (state entities in charge of various data bases, information flow etc.)
  - Organizations submitting information to the FIU (banks, brokers, insurance companies, lawyers etc)
- High-level interagency commission on AML/CTF issues chaired by the Head of Rosfinmonitoring was created that ensures coordination of implementation of the National Strategy on Fighting Money Laundering and Terrorist Financing. It is composed of:
  - Federal Financial Monitoring Service (Rosfinmonitoring) – Financial Intelligence Unit of the Russian Federation
  - Ministry of Finance - General supervision of situation in the monetary system and formal guidance of Rosfinmonitoring as a Federal Service under the Ministry of Finance
  - Ministry of Foreign Affairs - Responsible for preparation of intergovernmental agreements on mutual legal assistance, participation in major AML/TF conventions etc.
  - Ministry of Interior - Investigation of "ordinary" AML cases. Mutual provision of information concerning ML/TF suspicions and data. Sending enquiries to Rosfinmonitoring in connection with cases under investigation.
  - Ministry of Justice - Legal framework of AML/TF, development and implementation of legislation, punishment system (prisons etc)

- Federal Security Service (FSB) - AML action and investigations fall within the competence of FSB (security related cases), as well as all TF cases. Provision of information concerning ML/TF suspicions and data.
  - External Intelligence Service (SVR)
  - Federal Service for Drug Control - AML/TF cases related to drugs trafficking and associated issues
  - Federal Service for Financial Markets - AML/TF supervision of the securities' brokers
  - Federal Service for Enforcement of Sentences
  - Federal Customs Service
  - Federal Insurance Supervision Service - Supervision of insurance markets in connection with AML/TF activity
  - Representatives of both the General Prosecutor's Office [Prosecution of AML and TF cases. Supervision of observance of AML/ATF legislation] and the Central Bank [AML/TF supervision of the credit institutions (banks)] are also able to participate in the inter-agency group.
- Rosfinmonitoring is a pro-active leader in the AML/CTF system and takes efforts to improve mutual understanding and co-operation among the AML/CTF system actors. Co-operation with the law enforcement and financial institutions has improved significantly but still needs to be further developed;
  - There is a favourable political climate to further improve and develop the AML/CTF system and the high-level country leaders (President, Government) support the efforts made by the Rosfinmonitoring;
  - The efficiency of the system grows: the number of case referrals to the law enforcement increased significantly, the number of investigations and court referrals were also on increase. More than a dozen banks have seen their licences withdrawn for breaches to the AML legislation.
  - Further provision of specialised training to the staff of the Rosfinmonitoring, law enforcement agencies and criminal justice bodies is necessary to fully use the AML/CTF system's potential and effectively counter the use of the financial sector to launder proceeds from crime and to finance terrorists.
  - The Federal database of the Rosfinmonitoring had 1.8 times more records in 2005 as compared to 2004. Rosfinmonitoring has received 3.2 million reports on transactions of funds or other assets, including about 1.8 million reports on transactions selected as suspicious by financial institutions.
  - According to the recent statistics available at the moment of drafting, in the period of 9 months of 2005, 705 criminal cases under articles 174 and 174.1 were initiated, 1532 cases were being investigated, 1145 investigations were completed, 1058 cases were sent to court, 90 cases were dropped for various bases, 20 cases were suspended and 101 guilty verdicts were issued. This can be compared to 94 criminal cases in 2003 that had been sent to court and there were only 6 guilty verdicts, in 2004 accordingly there were 430 criminal cases under investigation, of which 348 cases sent to courts and 35 verdicts.
  - According the Supreme Court of the Russian Federation data 257 persons have been convicted for ML cases for 6 months 2006 (as compared to 14 persons in the whole 2003).
  - The shares of the revealed money laundering offences, committed in individual sectors of the economy of the Russian Federation in the general number of registered crimes of this category for the 8 months of 2005 and for 2004 amounted to: financial - credit system – 30.3 % (2004 - 32 %); consumer market – 24.3 % (22.5); fuel and energy complex – 5.8 % (3.6 %);
  - Experience of the Russian AML/CTF authorities show that the principal way of money laundering is the use of commercial structures registered on false, forged or lost documents.
  - Practice also shows that the use of transactions with securities and «offshore zones» for carrying out operations with monetary funds for concealment of sources of their purchase remains the most actual problem in the field of combating money laundering.
  - The analysis of qualitative structure of predicate offences in the cases that went through the stage of court proceedings resulting in verdicts of guilty looks as follows:
    - Out of the verdicts of guilty in money laundering taken in 2004, predicate offences were: 55% of the cases - fraud, 17% of the cases — illegal felling of trees and bushes, 13% of the cases – misappropriation or embezzlement, 5% of cases each – illegal entrepreneurship, commercial bribery, illegal receipt of credits;
    - Out of verdicts taken during 9 months of 2005, 30 % of cases the predicate offence was theft, in 15% - fraud, 10% - misappropriation or embezzlement, 5% each - illegal entrepreneurship, robbery, illegal felling of trees, illegal receipt of credits.
  - AML supervision has significantly developed which can be illustrated with the following data:

- During the supervisory activity of Rosfinmonitoring during 2004 and 9 months of 2005 the amount of collected penalties across Russia has made up to 16 million rubles.
- The Central Bank of the Russian Federation performed 2592 inspections of credit institutions and their branches in 2004, during the period January - July 2005 it performed 1426 inspections which included AML/CF issues as well.
- The applied measures of influence resulting from inspections of credit institutions and their branches:
  - Letters to the management pointing out the deficiencies in the work of the bank: 498 in 2004, 307 in 2005;
  - Requirements on elimination of the deficiencies in their work: 150 in 2004; 230 in 2005;
  - Performance of specific kinds of banking operations was limited: in 50 banks in 2004, in 88 banks in 2005;
  - Performance of specific types of banking operations was forbidden: in 21 banks in 2004; in 45 banks in 2005;
  - Fines were applied in 2004 - concerning 105 banks; in 2005 - concerning 126 banks;
  - Licenses were revoked from 2 banks in 2004; from 12 banks - in 2005.
- The Federal Service for Financial Markets conducted inspections of professional participants of the securities market: 294 inspections in 2004, 107 inspections in 2005, for compliance with the requirements of the AML/CFT legislation.
- Resulting from the inspections of the professional participants of the securities market it issued in 2004 nine instructions, materials on 4 inspections have been sent to the regional department of Rosfinmonitoring for taking measures, materials on 5 inspections have been forwarded to the General Prosecution Office; in 2005 twelve instructions were issued.
- The number of financial investigations carried out upon requests from foreign FIUs during the last 3 years was, on average, about 300 cases per year.

## **2. Project**

### **2.1 Target group/beneficiaries – their role and needs to be addressed**

#### **2.1.1 Rosfinmonitoring (FIU)**

##### **Role and tasks**

The FIU of the Russian Federation was first established in February 2002 in the form of the Financial Monitoring Committee (KFM of Russia). The chairman of the KFM was at the same time the First Deputy Minister of Finance of the Russian Federation. It has been converted into the Federal Financial Monitoring Service in 2004 and is commonly referred to as Rosfinmonitoring. It is an administrative FIU and in accordance with the Federal Law 115 FZ (of 2001) and Ordinance no 307 (23 June 2004) of the Government, its tasks include:

- Collecting, processing and analysing information on the monetary and other transactions with property subject to surveillance in pursue to the legislation of the Russian Federation;
- Building a unified information system and managing a federal database in the field of countering money laundering;
- Forwarding of relevant information to the law enforcement and other agencies;
- Pursuance of international agreements of the Russian Federation on interaction and information exchange with competent agencies of foreign countries in the AML field;
- Presentation of the Russian Federation in international organisations with regard to counteracting money laundering and suppression of terrorism.

