



ANNEX C1: Twinning Fiche

Project title: Enhancing the system of prevention and combating money laundering and terrorism financing in the Republic of Moldova

Beneficiary administration: The Office for Prevention and Fight against Money Laundering of the Republic of Moldova

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TWINNING INSTRUMENT

TWINNING PROJECT FICHE

Enhancing the system of prevention and combating money laundering and terrorism financing in Republic of Moldova

List of Abbreviations:

AA – EU-MD Association Agreement
AML/CFT – Anti-money laundering – combating the financing of terrorism
APO – Anti-Corruption Prosecutor's Office
CoE – Council of Europe
CS – Customs Service
DNFBP - Designated Non-Financial Businesses and Professions
EU – European Union
FATF – Financial Action Task Force
FIU – Financial Intelligence Unit
GPI - General Police Inspectorate
GPO - General Prosecutor's Office
MF – Ministry of Finance
MIA – Ministry of Internal Affairs
MITC - Ministry of Information Technology and Communications
MJ – Ministry of Justice
MONEYVAL Committee - Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe
MS – EU Member State
NAC – National Anti-Corruption Centre
NBM – National Bank of Moldova
NCFM – National Commission for Financial Market
OPFML – Office for Prevention and Fight against Money Laundering under the National Anticorruption Centre
PCA – Partnership and Cooperation Agreement
PSC - Project Steering Committee
RPO – Responsible Prosecutor's Offices
SC - Steering Committee
SIS – Security and Information Service
SRC – State Registration Chamber
STS – State Tax Service

1. Basic Information

1.1 Programme: 2016/039-553 Technical Cooperation Facility 2016

For British applicants: Please be aware that after the United Kingdom's withdrawal from the EU, the rules of access to EU procurement procedures of economic operators established in third countries will apply to candidates or tenderers from the United Kingdom depending on the outcome of negotiations. In case such access is not provided by legal provisions in force at the time of the contract award, candidates or tenderers from the United Kingdom, could be rejected from the procurement procedure.

1.2 Twinning Sector: Justice and Home Affairs

1.3 EU funded budget: 2,000,000 EUR

2. Objectives

2.1 Overall Objective(s):

Provide support to the strengthening of the system for anti-money laundering in the Republic of Moldova.

2.2 Specific objectives:

The project objectives are as follows:

- to strengthen the OPFML's mandate and operational capacities for prevention and fight against money laundering and terrorism financing;
- to strengthen the operational capacities of the national mechanism for fight against money laundering and terrorism financing including supervision, investigation and judgement;
- to improve the cooperation between OPFML and national and foreign partners including supervisory authorities and other law enforcement agencies in the field of combating money laundering and terrorism financing;
- to improve the national legislation in this field in accordance with EU standards and best practices.

2.3 The elements targeted in strategic documents i.e. National Development Plan/Cooperation agreement/Association Agreement/Sector reform strategy and related Action Plans

- Link with the Association Agreement

The present cooperation between EU and the Republic of Moldova is based on the PCA. The PCA was succeeded by a more ambitious EU-Moldova AA initialled on the 29th November 2013 at the Eastern Partnership Summit in Vilnius. The AA, that was signed on June 27,

2014, in Brussels, will significantly deepen Moldova's political association and economic integration with the EU. The AA entered into full force on 1 July 2016. Based on the structure of this agreement, an AA was approved in spring 2014, listing the priorities for joint work in the period 2014-2016, as well as time-bound actions to achieve them.

On 14th of July 2017 the Council of the European Union published the new Association Agenda between EU and Republic of Moldova which updates and refocuses the 2014-2016 Association Agenda and sets new priorities for joint work for the period 2017-2019, including on the basis of the conclusions the Council of the European Union adopted on the Republic of Moldova on 15 February 2016. It distinguishes between short-term (on which significant progress should be achieved by end 2017) and medium-term priorities (on which significant progress should be achieved in the following 2 years).

According to the mentioned Association Agreement following priorities for the Republic of Moldova in the field of AML/CFT were identified:

Short-term priorities

- Align the legislation with the 4th Directive on money-laundering and financing of terrorism;
- Increase the technical and operational capacities of the Financial Intelligence Unit in order to implement effectively all tasks in the AML/CFT area, especially in the field of improvement of financial intelligence;
- The Financial Intelligence Unit should increasingly and pro-actively tackle allegations of money laundering and terrorism financing, starting with those bodies under reporting obligation that systematically report suspicious transactions, which should be sanctioned in case of failure to report;
- Strengthen preventive freezing regime by providing relevant reporting entities the power to suspend suspicious financial transactions.

Medium-term priorities

- Enhance and implement a robust anti-money laundering and counter-terrorism financing legislative framework that is in line with UN Security Council Resolutions and FATF recommendations and in compliance with the results of the mutual evaluations in the frame of Moneyval;
- Enhance operational cooperation between financial intelligence-, police-, financial inspection, tax- and customs services and units via interoperability and data exchanges (for example, on the basis of tailor-made agreements on data exchange). Liaison officers between services should be appointed to facilitate operational cooperation. Temporary exchanges of staff for training purposes should be considered;
- Develop the guidance and instructions for the bodies under reporting obligation that systematically report suspicious transactions in order to enhance the effectiveness of the

implementation of the National Anti-Money Laundering and Countering Terrorism Financing legislation.

