



Project

Improving legislation and practices on dealing with money laundering and financing of terrorism in the Russian Federation

(MOLI-RU Policy Advice)

– project summary –

30.11.2005

Project title	Improving legislation and practices on dealing with money laundering and financing of terrorism in the Russian Federation
Project partner	Federal Service for Financial Monitoring (Rosfinmonitoring)
Funding	European Commission/Council of Europe
Implementation	Council of Europe (Department of Crime Problems, DG Legal Affairs)
Budget	EURO 275 000
Duration	12 months (1 November 2005 – 31 October 2006)

BACKGROUND

The development of the Russian anti-money laundering system started in 2002 with the creation of the Committee for Financial Monitoring and was essentially completed in 2004 with their conversion into the Federal Service of Financial Monitoring (Rosfinmonitoring). This process was assisted by the Project Against Money Laundering in the Russian Federation (MOLI-RU) implemented by the Council of Europe between February 2003 and June 2005 with full financing by the European Commission. The project addressed a wide range of issues and, while having the Rosfinmonitoring as the main partner, it also responded to the most urgent needs of law enforcement authorities, prosecutors and judges as well as those of the financial sector. The project successfully contributed to the creation of a fully functional system against money laundering and terrorist financing in the Russian Federation.

However, certain issues still need to be given particular attention and require follow up support.

Rosfinmonitoring approached the Policy Advice programme of the European Commission and requested support for the continuous efforts of the Russian authorities to keep up with recent international developments in the anti-money laundering/terrorist financing field and to further improve the national legislation in this field and maintaining the momentum created by MOLI-RU.

The objective of the project proposed herein is to support the adoption and implementation of new international standards on money laundering and the financing of terrorism.

The proposed project will complement and build on the achievements of the MOLI-RU project and constitute a logical introduction to its follow-up in late 2006.

OBJECTIVES AND EXPECTED RESULTS

The Council of Europe will support Rosfinmonitoring in achieving the following objectives and results (outputs) by implementing the following activities:

The **overall objective** of the project is to improving Russian legislation and practices on dealing with money laundering and financing of terrorism.

The **direct objective** of this initiative is to support the adoption and implementation of new international standards on money laundering and the financing of terrorism by the Russian Federation.

To this end the project will undertake to:

- develop a set of recommendations, including legislative proposals, to permit ratification of the Convention ETS 198 of the Council of Europe by the Russian Federation (Output 1);
- to make the competent officials of the Russian Federation aware of (trained in) the meaning and importance of the new standards introduced by the Convention (Output 2)
- to develop practical guidelines for authorities involved in combating terrorist financing (Output 3).

Activities will include expert advice, legal opinions, seminars and workshops

Expected results

As a result of the project, the AML/CFT legislation of the Russian Federation will be improved and ratification of the ETS 198 Convention facilitated. In particular the project will achieve the following:

- Production of a report containing legislative proposals, the adoption of which would enable early ratification and efficient implementation of the above convention;
- Provision of advice to and raising awareness of officials of the competent authorities of the Russian Federation which will ensure their understanding of the meaning and importance of the new standards introduced by the new convention ETS 198;
- The production of practical guidelines for authorities involved in combating terrorist financing which will facilitate the drafting of the necessary draft primary and secondary legislation and the subsequent implementation thereof.

The project will thus provide the necessary basis for the adoption and implementation of the relevant European and international standards. It must be realised however that the legislative process will go far beyond the timeframe of this project.

INPUTS

The project will provide funding for:

- a number of short-term advisers
- in-country training events
- legal opinions and studies

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