In addition to performing typical functions of an FIU Rosfinmonitoring is also the nation-wide coordinator of activities of agencies in fighting ML and terrorist financing (its Head chairs the interagency commission) and regulates and supervises sectors which have no dedicated regulators such as for example pawn shops, advocates and notaries. Currently it is staffed 645 of which 350 in the Moscow Headquarters.

##### **Problems to be addressed and proposed solutions**

Rosfinmonitoring is a relatively young FIU and its personnel still needs and would benefit from more experience. Some staff has undergone the basic and specialised training (including under the MOLI-RU project) but during the first three years of the Rosfinmonitoring existence staff training could not have been the No1 priority. Now when the process of the FIU organisation and shaping the legislative environment is close to an end the following urgent needs should be addressed:

- newly recruited should undergo the basic FIU training to understand the role of the FIU and the structure of the AML/CTF system;
- increasing number of staff should undergo further training specific to their individual tasks;
- continuing training system for analysts should be put in operation for them to be aware of the new money laundering trends;
- all staff should be retrained in regular intervals to be able to profit from the new experience gained internationally.
- legislation should be further adjusted to the dynamically changing international standards;

To address these needs the project will support:

- the Rosfinmonitoring in a training needs assessment and the preparation of a training strategy, further training plans and curricula;
- the organisation of a number of various training events (courses, workshops, study visits) including the training of trainers;
- further legislative changes and practical implementation of the standards ratified by the Russian Federation

### **2.1.2 International Training and Methodology Centre on Financial Monitoring**

The International training and methodology centre on financial monitoring (TC) has been created in 2005 in discharge of the Ordinance of the Government No. 1989-r dealing with the participation of the Russian Federation in the work of the Eurasian Group (EAG). It has been established as an autonomous non-commercial organisation on the grounds of the Civil Code and the Federal Law on Non-commercial Organisations.

Rosfinmonitoring was the founder but the centre is not part of it. According to its Statute the main task of the TC includes:

- provision of training curricula and methodological guidance for the EAG member-states,<sup>1</sup>
- research and evaluation in the field of AML/CTF;
- support the introduction of modern IT technologies aimed at developing co-operation among the EAG member states in the field of AML/CTF;
- provision of technical and secretarial support to the EAG;
- provision of technical assistance to the EAG members states in developing their AML/CTF systems.

Currently the TC is staffed 14 – this includes administrative and training staff. In 2006 the TC activities were concentrated mainly on providing technical and secretarial support to the EAG as well as delivery of limited number of training activities.

For the moment the TC does not provide any training for Rosfinmonitoring or other agencies of the Russian Federation (although its employees give lectures at courses organised by other entities on a regular basis) but is planning to do so as of 2007. Its short-term plans include:

- elaboration of training curricula;
- elaboration of its own training methodology;
- establishment of contacts/co-operation with similar training institutes in other countries;
- preparation of ToT programmes to train its future lecturers.

### **Problems to be addressed and proposed solutions**

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<sup>1</sup> Russian Federation, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and China

In Rosfinmonitoring there is a will to use the TC in the future to train its staff. This is seen as a long-term objective for the TC. Given the training needs of Rosfinmonitoring and of other actors of the AML/CTF system and following the recommendation of the monitoring reports it would be logical to see the TC satisfying these needs. Given the number of AML/CTF professionals in the Russian Federation it is advisable to have one centre providing curricula and methodologies for specialised training across country. Without prejudice to activities for the Eurasian Group, preparations to converting the TC into a national centre of excellence for AML/CTF professional should start as soon as possible. Assuming that this vision is shared by the decision makers in the Russian Federation this project will assist implementation of the short and mid term plans of the TC (as described above) as far as it covers the training needs of domestic agencies.

The project will:

- Assist in the development of curricula, yearly training plans and training materials (including publication thereof);
- Organise training and study visits for the TC teachers and management as well as Rosfinmonitoring trainers to training institutions abroad;
- Support TC in creation and development of distant teaching/learning courses system and materials, including for the obliged institutions (hardware, software, video conferencing equipment and methodology) as this is a cost effective method of providing specialised training to large groups of professionals across country
- Promote international debate on AML/CTF training strategies.

### **2.1.3 Financial sector supervisors and regulators**

This group of beneficiaries includes in particular:

- Bank of Russia, supervising banking institutions and regulating banking sector, including AML/CTF issues;
- Federal Service for Insurance Supervision, supervising of insurance markets and regulating insurance sector, including AML/CTF issues;
- Federal Service for Securities Markets, supervising professional participants of the securities market, organizations managing investment funds or non-governmental pension funds and regulating securities sector, including AML/CTF issues;
- Russian State Assay Chamber at the Ministry of Finance– supervising organisations carrying out transactions in precious metals and precious stones, jewellery made from them and scratched products thereof;
- Federal Service for Supervision in the Sphere of Communications, supervising postal money transfers and regulates postal services, including postal transfers and AML/CTF issues;
- Rosfinmonitoring – supervising pawnshops; organisations having totes and bookmaker offices, lotteries, totes (mutual bet) and other games based on risk, including in the electronic form; organizations rendering intermediary services at performance of operations of sale and purchase of real estate (notaries).

### **Problems to be addressed and proposed solutions**

These agencies are, *inter alia*, responsible for supervision of the lawfulness of activities of financial institutions, including from the point of view of anti-money laundering legislation and international money laundering standards. This requires highly qualified staff that would be able, on one hand, to translate international standards into the national legal instruments and, on the other hand, supervise the implementation of the AML/CTF standards regarding training of financial monitoring experts for the professional participants of securities market.

The project proposes to assist these agencies in further intensification of their training efforts, elaboration of training plans and curricula and determination of national standards of compliance with relevant legislation and international standards and elaboration of the basic and further training strategies, plans and curricula. The project will also support the Rosfinmonitoring and/or the Training Centre in offering



relevant courses to the financial sector institutions. As far as practicable the representatives of self-regulating professions (e.g. lawyers) should also participate in these activities.

#### **2.1.4 Law enforcement and criminal justice authorities**

##### **Roles and tasks**

The following agencies have competencies in investigating money laundering and terrorist financing cases:

- Ministry of Interior of the Russian Federation (MVD) - Investigation of "ordinary" ML cases. Mutual provision of information concerning ML/TF suspicions and data. Sending enquiries to Rosfinmonitoring in connection with cases under investigation.
- Federal Security Service of the Russian Federation (FSB)- FSB conducts investigations, and undertakes all necessary actions allowed to it by the law (including operative measures) within its competence in distinct areas, which have to do directly or indirectly with the security of the State. The actions of FSB may be in this connection directed against money laundering and launderers.
- the competence of FSB (security related cases), as well as all TF cases. Provision of information concerning ML/TF suspicions and data.
- Office of the Prosecutor General - Prosecution of AML/TF cases
- Federal Service for Drug Control of the Russian Federation – investigating AML/TF cases related to drugs trafficking and associated issues

Some other agencies such as External Intelligence Service (SVR) and Tax Service are sources of information for both Rosfinmonitoring and other law enforcement bodies.