- Link with the Action Plan on Visa Liberalization

One element of the Action Plan on Visa Liberalization is “Consolidation of the legal framework for the prevention and fighting of money laundering and financing of terrorism in line with international standards set by the FATF, regular updating of the respective national strategy; establishment of an independent FIU”

The fight against money laundering and terrorism financing remains a priority for the Republic of Moldova in terms of improving the existing legal framework in this field.

The OPFML is the national authority responsible for the process of prevention and combating of money laundering and terrorism financing at national level. It has a status of an independent agency under the Government.

3. Description

3.1 Background and justification

The implementation of AML/CFT system in Moldova started in November 2001. In order to implement enhanced international requirements, the AML/CFT Law no. 190-XVI of 26.07.2007 on the prevention and combating money laundering and terrorist financing was passed, thus allowing the completion of the national system to prevent and combat money laundering and financing of terrorism.

In accordance with requirements of AML/CFT Law and latest amendments, OPFML will operate as an autonomous and independent central specialized body under the Government, whose main functions consist of receiving, processing, analyzing and disseminating information received from banks and non-banking financial institutions, including specialized professions. Prosecution of money laundering and terrorist financing cases is carried out by the prosecuting authority of the APO and the NAC.

Main private entities responsible for the implementation of AML/CFT Law are commercial banks operating in the Republic of Moldova, which are licensed and supervised by NBM of the Republic of Moldova. Other important actors of the AML/CFT system are non-banking financial institutions supervised by the National Commission for Financial Markets and representatives of non-financial business, such as casinos, real estate agencies, notaries, auditors and others.

Main economic problems having negative influence to AML/CFT system of Moldova are cash based economy, high risk of transit of criminal and non-clear source assets via banking system, active using of companies registered in off shore jurisdictions for money laundering and tax evasion purposes, lack of the cross-border control of goods and capital from Transnistria.

3.1.1. National Strategy for Preventing and Combating Money Laundering and Terrorist Financing for the years 2013-2017

According to international standards, the first strategy in the AML/CFT field was adopted by Government Decision in June 2007 with an action plan for three years. In order to identify priorities for 2010-2012, another Government Decision was published in September 2009.

On 4 December 2012 Moldova presented the Fourth Assessment Report in the Plenary Meeting of the MONEYVAL Committee. MONEYVAL experts identified several deficiencies and shortcomings that might affect the national system to prevent and combat money laundering and terrorist financing. In these circumstances, the decision was taken to develop a new strategy and an action plan in this field that would remedy all shortcomings and would adjust the national system to international standards.

In the following period, the OPFML drafted the National AML/CFT Strategy for the years 2013-2017 in order to prevent and combat money laundering and terrorist financing and the Action Plan, which were adopted by the Parliament by Law No. 130 of 06 June 2013. The basic purpose of this five-year National AML/CFT Strategy is to identify and reduce vulnerability of the banking and non-bank financial sectors to the risk of money laundering and terrorist financing in terms of compliance with international standards.

Since July 2013, the complex process of implementing the measures in the plan by the responsible institutions has started. The following could be mentioned as main achieved results of the Strategy:

- the internal structure of the OPFML has been optimized, with the exact definition of functional tasks (data analysis and processing, financial investigations, international relations and IT) according to the needs and international standards. The instruction on processing, analysis, dissemination and archiving of information on the activities and transactions received from reporting entities was developed.
- the procedure of the national Money Laundering and Terrorism Financing risk assessment was performed;
- a number of national legal acts implementing the AML/CFT measures in the banking and leasing sector, enhanced control of electronic money has been drafted aimed at optimizing the national system to prevent and combat money laundering and terrorist financing according to international standards;
- enhancing of the regime of sanctions for violation of AML/CFT Law in the Administrative Code.

3.1.2 Implementation of EU and other international requirements in the national AML/CFT legislation

In order to implement EU and other international requirements in the national AML/CFT legislation, Republic of Moldova was obliged to create a new AML/CFT Law.

The experts of OPFML created and provided the Draft of the new AML/CFT Law to the Parliament of the Republic of Moldova. The draft law established enhanced AML/CFT regime, with a focus to:

1. Estimated strong measures of due diligence of customers and beneficial owners for credit and financial institutions, other entities of the private business responsible for the implementation of the law for the prevention of money laundering and terrorist financing.
2. Estimated requirement to implement a customer and beneficial owner due diligence on risk-sensitive basis (risk based approach).
3. Reporting Entities are obliged in order to fully implement a customer and beneficial owner due diligence measures to suspend suspicious transactions of a client till 5 working days.
4. All legal entities of the Republic of Moldova are required to obtain and hold adequate, accurate and current information on their beneficial ownership.

Draft AML was approved by Parliament in first reading on 30.03.2017 and is sent to the President for promulgation; the latter is expected to be finalized in the first half of 2018.

On 10th of October 2015, the Government, by its Decision no. 697, has initiated the AML/CFT National Risk Assessment, by creation of an inter-ministerial and inter-governmental working group. The purpose of this group was to assess the vulnerabilities and threats of the AML/CFT regime in Moldova. The Decision also established the deadline for the entire process, which included a final report of the achieved results. With the World Bank assistance, a training and later a workshop for 60 representatives of institutions involved (APO, MIA, SIS, CS, MJ, MF, STS, NBM, NCFM, Union of Notaries, Union of Lawyers) was organized and later seven working groups being formed, each of the groups being responsible for a specific module of the assessment project.

During 2015-2016 period, the national public authorities gathered statistical data and qualitative information, in order to prepare the National Risk Assessment Report, as well as the Action Plan for the eradication of identified risks, threats and vulnerabilities. These subjects were discussed at the second workshop, held from 5th to 7th of December 2016, as a part of the National Risk Assessment process related to money laundering and terrorism financing. NRA Report was approved on 14th of March 2017, by Order of the NAC Director. A public version of NRA Report was published on the OPFML official web site in Romanian and English languages. According to the requirement of the NRA report, an Action Plan was created in order to ensure the minimization/mitigation of identified during NRA Threats and Vulnerabilities

The NRA Action Plan will allow to prioritize the resource allocation, improve the national system of prevention and combating of money laundering for the next 3 years. Following the discussions, the experts established that several areas related to preventing and combating money laundering have to be developed. These include increasing the capacity and resources necessary to carry out and implement the measures to prevent and combat money laundering,

increase the quality of AML/CFT policies and strategies, as well as increase institutional and international cooperation. On August 2017, an Action plan of minimization/mitigation of identified Threats and Vulnerabilities was consulted with all responsible state institutions and provided for approval to Government.

3.1.3. Activity of the Office for Prevention and Fight against Money Laundering

OPFML operates as an autonomous and independent central specialized body under the Government. The purpose of the Service is to prevent and combat money laundering and terrorist financing and to ensure the security of the State in accordance with the present law.

- Preventing and combating money laundering and terrorist financing by receiving, analyzing and transmitting information on suspicious transactions;
- Developing and implementing policies and strategies for preventing and combating money laundering and terrorist financing in Moldova;
- Coordinating and ensuring the implementation of international standards in the AML/CFT field.

Management is exercised by the Director of OPFML, appointed for a period of 5 years. The staff of the OPFML consists of analysts and financial investigators, appointed based on the skills and aptitudes of the candidate in financial, banking, legal and economic activity.

The staff of the OPFML consists of 16 permanent employees, of which: Head, Deputy Head, 7 senior officers of investigation on exceptional cases, 6 senior investigation officers and one investigation officer. At the same time, if necessary, by order of NAC Director, the employees of other subdivisions are delegated with responsibilities in preventing and combating money laundering and terrorist financing. All employees have special ranks. According the latest legal amendments the total number of staff will be 35 employees including a director and two deputy directors. Their appointment procedure is enshrined in Art. 21 of the AML/ CTF law.

In order to develop cooperation and exchange of information with similar foreign bodies, the OPFML regularly participates in working meetings organized in this regard. Also, special attention is paid to strengthening analytical capacity of the Service, development of the existing software tools and preparing new tools. Currently, OPFML has direct access to all information systems of the country, most of which are connected online. In accordance with AML/CFT Law, reporting entities are required to immediately inform the OPFML about any suspicious activity or transaction, in preparation, ongoing or already completed. Data on suspicious transaction are reflected in a special form, which is sent and received directly by OPFML within 24 hours.

3.1.4. Implementation of AML/CFT legislation by reporting entities

3.1.4.1. Implementation of AML/CFT legislation by financial institutions

According to Article 4 of the current AML/CFT Law, the following financial institutions (or participants of the financial market) are responsible for the implementation of AML/CFT measures:

- financial institutions;
- foreign exchange offices (other than banks);
- professional participants on the financial non-banking market;
- Post Office and leasing companies.

Financial institution, under Art. 3 on the Law on Financial Institutions, is a legal entity engaged in the business of accepting deposits or their equivalent, non-transferable by any payment instrument and using such funds either in whole or in part to make loans or investments for its own account and risk. Category of the professional participants in the non-banking financial market according to the Art. 4 of the Law on NCFM covers professional participants to the securities market, insurance market, non-state pension funds, lending and saving associations, micro-financing organizations, mortgage organizations and credit bureaus.

The risk-based approach is included in the AML/CFT Law and in related guidance and regulation. According to the legal requirements, reporting entities are obliged to establish due diligence procedures. These procedures should be developed in each reporting entity's program on prevention and combat of money laundering and terrorism financing and are subject to the supervisors' revision. The risk stemming from the Transnistrian region is considered low by the authorities.

According to Art.5 par (1) of the AML/CFT Law, the reporting entities are required to apply identification measures regarding natural or legal persons, as well as beneficiary owner in the following cases:

- before the establishment of business relationship;
- when carrying out all types of occasional transactions amounting at least 20.000 MDL in a single operation through payment system providers, including by using electronic means amounting at least 300.000 MDL if the transactions are carried out in one or several operations which appears to be linked between them, by taking in consideration the requirements at the national level;
- if there is a suspicion of money laundering or terrorism financing, regardless of any derogation, exemption or set thresholds;
- if there are doubts on the authenticity and the accuracy of the obtained identification data.