##### **Problems to be addressed and proposed solutions**

Efficient investigation of economic crime and money laundering in particular needs specialisation and specific knowledge. Experience of other countries should also be available to the investigators. Good understanding of the applicable legislation and international standards and good practices is also a must. Comprehensive approach would involve all-level training on AML/CTF issues and special investigative techniques. Some of these agencies have their own training centres where such training might be organised. Therefore the project proposes to assist the law enforcement agencies in assessing their needs and elaborating training strategies, plans and curricula. The project will support the organisation of a number of training events, including the trainers' training. The project will focus on the Ministry of Internal Affairs, prosecutors and the Federal Security Service. Other law enforcement agencies will take part in some training activities. As far as practicable activities will be organised in co-operation with TC and /or the MVD Training Centre in Nizhniy Novgorod.

#### **2.1.5 Judges**

##### **Problems to be addressed and proposed solutions**

Hardly any money-laundering or terrorist financing case can lead to a conviction if judges do not understand the specific features of this crime. In particular, judges must understand international standards and best practices. This factor is of particular importance in The Russian Federation where jurisprudence has so far been quite conservative in its approach to money laundering cases and in particular to the burden of proof. In the light of the new paragraphs 5 and 6 of Art. 9 of the Council of Europe Convention (ETS 198) it is important to make sure that convictions for money laundering are possible without previous or parallel conviction for the predicate offence to money laundering. In practice this may problems due to complexity of ML cases even if money laundering is criminalised as a standalone crime in Art 174 and 174<sup>1</sup>. Training of judges is therefore of utmost importance for the Russian Federation to be able to implement the Convention once ratified.

The project will address these problems through the proposed activity 4.5: in co-operation with one of the Justice Academy, will support the needs analysis as well as the elaboration and delivery of specialised

training to all categories of judges (including Supreme Court and Court of Appeals). Judges representatives will also participate in training activities organised for the law enforcement agencies.

### **2.1.6 Obligated institutions**

#### **Problems to be addressed and proposed solutions**

These institutions are responsible for reporting all threshold and suspicious transactions to the Rosfinmonitoring and risk administrative responsibility for any failure to this obligation. It is therefore necessary for the staff of these institutions to know the applicable legislation, to understand their obligations, to be able to assess transactions and detect those that are suspicious, to apply indicator and fill in the report forms. This requires a specialised and complex knowledge that can only be provided through specifically tailored training. There is a great number of small, private companies located in peripheral areas, for which organisation of such training directly or through a specialised company can be difficult or unaffordable. Special attention should be given to non-banking financial and non-financial obliged. According to available statistics vast majority of disclosures come from banks.

The project proposes to assist in developing specific curricula and courses for obliged institutions by the Training Centre. These courses will be accessible via direct participation, e-learning or distributed on a CD. Ideally all compliance officers and other responsible staff in the obliged institutions should acquire training certificates from the TC (however this may not necessarily be possible in the course of the project). Obligated institutions will also benefit from activities organised for the financial sectors supervisors and regulators.

### **2.1.7 Reasons for the selection of the target groups and activities**

Target groups include the key participants of the AML/CTF system whose performance is of utmost importance for proper functioning of the system. These agencies are part of the public sector and exercise the State's responsibilities in the field of AML/CTF. Other participants, such as the obliged institutions are dispersed and belong to the private sector. Therefore the project will not support them directly. However, they may benefit from the project indirectly through distant learning system and if specifically addressed training is organised for them in the future by the Training Centre.

The activities proposed are believed to be the most efficient and best suited to achieve project objectives.

The Project is a logical continuation of the MOLI-RU Project, followed by a Policy Advice Project which mainly focused on the following areas:

- institution and capacity building;
- legislation and policy advise;
- international co-operation and information exchange;
- interagency co-operation;
- assessment of the training needs;
- initial training of trainers
- guidelines for agencies combating terrorist financing

The most important achievements of the Russian authorities assisted by the MOLI-RU Project could be summarised as follows:

- adoption of relevant legislation;
- development of the FIU and its human resources;
- improvement of the Russian Federation's image at the international stage reflected in the membership in the Egmont Group and FATF;
- establishment of operational AML/CTF co-operation and information exchange both nationally and internationally.
- Adoption and implementation of the National AML/CTF Strategy.

The necessary legal infrastructure exists for the system to work but a follow up is needed to catch-up with the new standards and ensure their proper implementation. A sustainable training component and some technical components still need to be developed. Official and working structures for interagency and international co-operation are in place and the results achieved so far are encouraging.

Further capacity building is necessary to substantially improve the effectiveness of cooperation of Rosfinmonitoring with financial intermediaries and local state authorities, and to enable the Rosfinmonitoring to provide methodical assistance and training to financial intermediaries in the regions of the Russian Federation.

The number of highly qualified personnel with experience in financial investigations across the AML/CTF system in the Russian Federation is still insufficient which is now the main factor that prevents the system *in integro* and individual agencies being parts of it from continuing to progress at a satisfactory pace. The human resources factor, if neglected, may soon appear to be the bottleneck of the system. Therefore the proposed project offers a comprehensive approach to the human resource development in the AML-involved agencies which will ensure that momentum gained thanks to the first wave of technical assistance and the continued commitment of the Russian authorities is not lost.

To ensure sustainability of the human resource development support of the training methodical centre for retraining and professional development of AML/CTF professional is the best option. Functioning of such centre will enable to perform professional retraining and development of experts of state regulators, as well as experts of financial intermediaries, who are responsible for execution of financial monitoring. Such a centre will carry out work on professional development and enhancement of professional level of experts of financial intermediaries, employees of the prosecutor's offices, law enforcement authorities and also representatives of foreign states and international organizations. The project will support and assist and support the development of the centre in both technical and methodological terms. Other training centres (MVD, Justice Academy) will also be supported in delivering AML/CTF training for law enforcement and judges.

## 2.2 Project Team

The following team have been proposed in the Terms of Reference for the implementation of this project.

**Project Manager** – Administrator in the Technical Co-operation Section, Directorate General for Legal Affairs, Council of Europe, Strasbourg (CoE staff member, funded by the project)

**Assistant** – B-grade staff member in the Technical Co-operation Section, Directorate General for Legal Affairs, Council of Europe, Strasbourg (CoE staff member)

**Long Term Adviser (Team Leader)** – International consultant based in Moscow (contracted by the CoE and funded by the project)

**Local expert** – Locally hired AML/CTF consultant hired (contracted by the CoE and funded by the project)

**Project Office Manager** – Locally hired (contracted by the CoE and funded by the project)

**Project assistant/interpreter** - Locally hired (contracted by the CoE and funded by the project)

The Project Manager exercises overall supervision of the project and ensures organisational, procedural, legal and logistic support as well as guidance to the locally based Project Team. He is also responsible for liaising with other Council of Europe services and projects and in particular with Moneyval.

The locally based team will be responsible for direct implementation of the project and will work under the guidance of the Project Manager in the Secretariat General of the Council of Europe.

The following persons have been proposed to the posts described above:

Project Manager – **Przemysław Musiałkowski**, Administrator at the Technical Cooperation Division, Council of Europe

Assistant – **Prisca Barthel**, Assistant at the Technical Cooperation Division, Council of Europe

Long Term Adviser – **Simon Goddard**, AML/CTF consultant, UK

Local Expert – **prof. Leonid Fituni**

Project Office Manager – **Elena Ivanova**

The post of Project assistant/interpreter will be filled in June 2007.

Important note: Mr Simon Goddard, the Long Term Adviser under the MOLI-RU project (2003-2005) and the lead expert of the Policy Advice Project (2005-2006) declared he was no longer available for a long term assignment involving permanent residence abroad the Council of Europe advertised the post and received a large number of applications. However none of the pre-selected candidates was available before the end of 2007. At the same time the beneficiary addressed the Council of Europe to look for the possibilities of keeping Mr Goddard, whose work under previous projects was highly evaluated by the Rosfinmonitoring.