The reporting entities are obliged to inform immediately (within 24 hours) the OPFML about any suspect transaction or activity, which is being prepared, carried out or finalized. The information about transactions carried out in cash by a single transaction exceeding equivalent of 100,000 MDL is submitted to the OPFML during 10 days. The data of transactions effectuated electronically through a transaction with a total value exceeding 500,000 lei, are submitted to the OPFML not later than the 15th of the month immediately following the operational month.

3.1.4.2. Implementation of AML/CFT legislation by non-financial sector

According to the Article 4 of the AML/CFT Law, the list of DNFBP responsible for the implementation of AML/CFT measures is wide enough and includes casinos (inclusively internet-casinos), premises equipped with gambling devices, institutions organizing and carrying out lotteries or gambling, real estate agents, dealers in precious metals or precious stones, lawyers, notaries, auditors, independent accountants and financial banking or non-banking consultants. According to the AML/CFT Law, all DNFBP have obligations to report, perform client identification, increased diligence, ensure proper record keeping, internal programs and procedures, appointment of anti-money laundering officials etc.

In the Fourth Assessment Report of Committee of Experts on the Evaluation of anti-Money Laundering Measures and the Financing of Terrorism approved on 4 December 2012, the implementation of the AML/CFT regime by the DNFBP was seriously criticized by the international experts. After the mentioned assessment, the number of Guidelines and Instructions regarding implementation of AML/CFT requirements by DNFBP was approved by different supervision institutions. Additionally, the Parliament of the Republic of Moldova adopted the Law on amending the Contravention Code which established sanction regime for AML/CFT Law infringements including sanctions for the representatives of the DNFBP.

The DNFBP sector activity in the field of AML/CFT was object of the analysis of the Peer Assessment mission to Republic of Moldova on Anti-Money Laundering organized in March 2016 with the support of the European Commission program TAIEX. The Mission Report states that DNFBP sector seems to be regulated and DNFBPs do file suspicious transactions to some extent. Nevertheless, this is insignificant both in absolute numbers and in proportion compared to the financial sector. Practically speaking, only public notaries file reports at a tangible number, the reports received from other DNFBPs are zero or nearly zero.

3.1.5. Supervision of AML/CFT implementation

3.1.5.1. National Bank of Moldova

NBM carries out supervisory activities of main private entities, responsible for implementation of AML/CFT issues under the present legal framework: banks, payment institutions and exchange offices. The NBM has issued a Regulation and 4 guidelines in this respect for banks. It also has issued recommendations on the elaboration by foreign exchange offices of programs on prevention and combating money laundering and terrorism financing as annex to Regulation on foreign exchange entities - for the foreign exchange offices and hotels. On 7th of June 2017, the Executive Committee of the NBM has approved the Regulation on the Bank's Activity Management Framework, which establishes new provisions regarding AML/CFT matter. Additionally, the Parliament of Republic of Moldova has approved in the first reading on 13th of July 2017 the Draft version of Banking Activity Law, where the new Basel III requirement on AML/CFT are included.

The NMB is carrying out complex and targeted on-site inspections and has a broad range of applicable sanctions at its disposal (warning, fine, removal of manager/compliance officer, withdrawal of license and other measures).

The NMB has a dedicated AML/CFT department. According to their statements, this unit is involved in the on-site inspection of banks. During on-site inspections of commercial banks, the NBM reviews internal policies and procedures approved by the board of the bank and. If they fail to meet the AML/CFT-related provision, the NBM imposes banks to modify the respective internal regulations. Moreover, the NBM regularly monitors the activity of commercial banks and receives information on each transaction performed by the bank through SWIFT channel and Internal Interbank Payment System.

In cases where as a result of monitoring transactions performed by banks, the NBM finds suspicious transactions, it asks commercial banks to submit all information on measures applied in order to identify the customer, as well as the use of enhanced due diligence, monitoring of transactions, supporting documents obtained and if the transactions were reported to OPFML. At the same time, in order to enhance its capacity for off-site analysis, the NBM has recently started drawing up the Terms of Reference to procure a specialized software for AML/CFT analysis.

3.1.5.2. National Commission for Financial Market

NCFM has an AML/CFT unit with one staff member. However, other units of NCFM carrying out supervisory activities also take AML/CFT aspects into account. NCFM has elaborated regulations and recommendations for the financial service providers under their mandate.

NCFM adopted the Recommendations regarding the risk based approach towards the reporting entities' clients in relation to preventing and combating money laundering and terrorism financing. The main objectives of these Recommendations are to describe the risk-based approach and establish the criteria and the process of risk evaluation when it comes to money laundering and terrorism financing. At the same time, it aims at describing the main indicators and type of transactions used by clients that represent a high risk of money laundering or terrorism financing, as well as defining the implementation of the risk based approach.

3.1.5.3. Posta Moldovei

State Company “Posta Moldovei” approved a AML/CFT Policy that establishes identification measures of all types of potential clients, the necessity to use reliable and independent sources of information about client, to receive from clients proper documents to prove legal representative (power of attorney), to verify the IDs of the third party and of the financial means owner.

3.1.5.4. Ministry of Justice

In order to prepare the regulatory framework which will be approved by the Notary Chamber, the MJ approved and provided to the Professional Unions of Notaries, the model Regulation on adequate Customer Due Diligence policies and methods, record keeping, internal control, risk assessment and management for preventing activities/transactions related to money laundering and terrorist financing in order to be adjusted to the notary activity.

3.1.5.5. Real Estate Agents

Real estate agents are supervised by the OPFML. The **State Company “Cadastru”** is also involved into this process, as it registers all real estate transactions in the Republic of Moldova. In order to inform OPFML about any suspicious or threshold transaction, the State Company “Cadastru” established internal procedures for filing and sending the reports to OPFML.

3.1.6. Authorities involved in the process of investigation of AML/CFT cases

3.1.6.1. Prosecutor’s Office

Prosecutor’s Office - the activities of the General Prosecutor’s Office are regulated by the Constitution and the Law on Prosecution (Law no. 3 of 25 February 2016).

The Prosecution System in the Republic of Moldova is structured as follows:

- a) the General Prosecutor’s Office,
- b) the territorial prosecutor’s offices;
- c) the specialized prosecutor’s offices (APO, Prosecutor’s Office for Combating Organized Crime and Special Causes). The law no.159 from 07.07.2016 establishes the organization and functioning of specialized prosecutor’s offices.

On 17.02.2017, the General Prosecutor approved by Decisions no.7/28 the Regulation of the activity of the Prosecutor’s Office for Combating Organized Crime and Special Causes and Decision (POCOCSC) and by Decision no. 8/28 the Regulation of the activity of the APO. According to the mentioned Regulations, the Head of the APO is responsible for implementation of the National AML/CFT Strategy. Also in the framework of the Prosecutor’s Office for Combating Organized Crime and Special Causes was created a Bureau for combating economic and financial crimes, which is planned to be responsible for anti-money laundering field.

The Prosecutor’s Offices performs criminal prosecution, directs and supervises criminal investigations carried out by law enforcement agencies. The GPO is the authority responsible for sending out and receiving applications for mutual assistance drawn up during the criminal prosecution phase, including extradition requests.

3.1.6.2. General Police Inspectorate

GPI is a public institution under the MIA, which has the mission to defend the rights and freedoms of the person through activities of maintenance, insurance and restoring of public order and security, the prevention, investigation and discovery of offenses and contraventions. The activity of GPI is regulated by the provisions of the Government

Decisions no. 283 from 24.04.2013. As well, the Action Plan for the implementation of the National Strategy for Combating Organized Crime for 2011 – 2016(was extended) approved by Government Decision no.262 from 04.04.2014, includes the objective “Combating money laundering” and special actions to be taken for its achievement.

3.1.6.3. Customs Service

According to the provisions of AML/CFT Law, the CS is required to provide the OPFML with all the information on the currency declarations (with the exception of banking cards) made at the border by natural and legal persons in accordance with the provision of the art. 33 and 34 from Law nr.62/XVI from 21 March 2008 on the currency regulation. The CS also informs the OPFML, within 24 hours, on the information linked to identified cases of introduction of foreign currency or and illegal expedition of currency.

3.1.6.4. Courts

The judicial authority in Moldova is exercised by the court system, regulated by the Constitution and specific laws. According to the legislation on judicial system, justice is carried out by the following judicial institutions: the Supreme Court, Court of Appeal and ordinary courts. For separate categories of actions of proceeding, specialized courts can operate according to the law.

The Supreme Court of Justice is the highest court of law, and ensures the correct and unitary implementation of laws by all courts of law in Moldova. The organization and functioning of the Supreme Court of Justice is regulated by a special Law on the Supreme Court of Justice. The Court of Appeal is the supreme instance concerning ordinary ways of appeal. Its influences extend to civil and criminal issues. The Court of Appeal considers the appeals against the decisions pronounced in first instance, as well as in other cases provided by law. Ordinary courts - The courts operate in the sectors established by Parliament under the offer of the Highest Magistrates Council. Extra courts may be established in some cities, villages (communes), on a case by case basis. The ordinary courts consider all cases and requests, with the exception of those that are, in accordance with the law, under the jurisdiction of other courts of law. The judges sitting in the courts of law are appointed by the President following a proposal submitted by the Higher Magistrates Council.

3.1.7. Cooperation with other parties

3.1.7.1. International cooperation.

The Republic of Moldova signed and ratified the main international legal instruments necessary for the effective combating of money laundering, including the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention), the United Nations Convention against Transnational Organized Crime (Palermo Convention) and its two protocols, International Convention for the Suppression of the Financing of Terrorism (FT Convention).

Currently, the OPFML has 46 memoranda of understanding signed with peer institutions from other countries and participates in various international forums, meetings or projects:

1. **Egmont Group** established in 1995 in order to provide to the FIUs of the different countries a framework for efficient cooperation on the exchange of information, training, exchange of experience and know-how in prevention and combating of money laundering and terrorist financing. In May 2008, Moldova became a full member of this organization.