Therefore an arrangement has been made under which Mr Goddard would assure his presence in the Russian Federation for monthly consultations with beneficiaries and to participate in activities. However his presence in Russia will not be necessary for the preparation of activities and drafting of reports which can easily be assured from his usual residence place. This arrangement is fully acceptable to Rosfinmonitoring.

It remains to be seen with the EC Delegation whether an addendum to the contract will be necessary.

### **2.3 Activities in the reference period**

As it has taken four months to solve the issue of the Long-Term Adviser, project activities in the inception phase were limited to the hiring of project staff, consultations with the beneficiary to prepare a detailed work plan for 2007 and drafting of the inception report.

The delay encountered at the beginning of the project will have no bearing on the delivery of project outputs.

As the equipment bought under MOLI-Ru had been kindly put at the project disposal by the AML/CTF Training Centre (to which it had been transferred by the Rosfinmonitoring) there is no urgent need to buy any equipment at this stage. This is why the purchase of equipment has been postponed to some later phase of the project.

### **2.4 Project outputs**

The project foresees 5 Outputs. All Outputs and activities proposed in the TOR are retained, however it is proposed hereby to slightly alter the wording of output to read:

“Legislation of the Russian Federation more compliant with all applicable European and international standards; the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism ratified and applied in practice”.

This modification reintroduces the wording proposed in the final draft of the terms of reference which was not repeated in the terms of reference due to a technical mistake. This wording is also more accurate given the current state of affairs in this sector in the beneficiary country.

Therefore the following structure will be used during the project implementation:

<b>Overall objective</b>	<b>To contribute to the prevention and control of money laundering and terrorist financing in the Russian Federation in accordance with the European and other international standards and best practices</b>
<b>Project objective</b>	<b>To enhance the human capacities of key institutions of the anti-money laundering system of the Russian Federation (Federal Financial Monitoring</b>

	<b>Service, judiciary, prosecution, law enforcement and financial sector)</b>	
<b>Inception phase</b>	<i>These activities aim at putting the project in operation, ensuring its effective implementation and ensuring that all participants and beneficiaries have the same understanding of the project and their roles therein.</i>	
0.1	Recruit project staff	<i>Long Term Adviser – Team Leader (international expert), Project Office Manager (local) and Project Assistant (local) to be recruited. Recruitment will be carried out by the Council of Europe Secretariat in Strasbourg in accordance with its own procedures.</i>
0.2	Equip project offices	<i>Project offices need to be equipped and furnished to allow efficient work of the Project Team and Short term Advisers/Experts while in Moscow. Therefore five work places need to be ensured. Procurement will be carried out by the Council of Europe Secretariat in Strasbourg in accordance with its own procedures.</i>
0.3	Prepare a detailed work plan and an inception report, identify indicators	<i>The indicative work plan included in this document will need to be verified in accordance with such factors as experts availability, changing national situation, ability to motivate local partners etc. Detailed quarterly work plans will be produced by the LT Adviser in co-operation with the Rosfinmonitoring and other partners. The inception report will contain a recapitulation of the AML/CTF situation contained in this project proposal, any possible modification to the needs assessment and work plan.</i>
0.4	Organise a start up and final workshops	<i>The workshop will serve to mobilise the project participants and to give sufficient momentum to its implementation. The inception report will be used as a basis for discussion. A final workshop will summarise the results achieved. To be organised jointly by the Project Team and the Council of Europe Secretariat.</i>
<b>Output 1</b>	<b>Legislation of the Russian Federation more compliant with all applicable European and international standards; the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism ratified and applied in practice.</b>	<i>Activities will concentrate on provision of legal expertise and legislative assistance for the Russian Federation to prepare the necessary amendments/policies.</i>
1.1	Support the mixed working group to conduct ongoing analysis of the Russian legislation in the light of the applicable international standards and propose amendments to the legislations (by providing experts,	<i>Activity aimed at identifying the scope of the necessary amendments. Continuous advice to Rosfinmonitoring will be ensured by the LT Adviser. ST Advisers inputs with and without travels to Moscow (consultations, opinions, sharing training</i>

	legal opinions etc.)	<i>materials used abroad). Support by the CoE Secretariat.</i>
1.2	Organise up to 4 workshops/roundtables on the issues related to the new European AML/CTF standards.	<i>Activities aimed at raising awareness of the new standards among Russian players and discussing the necessary changes to be introduced in the legislation. Continuous advice to Rosfinmonitoring will be ensured by the LT Adviser. ST Advisers inputs with and without travels to Moscow (consultations, opinions). Support by the CoE Secretariat.</i>
1.3	Organise up to 6 workshops/roundtables on the issues related to practical implementation of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.	<i>Activity aimed debating way how to implement these standards to the best results. Co-ordination and planning by the LT Adviser, inputs by ST Advisers (analysts and /or investigators), support by the CoE Secretariat.</i>
<b>Output 2</b>	<b>The Rosfinmonitoring training strategy elaborated and implemented.</b>	<i>Activities will concentrate on elaborating the Rosfinmonitoring training strategy based on a detailed needs assessment and assisting the Rosfinmonitoring in putting this strategy in operation.</i>
Activities:		
2.1	Based on the review of training needs, to support the Rosfinmonitoring in elaboration of the further training plans for the HQ and regional offices staff.	<i>Activities aimed at further development of the existing training plans. Continuous advice to Rosfinmonitoring will be ensured by the LT Adviser. ST Advisers inputs with and without travels to Moscow (consultations, opinions, sharing training materials used abroad). Support by the CoE Secretariat.</i>
2.2	Train the core groups of the Rosfinmonitoring and its regional offices staff as trainers and assist them in carrying out up to 7 training courses for other staff and/or other AML/CTF system participants staff.	<i>Activities aiming at training a group of Rosfinmonitoring staff in various aspects of the FIU work for them to be able to train the other, especially new, staff dealing with these specific issues (train-the-trainer principle). Continuous advice to Rosfinmonitoring will be ensured by the LT Adviser. ST Advisers inputs with and without travels to Moscow (consultations, opinions, sharing training materials used abroad). Support by the CoE Secretariat. Visits of Rosfinmonitoring staff abroad as necessary. In-country workshops. Up to 7 training courses lead by the trained trainers will be organised under supervision of the experienced ST experts who participated in the training of trainers.</i>
2.3	Support the Rosfinmonitoring in the organisation of up to 7 training seminars for the staff of the regional offices on issues of priority concern to these offices and their partner	<i>Activities will address the specific needs of the individual regional offices to help them become operational and progress with the staff training. Co-ordination and planning by the LT Adviser, inputs by ST Adviser to provide individualised training. ST Advisers will have expertise in the</i>