2. **Moneyval Committee** of experts of the Council of Europe responsible for the evaluation of countries on measures to prevent and combat ML/FT and their conformity with international standards. The delegation of the Republic of Moldova is currently led in the plenary Moneyval meeting by the OPFML, which regularly presents the progresses achieved by the country. After the last assessment of Moldova in December 2012, two progress reports in December 2014 and December 2015 were presented in the Plenary meeting of Moneyval.

AML/CFT system of the Republic of Moldova will be assessed by Moneyval Committee in the last quarter of 2018.

3. **CARIN Network** is an informal organization specialized in the exchange of information between national Asset Recovery Offices at the international level. The Moldova has observer status and OPFML is the National point of contact within the CARIN Network. Representatives of the OPFML participating in the working sessions of the Europol managed Platform for Asset Recovery Offices (ARO Platform).

4. **Institutions of the European Union** responsible for the coordination of the activity of Law Enforcement Agencies and Prosecutor's Offices. The experts of the OPFML participated in the working meetings organized by Europol and Eurojust where issues related to the implementation of efforts both on the investigation and prosecution and recovery of illicit proceeds transferred via virtual electronic payment systems accounts, and their confiscation and use in the national interest were discussed. The need for such meetings occurred with the development and wider use of all virtual payment systems, for which there is a constantly increasing demand due to the fact that they allow initiation of currency transactions from anonymous accounts. Lastly, the OPFML develops cooperation with Europol and other countries in the field of investigation of illegal betting and gambling.

5. **World Bank** on May 2015 officially accepted granting of technical assistance to the OPFML for conducting the national risk assessment of money laundering and terrorist financing treats.

6. **Organization for Security and Co-Operation in Europe** after the analysis of the needs of OPFML in the field of international cooperation agreed to organize international conference in September 2016 in Vienna, Austria in order to discuss and exchange experience concerning investigations of criminal activity of off shore companies and other serious financial and economic crimes. Representatives of the Financial Intelligence Units from 11 countries of Central and Eastern Europe and 5 international organizations acting in the field of AML/CFT were invited to participate in this conference.

In 2016 during the process of investigating various typologies of money laundering, the OPFML sent 321 inquiries to similar services in other countries and received 307 answers. At the same time, the OPFML received for examination from similar foreign services 25 inquiries and sent 24 answers.

Other Law Enforcement Agencies and Prosecutor's Office of the Republic of Moldova develop cooperation with foreign partners using bilateral agreements, channels of the international and regional organization (Europol and Interpol), Mutual Legal Assistance Instrument (Prosecutor's Office according to the requirements of the Criminal Procedure Code of the Republic of Moldova).

In order to exchange the information about tax payers of Moldova who opened accounts in the financial institutions of the foreign countries, the Ministry of Finance of Moldova started in July 2016 the procedure for the access to **OECD Standard Reports System**. Having in mind huge emigration of the citizen of Moldova, the access to the above-mentioned system will help the STS of Moldova to administrate more effectively the personal income tax.

In June 2016, the European Commission recommended the Government of Moldova to establish Anti-Fraud Coordination Service in Moldova and to develop cooperation with **European Anti-Fraud Service (OLAF)**. In order to implement this recommendation, the Draft Government Decision concerning the establishment of the Anti-Fraud Coordination Service under the NAC was developed in July 2016 and circulated among responsible state institutions for consideration.

United Nations Office on Drugs and Crime (UNODC) is specialised in the fight against illicit drugs and international crime. UNODC encourages States to develop policies to counter money-laundering and the financing of terrorism, monitors and analyses related problems and responses, raises public awareness about money-laundering and the financing of terrorism. It acts as a coordinator of initiatives carried out jointly by the United Nations and other international organizations. To specify, the Enterprise Application Centre in Vienna (EAC-VN) which is the service delivery unit of the Office for Information and Communication Technology (OICT) has developed an UNODC specialized software - goAML as a response to combat money-laundering. It is an intelligence analysis system intended to be used by the FIU (Financial Intelligence Unit).

3.1.7.2. Inter-agency cooperation

At the national level, the NAC has signed cooperation agreements with the General Prosecutor's Office, NBM, MIA, SIS, CS, MITC and NCFM.

3.2. Ongoing reforms

The new Law on Prevention and Combating Money Laundering and Terrorism Financing was approved by the Parliament of the Republic of Moldova on 22 of December 2017 in the final reading. This will affect the current status of the FIU transforming it into an autonomous and independent central specialized body under the Government. The purpose of the Service is to prevent and combat money laundering and terrorist financing and to ensure the security of the State in accordance with the present law.

In order to implement effectively the requirements of the new AML/CFT Law the following measures must be implemented in the near future:

- the Law on the procedure for detecting violations in the field of money laundering and terrorist financing and the manner of fine application must be created and approved;
- within 6 months from the date of publication, the Government shall submit to Parliament the proposals for amending the current legislation in accordance with the mentioned law;
- within 30 days from the date of publication the Government shall appoint the Leadership of FIU, approve its structure and staff limit, identify and provide to the Service a head-office and appropriate resources for the performance of its duties;
- within 4 months from the date of publication, the National Bank of Moldova and other entities responsible for the supervision of the implementation of AML/CFT measures shall amend their normative acts in accordance with this law;
- the Legal Persons Beneficiaries Owners register (as part of the Companies Register) must be created.