	agencies in these regions	<i>FIU staff training and/or specific practical or theoretical knowledge. Training activities will be organised in the country, however limited number of activities may be organised abroad if necessary. Support by the CoE Secretariat. Up to 7 training courses lead by the trained trainers will be organised under supervision of the experienced ST experts who participated in the training of trainers.</i>
2.4	Organise up to 4 training events (including at least 2 in-country workshops) for analytical staff on the operational experience of other FIUs in the analysis of data and the investigation of money laundering and terrorist financing	<i>Activities aiming at further professional development of analysts and in particular helping them acquire the necessary knowledge on new trends in money laundering/terrorist financing.  Co-ordination and planning by the LT Adviser, inputs by ST Adviser to provide individualised training. Support by the CoE Secretariat.</i>
2.5	Organise 3 joint training activities to enhance cooperation between Rosfinmonitoring, prosecutors and judges	<i>It is important that the FIU, law enforcement and criminal justice have the same understanding of the AML/CTF issues and know each other's working methods and requirements. The existing official structures and co-operation procedures can be made more efficient through a joint, specially profiled training programme. The project will facilitate organisation of up to three training events Co-ordination and planning by the LT Adviser, inputs by ST Advisers (analysts and /or investigators), support by the CoE Secretariat.</i>
2.6	Carry out research on capacity building in AML/CTF systems and publish the results thereof.	<i>Activity aimed at taking stock of achievements of AML/CTF system incapacity building. Inputs by ST Advisers support by the CoE Secretariat.</i>
2.7	Provide expert consultations and advice to the Rosfinmonitoring on issues identified in the course of the project as requiring such support.	<i>Activity aiming at ensuring that the most urgent beneficiaries' needs that might appear during project implementation would be met. Co-ordination and planning by the LT Adviser, inputs by ST Adviser to provide individualised training. Support by the CoE Secretariat.</i>
<b>Output 3</b>	<b>The AML/CTF Training Centre further developed</b>	<i>The TC will constitute an important element of the future training strategy. Support for the TC is proposed as a separate objective, parallel to the development and implementation of the general training strategy.</i>
3.1	Assist in the development of curricula, yearly training plans and training materials (including publication thereof).	<i>Continuous advice to Rosfinmonitoring will be ensured by the LT Adviser. ST Advisers inputs with and without travels to Moscow (consultations, opinions, sharing training materials used abroad). Support by the CoE Secretariat.</i>
3.2	Organise up to 4 study visits for the TC teachers and management as well as Rosfinmonitoring trainers to training institutions abroad.	<i>Co-ordination and planning by the LT Adviser. ST Advisers inputs with and without travels to Moscow (consultations, opinions). Support by the CoE Secretariat. Study visits.</i>
3.3	Support TC in organisation of 10	<i>Co-ordination and planning by the LT Adviser,</i>

	training courses.	<i>inputs by ST Advisers, support by the CoE Secretariat.</i>
3.4	Support TC in development of its training infrastructures and creation and development of distant teaching/learning courses system, including for the obliged institutions (hardware, software, equipment, methodology and training content).	<i>Co-ordination and planning by the LT Adviser, inputs by ST Advisers, support by the CoE Secretariat. Procurement by the CoE Secretariat.</i>
3.5	Organise 3 international conferences with the participation of EAG countries on AML/CTF issues and in particular on training strategies followed by a publication of an AML/CTF training strategies review.	<i>Activity aimed at promoting development of training strategies and give the TC access to best international practices. Co-ordination and planning by the LT Adviser, inputs by ST Advisers, support by the CoE Secretariat.</i>
<b>Output 4</b>	<b>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 dealing with money laundering and terrorist financing cases and are able to implement them.</b>	<i>Activities will concentrate on elaboration the law enforcement agencies' training strategy plans based on the detailed needs assessment and assisting them in putting these plans in operation. Particular focus will be on the Ministry of Interior Affairs and its regional structures.</i>
4.1	Assist the Ministry of Interior and Federal Security Service and prosecutor's office in the training needs assessment, development of training plans, curricula and training materials.	<i>Continuous advice will be ensured by the LT Adviser. ST Advisers inputs with and without travels to Moscow (consultations, opinions, sharing training materials used abroad). Support by the CoE Secretariat.</i>
4.2	Assist in the training of staff of the law enforcement training institutions in delivery of training in financial crime and money laundering investigations and related topics	<i>Co-ordination and planning by the LT Adviser, inputs by ST Advisers, support by the CoE Secretariat.</i>
4.3	Organise up to 4 study visits for trainers to experience the training solutions adopted by the law enforcement agencies within other European countries	<i>Co-ordination and planning by the LT Adviser, inputs by ST Advisers, support by the CoE Secretariat. Study visits.</i>
4.4	Support the delivery of specialist anti money laundering training to the operational investigation units of the Ministry of Interior and Federal Security Service, their regional structures and the specialist anti money laundering and terrorist financing teams, including the information and intelligence requirements.	<i>Activities will address the specific needs of the regional law enforcement agencies to help assure a similar level of AML/CTF training across country. Co-ordination and planning by the LT Adviser, inputs by ST Adviser to provided individualised training. ST Advisers will have expertise in the FIU organisation and staff training and/or specific practical or theoretical knowledge. Support by the CoE Secretariat.</i>
4.5	Support the Justice Academy in setting up AML/CFT training for judges.	<i>This activity will be addressed judges to make them familiar with the possibilities offered by the national and international AML/CTF standards and with the international experience in application of the criminal law and</i>



		<i>procedures in the AML/CTF cases. Problems of confiscation and assets management could also be on the agenda. Co-ordination and planning by the LT Adviser, inputs by ST Advisers, support by the CoE Secretariat.</i>
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	<i>Activities will be limited to assisting the regulators and supervisors of the financial sector in determination of national standards of compliance and elaborating the basic training plans. It is assumed that this scope of assistance will be sufficient for them to build further on the achieved results.</i>
5.1	Assist the financial sector regulators in the determination of national standards of compliance with relevant legislation and international standards.	<i>Advice, in-country workshops. Co-ordination and planning by the LT Adviser, inputs by ST Advisers, support by the CoE Secretariat.</i>
5.2	Organise 4 training workshops for regulators/supervisors and national AML/CFT regimes.	<i>In-country training workshops. Co-ordination and planning by the LT Adviser, inputs by ST Advisers, support by the CoE Secretariat.</i>
5.3	Organise seminars and workshops for the regulators/supervisors to highlight the best practices available in other European countries.	<i>In-country training and study visits as necessary. Co-ordination and planning by the LT Adviser, inputs by ST Advisers, support by the CoE Secretariat.</i>
5.4	Assist financial supervisors and regulators in the elaboration of training plans and curricula for obliged institutions in their sectors.	<i>Advice, in-country workshops. Co-ordination and planning by the LT Adviser, inputs by ST Advisers, support by the CoE Secretariat.</i>

## 2.5 Project planning

The following activities are planned to take place by the end of 2007.

Month	Activity	Venue	Output
May	Start-Up Meeting	Moscow	0,4
May	Review Training Needs Of Rosfinmonitoring Hq Departments	Moscow	2,1
May	Review Training Needs Of Law Enforcement Agencies Specialist Departments	Moscow	4,1
May	Review Training Needs Of Prosecutor's Office And Judges	Moscow	4,1
May	Review Training Needs Of Federal Security Service	Moscow	4,1
May	Set-Up Working Group On AML/CTF Standards	Moscow	1,1
May	Review Needs Of AML/CTF Training Centre	Moscow	3,1
June	Review Training Needs Of Lea Specialist Departments	Nizhniy Novgorod	4,1
June	Review Training Needs Of Rosfinmonitoring Central District Regional Office	Nizhniy Novgorod	2,1
June	Review Training Needs Of Rosfinmonitoring Moscow	Moscow	2,1

	District Regional Office		
July	Expert Meeting To Discuss National Compliance Standards With Regulators	Moscow	5,1
July	Review Training Needs Of Law Enforcement Agencies Specialist Departments	Rostov-On-Don	4,1
July	Review Training Needs Of Rosfinmonitoring South District Regional Office	Rostov-On-Don	2,1
July	Review Training Needs Of Prosecutors And Judges	Moscow	4,1
July	Meeting Of Working Group On AML/CTF Standards	Moscow	1.2 & 1.3
July	Review Training Needs Of Rosfinmonitoring North West District Regional Office	St Petersburg	2,1
August	Review Training Needs Of Rosfinmonitoring Ural District Regional Office	Yekaterinburg	2,1
August	Review Training Needs Of Rosfinmonitoring Siberian District Regional Office	Novosibirsk	2,1
August	Review Training Needs Of Rosfinmonitoring Far Eastern District Regional Office	Khabarovsk	2,1
September	Steering Group Meeting	Moscow	
September	Expert Meeting To Discuss Draft Plan Of Assistance To AML/CTF Training Centre	Moscow	3,1
September	Expert Meeting To Discuss Draft Training Plan For Rosfinmonitoring	Moscow	2,1
September	Expert Meeting To Discuss Draft Training Plan For Law Enforcement Agencies	Moscow	4,1
September	Expert Meeting To Discuss Draft Training Plan For Prosecutors And Judges	Moscow	4,1
October	Training Seminar For Rosfinmonitoring Central District Regional Office	Nizhniy Novgorod	2,3
October	Training Seminar For Rosfinmonitoring Moscow District Regional Office	Moscow	2,3
October	Conference on confiscation of assets	Bernal	1,3
November	Training Seminar For Rosfinmonitoring North West District Regional Office	St Petersburg	2,3
November	Training Seminar For Rosfinmonitoring South District Regional Office	Rostov-On-Don	2,3
November	Training Seminar For Rosfinmonitoring Ural District Regional Office	Yekaterinburg	2,3
December	Training For Financial Analysts	Moscow	2,4

### 3. Conclusions

Thanks to very good relationships with all beneficiaries established during the previous projects, the Rosfinmonitoring and the project team are confirmed partners. Their cooperation under the MOLI-RU and MOLI-RU Political Advice Projects was exemplary which promises a very good and effective cooperation under MOLI-RU-2. The Rosfinmonitoring and the AML/CTF Training Centre have been very co-operative from the very beginning of the project and ensured comfortable premises to accommodate the project office.

Despite a slight delay due to the nomination of the Long Term Adviser the project team and the beneficiaries are mobilised to deliver and this slight delay in the inception phase will be easily made up in the coming months. As none of the risks mentioned in the project's TOR is likely to happen there should be no obstacles in achieving the planned results by the end of the project.

## 4. Annexes

Work plan													
Year 1												Semester 2	
Semester 1												Semester 2	
Output/Activity												Semester 2	
Project objective												Semester 2	
To enhance the human capacities of key institutions of the anti-money laundering system of the Russian Federation (Federal Financial Monitoring Service, judiciary, prosecution, law enforcement and financial sector)												Semester 2	
Inception phase												Semester 2	
0.0.1	Recruit project staff												CoE HQ
0.0.2	Equip project office												CoE HQ Office and IT equipment
0.0.3	Prepare a detailed work plan and an inception report, identify indicators.	x	x	x									LT Adviser
0.0.4	Organise a start up and final workshops												LT Adviser/CoE HQ
<b>Output 1</b>	<b>Legislation of the Russian Federation's more compliant with all applicable European and international standards; the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism ratified and applied in practice.</b>												
1.1	Support the mixed working group to conduct ongoing analysis of the Russian legislation in the light of the applicable international standards and propose amendments to the legislations (by providing experts, legal opinions etc.)												LT Adviser, ST adviser/experts, legal opinions
1.2	Organise up to 4 workshops/roundtables on the issues related to the new European AML/CTF standards.												LT Adviser, ST adviser/workshops, roundtables
1.3	Organise up to 6 workshops/roundtables on the issues related to practical implementation of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.												LT Adviser, ST adviser/workshops, roundtables
<b>Output 2</b>	<b>The Rosfinmonitoring training strategy elaborated and implemented</b>												
2.1	Based of the review of training needs to support the ROSFINMONITORING in elaboration of the further training plans for the HQ and regional offices staff.												LT Adviser, ST adviser/advice
2.2	Train the core groups of the ROSFINMONITORING and its regional offices staff as trainers and assist them in carrying out up to 7 training courses for other staff and/or other AML/CTF system participants staff.												LT Adviser, ST adviser/advice, training courses
2.3	Support the ROSFINMONITORING in the organisation of up to 7 training seminars for the staff of the regional offices on issues of priority concern to these offices and their partner agencies in these regions.												LT Adviser, ST adviser/advice, seminars
2.4	Organise up to 4 training events (including at least 2 in-country workshops) for analytical staff on the operational experience of other FIUs in the analysis of data and the investigation of money laundering and terrorist financing.												LT Adviser, ST adviser/advice, training events

2.5	Organise 3 joint training activities to enhance cooperation between ROSFINMONITORING, prosecutors and judges.										X			LT Adviser, ST adviser/advice, 3 training events
2.6	Carry out research on capacity building in AML/CTF systems and publish the results thereof.													LT Adviser, ST adviser/ report
2.7	Provide expert consultations and advice to the Rosfinmonitoring on issues identified in the course of the project as requiring such support.										X			
<b>Output 3</b>	<b>The AML/CTF Training Centre further developed</b>													
3.1	Assist in the development of curricula, yearly training plans and training materials (including publication thereof).													LT Adviser, ST adviser/advice, publications
3.2	Organise up to 4 study visits for the TC teachers and management as well as ROSFINMONITORING trainers to training institutions abroad.													LT Adviser, ST adviser/study visits
3.3	Support TC in organisation of 10 training courses.													LT Adviser, ST adviser/ advice, 10 training courses
3.4	Support TC in development of its training infrastructure and creation and development of distant teaching/learning courses system, including for the obliged institutions (hardware, software, equipment, methodology and training contents).													LT Adviser, ST adviser/advice, workshop procurement
3.5	Organise 3 international conferences with the participation of EAG countries on AML/CTF issues and in particular on training strategies followed by a publication of an AML/CTF training strategies review.													LT Adviser, ST adviser/4 international conferences
<b>Output 4</b>	<b>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 dealing with money laundering and terrorist financing cases and are able to implement them</b>													
4.1	Assist the Ministry of Interior and Federal Security Service and prosecutor's office in the training needs assessment, development of training plans, curricula and training materials.									X	X			LT Adviser, ST adviser/advice, workshops
4.2	Assist in the training of staff of the law enforcement training institutions in delivery of training in financial crime and money laundering investigations and related topics.													LT Adviser, ST adviser/advice, workshops
4.3	Organise study visits for trainers to experience the training solutions adopted by the law enforcement agencies within other European countries.													LT Adviser, ST adviser/ study visits
4.4	Support the delivery of specialist anti money laundering training to the operational investigation units of the Ministry of Interior and Federal Security Service, their regional structures and the specialist anti money laundering and terrorist financing teams, including the information and intelligence requirements.													LT Adviser, ST adviser/advice, workshop study visits
4.5	Support the Justice Academy in setting up AML/CFT training for judges.										X	X	X	LT Adviser, ST adviser/ advice, workshop study visits
<b>Output 5</b>	<b>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</b>													
5.1	Assist the financial sector regulators in the determination of national standards of compliance with relevant legislation and international standards.												X	LT Adviser, ST adviser/advice, workshops
5.2	Organise 4 training workshops for regulators/supervisors and national AML/CFT regimes.													LT Adviser, ST adviser/ 4 workshops