3.3. Linked activities

Republic of Moldova benefited from the support of international organizations and structures, such as the Common Project of the Council of Europe and European Commission against corruption, money laundering and financing of terrorism in the Republic of Moldova – MOLICO.

The implementation of this project has assured a better comprehension of the role of international cooperation in strengthening the national AML/CFT system by acquiring best practices and know-how from other similar foreign authorities and international bodies.

Taking into account that the Republic of Moldova is committed to fulfil a series of recommendations and conditionality's on AML/CFT, it is important to obtain development assistance and expertise from the European partners.

In 2016 the Republic of Moldova adopted a National Public Administration Reform Strategy 2016-2020. It envisages reform measures intended to improve the policy and legislative development process (with focus on public consultations and introduction of a single approach to ex-ante impact assessment) and which the Twinning project will take into consideration.

3.4. List of applicable Union acquis/standards/norms

1) Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC

2) Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC

3) Directive (EU) 2017/541 of the European Parliament and of the Council of 15 March 2017 on combating terrorism and replacing Council Framework Decision 2002/475/JHA and amending Council Decision 2005/671/JHA

4) Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006

5. Regulation (EC) No 1889/2005 of the European Parliament and of the Council of 26 October 2005 on controls of cash entering or leaving the Community

3.5. Results per component:

The implementation of the project will result in the OPFML achieving:

1. Enhancing the effectiveness of implementation of the national AML/CFT policy;
2. Development of OPFML analytical and operational capacities, cooperation between OPFML and reporting entities and inter-agency cooperation;
3. Development of the special data bases necessary for the enforcement of the AML/CFT Law;
4. Development of the AML national supervision mechanism for banking, non-banking sectors and non-financial businesses and professions;
5. Development of the investigation capacities of ML/TF cases;
6. Improvement of the justice system in AML/CFT field;
7. Improvement of the system for prevention of terrorism financing, including control of physical cross-border transportation of currency and bearer negotiable instruments.

Result 1: Enhancing the implementation effectiveness of the national AML/CFT policy

In the context of Result 1, the FIU and other State institutions in charged with AML/CFT attributions, will achieve the following benchmarks:

- Finalization of the necessary amendment of the new national AML/CFT Law and creation/amendment of other secondary legal framework related to the new AML/CFT Law;
- 10% increase in the number of suspicious transactions frozen by the reporting entities during the enhanced customer due diligence process compared to the beginning of the project;
- 10% increase in the criminal investigation cases initiated and supervisions started compared to analytical reports sent by FIU to other Law Enforcement Agencies (LEAs) and Supervision Authorities compared to the beginning of the project;
- Increasing the amount of frozen and seized assets in ML criminal cases provided to the court compared to the beginning of the project;

- 10% increase in the final convictions compared to the criminal cases accepted by the courts compared to the beginning of the project;
- Peer evaluation from EU MS assessing the achievement of this result.

How the above-mentioned results could be achieved:

- Monitoring of the developments and amendments of the international and EU AML/CFT standards and best practices, in order to timely initiate the amendments of the AML/CFT legislation of the Republic of Moldova;
- Development and creation of inter-agency entities and bodies, responsible for the evaluation and effectiveness enhancing of the AML/CFT regime, through the creation and implementation of the Dynamic Indicators System, focused on the analysis of quantitative and qualitative changes in the field of criminogenic situation and shadow economy;
- Implementation of the AML/CFT legislation by all obliged Reporting Entities, development, approval, implementation and effectiveness monitoring of new AML/CFT rules/procedures/trainings;
- Implementation of the NRA Action Plan of Minimization/Mitigation of identified ML/TF threats/vulnerabilities.

Result 2: Development of OPFML analytical and operational capacities, cooperation between OPFML, reporting entities and inter-agency cooperation.

In the context of the Result 2, the FIU, the State institutions in charged with AML/CFT attributions and the Reporting, Entities should achieve the following benchmarks:

- 10% increase in the reports produced by the FIU to other state institutions dedicated to investigations and inspections purpose compared to the beginning of the project;
- Decreasing the time for providing and receiving the necessary information by other State Agencies and Authorities, creating the Liaison Officers Network under FIU;
- Peer evaluation by EU MS assessing the achievement of result 2.

How the above-mentioned results could be achieved:

- Monitoring of the effectiveness and quality of current AML/IT software, the initiation of its modernization and development;
- Monitoring and timely amendments of the internal AML/CFT rules focused on the increasing of the number of analyzed reports provided to other State institutions and freezing of suspicious assets;
- Creation of the Liaison Officers Network under FIU;
- Organization of the meetings/trainings and consultations for the experts from Reporting Entities.