5.3	Organise seminars and workshops for the regulators/supervisors to highlight the best practices available in other European countries.													LT Adviser, ST adviser/ advice, seminars
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Work plan Year 2		Semester 1												Semester 2						
		1	2	3	4	5	6	7	8	9	1	1	1	1	1	1	1	1	1	1
<b>Output/Activity</b>														<b>Implementing body/inputs</b>						
<b>Project objective</b>		<b>To enhance the human capacities of key institutions of the anti-money laundering system of the Russian Federation (Federal Financial Monitoring Service, judiciary, prosecution, law enforcement and financial sector)</b>																		
<b>Output 1</b>		<b>Legislation of the Russian Federation's more compliant with all applicable European and international standards; the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism ratified and applied in practice.</b>																		
1.1	Support the mixed working group to conduct ongoing analysis of the Russian legislation in the light of the applicable international standards and propose amendments to the legislations (by providing experts, legal opinions etc.)													X	X	X	X	LT Adviser, ST adviser/experts, legal opinions		
1.2	Organise up to 4 workshops/roundtables on the issues related to the new European AML/CTF standards.																	X	LT Adviser, ST adviser/workshops, roundtables	
1.3	Organise up to 6 workshops/roundtables on the issues related to practical implementation of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.													X					LT Adviser, ST adviser/ workshops, roundtables	
<b>Output 2</b>		<b>The Rosfinmonitoring training strategy elaborated and implemented</b>																		
2.1	Based of the review of training needs to support the ROSFINMONITORING in elaboration of the further training plans for the HQ and regional offices staff.	X	X	X	X	X													LT Adviser, ST adviser/advice	
2.2	Train the core groups of the ROSFINMONITORING and its regional offices staff as trainers and assist them in carrying out up to 7 training courses for other staff and/or other AML/CTF system participants staff.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	LT Adviser, ST adviser/advice, training courses	
2.3	Support the ROSFINMONITORING in the organisation of up to 7 training seminars for the staff of the regional offices on issues of priority concern to these offices and their partner agencies in these regions.													X					LT Adviser, ST adviser/advice, seminars	
2.4	Organise up to 4 training events (including at least 2 in-country workshops) for analytical staff on the operational experience of other FIUs in the analysis of data and the investigation of money laundering and terrorist financing.																	X	LT Adviser, ST adviser/advice, training events	
2.5	Organise 3 joint training activities to enhance cooperation between ROSFINMONITORING, prosecutors and judges.																X		LT Adviser, ST adviser/advice, 3 training events	
2.6	Carry out research on capacity building in AML/CTF systems and publish the results thereof.																X	X	LT Adviser, ST adviser/ report	
2.7	Provide expert consultations and advice to the Rosfinmonitoring on issues identified in the course of the project as requiring such support.																		X	
<b>Output 3</b>		<b>The AML/CTF Training Centre further developed</b>																		
3.1	Assist in the development of curricula, yearly training plans and training materials (including publication thereof).	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	LT Adviser, ST adviser/advice, publications	



3.2	Organise up to 4 study visits for the TC teachers and management as well as ROSEFINMONITORING trainers to training institutions abroad.																			LT Adviser, ST adviser/study visits
3.3	Support TC in organisation of 10 training courses.																			LT Adviser, ST adviser/ advice, 10 training courses
3.4	Support TC in development of its training infrastructure and creation and development of distant teaching/learning courses system, including for the obliged institutions (hardware, software, equipment, methodology and training contents).																			LT Adviser, ST adviser/advise, workshop procurement
3.5	Organise 3 international conferences with the participation of EAG countries on AML/CTF issues and in particular on training strategies followed by a publication of an AML/CTF training strategies review.																			LT Adviser, ST adviser/4 international conferences
<b>Output 4</b>	<b>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 dealing with money laundering and terrorist financing cases and are able to implement them</b>																			
4.1	Assist the Ministry of Interior and Federal Security Service and prosecutor's office in the training needs assessment, development of training plans, curricula and training materials.	X	X	X	X	X	X	X	X											LT Adviser, ST adviser/advise, workshops
4.2	Assist in the training of staff of the law enforcement training institutions in delivery of training in financial crime and money laundering investigations and related topics.											X	X	X	X					LT Adviser, ST adviser/advise, workshops
4.3	Organise study visits for trainers to experience the training solutions adopted by the law enforcement agencies within other European countries.														x					LT Adviser, ST adviser/ study visits
4.4	Support the delivery of specialist anti money laundering training to the operational investigation units of the Ministry of Interior and Federal Security Service, their regional structures and the specialist anti money laundering and terrorist financing teams, including the information and intelligence requirements.																			LT Adviser, ST adviser/advise, workshop study visits
4.5	Support the Justice Academy in setting up AML/CFT training for judges.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	LT Adviser, ST adviser/ advice, workshop study visits
<b>Output 5</b>	<b>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</b>																			
5.1	Assist the financial sector regulators in the determination of national standards of compliance with relevant legislation and international standards.	X	X	X	X	X	X	X												LT Adviser, ST adviser/advise, workshops
5.2	Organise 4 training workshops for regulators/supervisors and national AML/CFT regimes.														x					LT Adviser, ST adviser/ 4 workshops
5.3	Organise seminars and workshops for the regulators/supervisors to highlight the best practices available in other European countries.	x																		LT Adviser, ST adviser/ advice, seminars

Work plan Year 3		Semester 1												Semester 2												
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Output/Activity		Implementing body/inputs																								
<b>Project objective</b>		<b>To enhance the human capacities of key institutions of the anti-money laundering system of the Russian Federation (Federal Financial Monitoring Service, judiciary, prosecution, law enforcement and financial sector)</b>																								
<b>Output 1</b>		<b>Legislation of the Russian Federation's more compliant with all applicable European and international standards; the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism ratified and applied in practice.</b>																								
1.1	Support the mixed working group to conduct ongoing analysis of the Russian legislation in the light of the applicable international standards and propose amendments to the legislations (by providing experts, legal opinions etc.)																X	X	X							LT Adviser, ST adviser/experts, legal opinions
1.2	Organise up to 4 workshops/roundtables on the issues related to the new European AML/CTF standards.									x																LT Adviser, ST adviser/workshops, roundtables
1.3	Organise up to 6 workshops/roundtables on the issues related to practical implementation of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.							x												x						LT Adviser, ST adviser/ workshops, roundtables
<b>Output 2</b>		<b>The Rosfinmonitoring training strategy elaborated and implemented</b>																								
2.1	Based of the review of training needs to support the ROSFINMONITORING in elaboration of the further training plans for the HQ and regional offices staff.							X	X	X																LT Adviser, ST adviser/advise
2.2	Train the core groups of the ROSFINMONITORING and its regional offices staff as trainers and assist them in carrying out up to 7 training courses for other staff and/or other AML/CTF system participants staff.							X	X	X																LT Adviser, ST adviser/advise, training courses
2.3	Support the ROSFINMONITORING in the organisation of up to 7 training seminars for the staff of the regional offices on issues of priority concern to these offices and their partner agencies in these regions.							x												x						LT Adviser, ST adviser/advise, seminars
2.4	Organise up to 4 training events (including at least 2 in-country workshops) for analytical staff on the operational experience of other FIUs in the analysis of data and the investigation of money laundering and terrorist financing.																									LT Adviser, ST adviser/advise, training events
2.5	Organise 3 joint training activities to enhance cooperation between ROSFINMONITORING, prosecutors and judges.																									LT Adviser, ST adviser/advise, 3 training events
2.6	Carry out research on capacity building in AML/CTF systems and publish the results thereof.							X	X	X																LT Adviser, ST adviser/ report
2.7	Provide expert consultations and advice to the Rosfinmonitoring on issues identified in the course of the project as requiring such support.																									
<b>Output 3</b>		<b>The AML/CTF Training Centre further developed</b>																								
3.1	Assist in the development of curricula, yearly training plans and training materials (including publication thereof).																									LT Adviser, ST adviser/advise, publications

3.2	Organise up to 4 study visits for the TC teachers and management as well as ROFINMONITORING trainers to training institutions abroad.																		LT Adviser, ST adviser/study visits
3.3	Support TC in organisation of 10 training courses.	X					X												LT Adviser, ST adviser/ advice, 10 training courses
3.4	Support TC in development of its training infrastructure and creation and development of distant teaching/learning courses system, including for the obliged institutions (hardware, software, equipment, methodology and training contents).	X	X	X	X		X	X											LT Adviser, ST adviser/advice, workshop procurement
3.5	Organise 3 international conferences with the participation of EAG countries on AML/CTF issues and in particular on training strategies followed by a publication of an AML/CTF training strategies review.		X															X	LT Adviser, ST adviser/4 international conferences
<b>Output 4</b>																			
<b>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 dealing with money laundering and terrorist financing cases and are able to implement them</b>																			
4.1	Assist the Ministry of Interior and Federal Security Service and prosecutor's office in the training needs assessment, development of training plans, curricula and training materials.																		LT Adviser, ST adviser/advice, workshops
4.2	Assist in the training of staff of the law enforcement training institutions in delivery of training in financial crime and money laundering investigations and related topics.	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	LT Adviser, ST adviser/advice, workshops
4.3	Organise study visits for trainers to experience the training solutions adopted by the law enforcement agencies within other European countries.					X													LT Adviser, ST adviser/ study visits
4.4	Support the delivery of specialist anti money laundering training to the operational investigation units of the Ministry of Interior and Federal Security Service, their regional structures and the specialist anti money laundering and terrorist financing teams, including the information and intelligence requirements.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	LT Adviser, ST adviser/advice, workshop study visits
4.5	Support the Justice Academy in setting up AML/CFT training for judges.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	LT Adviser, ST adviser/ advice, workshop study visits
<b>Output 5</b>																			
<b>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</b>																			
5.1	Assist the financial sector regulators in the determination of national standards of compliance with relevant legislation and international standards.																		LT Adviser, ST adviser/advice, workshops
5.2	Organise 4 training workshops for regulators/supervisors and national AML/CFT regimes.		X															X	LT Adviser, ST adviser/ 4 workshops
5.3	Organise seminars and workshops for the regulators/supervisors to highlight the best practices available in other European countries.	X										X							LT Adviser, ST adviser/ advice, seminars

Work plan Year 4		Semester 1						Implementing body/inputs
		1	2	3	4	5	6	
<b>Output/Activity</b>								
<p><b>To enhance the human capacities of key institutions of the anti-money laundering system of the Russian Federation (Federal Financial Monitoring Service, judiciary, prosecution, law enforcement and financial sector)</b></p> <p><b>Legislation of the Russian Federation's more compliant with all applicable European and international standards; the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism ratified and applied in practice.</b></p>								
<b>Output 1</b>	Support the mixed working group to conduct ongoing analysis of the Russian legislation in the light of the applicable international standards and propose amendments to the legislations (by providing experts, legal opinions etc.)		X	X	X			LT Adviser, ST adviser/experts, legal opinions
1.1	Organise up to 4 workshops/roundtables on the issues related to the new European AML/CTF standards.							LT Adviser, ST adviser/workshops, roundtables
1.2	Organise up to 6 workshops/roundtables on the issues related to practical implementation of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.	X						LT Adviser, ST adviser/workshops, roundtables
1.3			X					
<b>Output 2</b>	<b>The Rosfinmonitoring training strategy elaborated and implemented</b>							
2.1	Based of the review of training needs to support the ROSFINMONITORING in elaboration of the further training plans for the HQ and regional offices staff.	X						LT Adviser, ST adviser/advice
2.2	Train the core groups of the ROSFINMONITORING and its regional offices staff as trainers and assist them in carrying out up to 7 training courses for other staff and/or other AML/CTF system participants staff.							LT Adviser, ST adviser/advice, training courses
2.3	Support the ROSFINMONITORING in the organisation of up to 7 training seminars for the staff of the regional offices on issues of priority concern to these offices and their partner agencies in these regions.			X				LT Adviser, ST adviser/advice, seminars
2.4	Organise up to 4 training events (including at least 2 in-country workshops) for analytical staff on the operational experience of other FIUs in the analysis of data and the investigation of money laundering and terrorist financing.							LT Adviser, ST adviser/advice, training events
2.5	Organise 3 joint training activities to enhance cooperation between ROSFINMONITORING, prosecutors and judges.							LT Adviser, ST adviser/advice, 3 training events
2.6	Carry out research on capacity building in AML/CTF systems and publish the results thereof.							LT Adviser, ST adviser/ report
2.7	Provide expert consultations and advice to the Rosfinmonitoring on issues identified in the course of the project as requiring such support.	X						
<b>Output 3</b>	<b>The AML/CTF Training Centre further developed</b>							
3.1	Assist in the development of curricula, yearly training plans and training materials (including publication thereof).	X	X					LT Adviser, ST adviser/advice, publications

3.2	Organise up to 4 study visits for the TC teachers and management as well as ROFINMONITORING trainers to training institutions abroad.																			LT Adviser, ST adviser/study visits
3.3	Support TC in organisation of 10 training courses.	x																		LT Adviser, ST adviser/ advice, 10 training courses
3.4	Support TC in development of its training infrastructure and creation and development of distant teaching/learning courses system, including for the obliged institutions (hardware, software, equipment, methodology and training contents).																			LT Adviser, ST adviser/advice, workshop procurement
3.5	Organise 3 international conferences with the participation of EAG countries on AML/CTF issues and in particular on training strategies followed by a publication of an AML/CTF training strategies review.																			LT Adviser, ST adviser/4 international conferences
<b>Output 4</b>	<b>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 dealing with money laundering and terrorist financing cases and are able to implement them</b>																			
4.1	Assist the Ministry of Interior and Federal Security Service and prosecutor's office in the training needs assessment, development of training plans, curricula and training materials.																			LT Adviser, ST adviser/advice, workshops
4.2	Assist in the training of staff of the law enforcement training institutions in delivery of training in financial crime and money laundering investigations and related topics.																			LT Adviser, ST adviser/advice, workshops
4.3	Organise study visits for trainers to experience the training solutions adopted by the law enforcement agencies within other European countries.																			LT Adviser, ST adviser/ study visits
4.4	Support the delivery of specialist anti money laundering training to the operational investigation units of the Ministry of Interior and Federal Security Service, their regional structures and the specialist anti money laundering and terrorist financing teams, including the information and intelligence requirements.																			LT Adviser, ST adviser/advice, workshop study visits
4.5	Support the Justice Academy in setting up AML/CFT training for judges.	x																		LT Adviser, ST adviser/ advice, workshop study visits
<b>Output 5</b>	<b>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</b>																			
5.1	Assist the financial sector regulators in the determination of national standards of compliance with relevant legislation and international standards.																			LT Adviser, ST adviser/advice, workshops
5.2	Organise 4 training workshops for regulators/supervisors and national AML/CFT regimes.																			LT Adviser, ST adviser/ 4 workshops
5.3	Organise seminars and workshops for the regulators/supervisors to highlight the best practices available in other European countries.																			LT Adviser, ST adviser/ advice, seminars