Result 3: Development of a special data bases necessary for the enforcement aspects of the AML/CFT Law

In the context of the Result 3, the FIU and other State institutions in charged with AML/CFT attributions, will achieve the following benchmarks:

- A new database of beneficiary owners and banking accounts registries is created and is fully operational, in order to be compliant with the EU and FATF requirements and increase the transparency of the economic and financial system;
- Increasing the quality/number of request from LEAs and State Supervisory Authorities using the above-mentioned databases in order to improve the effectiveness in combating money laundering, shadow economy, as well as related crimes and violations, which are negatively affecting the economic and financial situation of the country;
- An audit from EU MS assessing the quality of the information included in the databases and the use of the tool by the users.

How the above-mentioned results could be achieved:

- Development, approval, implementation and monitoring of the effectiveness of the legislation concerning the creation of new databases of customers' accounts and final beneficiaries;
- Active using of the above-mentioned database by the FIU and Other Law Enforcement Agencies in the field of AML/CFT.

Result 4: Development of the AML/CFT national supervision mechanism for banking, non-banking and designated non-financial businesses and professions sectors.

In the context of the Result 4, the FIU and other State Supervisory Authorities in charged with AML/CFT attributions will achieve the following benchmarks:

- 20% increase in the number of the AML/CFT Supervisory institutions, which created and implemented their own Early Warning/Red Flag System focused on the identification of the Reporting Entities that potentially violated the AML/CFT regime compared to the beginning of the project;
- Increasing the number and improving the quality of supervisions for implementation of the AML/CFT measures by the Reporting Entities, started by Supervisory Authorities using risk based approach. (amendment of the bylaws, no. of on-site inspections, no. of sanctions applied) compared to the beginning of the project;
- Increasing the number of reports concerning potential violations of the AML/CFT rules provided by the Supervisory Authorities to the FIU compared to the beginning of the project;
- Peer evaluation by EU MS to assess whether the AML national supervision for banking sectors and designated non-financial businesses and professions has been improved.

How the above-mentioned results could be achieved:

- Development, approval, implementation and monitoring of effectiveness of the new AML/CFT guidance/regulations/procedures for oversight authorities, in order to be compliant with EU and FATF requirements;
- Organization of meetings/trainings and consultations for experts from AML/CFT Supervisory Authorities organized by the FIU.

Result 5: Development of the investigation capacities of law enforcement agencies regarding ML/FT cases.

In the context of the Result 5, the FIU and other Law Enforcement Agencies in charged with AML/CFT attributions, will achieve the following benchmarks:

- 10% increase in the number of ML cases sent to courts and the amounts of seized assets compared to the beginning of the project;
- Increasing the number of joint investigation teams created for the investigation of serious ML and related crime cases compared to the beginning of the project;
- Staff of LEAs responsible for ML/TF cases accepts and applies the guidance/regulation/procedures in the investigation of all ML/FT cases and in all related investigations.

How the above-mentioned results could be achieved:

- Development, approval, implementation and effectiveness monitoring of new guidance/regulation/ procedures for investigation of ML/FT cases;
- Organization of meetings/trainings and consultations for experts from Law Enforcement Agencies by FIU and other AML/CFT experts.

Result 6: Improvement of the AML/CFT field in the justice system

In the context of the Result 6, the Courts in charge with the examination of AML/CFT cases will achieve the following benchmarks:

- The increasing number of cases related to AML/CFT sent to courts for examination compared to the beginning of the project;
- The examination timeline of the ML/TF cases by the court is decreased by the end of the project;
- Increasing the number of cases where the person convicted in first instance was not justified during the procedure of appeal compared to the beginning of the project;
- Number of judges trained on AML/CFT topics versus the number of AML/CFT cases accepted by the court.

How the above-mentioned results could be achieved:

- Development, approval, implementation and monitoring of effectiveness of new guidance/regulations/procedures on AML/CFT matters for the justice system;
- Organization of meetings/trainings and consultations for court representatives organised by FIU and other AML/CFT experts.

Result 7: Improvement of the system for prevention of terrorism financing, including control of physical cross-border transportation of currency and bearer negotiable instruments.

In the context of the Result 7, the FIU, SIS and CS, will achieve the following benchmarks:

- Increasing and improving the number of analytical reports provided to SIS by the FIU regarding the prevention of terrorism financing compared to the beginning of the project;

- Increasing the number of analytical reports of suspicious cash transportations provided by the CS to the FIU compared to the beginning of the project;
- Increasing the amount of seized by CS and finally confiscated assets, which were not declared according to the current Customs legislation compared to the beginning of the project;
- Peer evaluation from EU MS to assess the upgrade of the system for prevention of terrorism financing.

How the above-mentioned results could be achieved:

- Development, approval, implementation and monitoring of effectiveness of new guidance/regulations/procedures for CS, OPFML and SIS on CFT subjects;
- Monitoring of the effectiveness and quality of current IT systems used by SIS for CFT purposes and by CS for risk analysis, initiation of their modernization and development;
- Organization of the meetings/trainings and consultations for the representatives of SIS and CS by FIU and other AML/CFT experts.

3.6 Means/ Input from the EU MS Partner Administration:

The project will be implemented in the form of a Twinning contract between the Beneficiary country and EU Member State. The implementation of the project requires one Project Leader, responsible for the overall coordination of project activities, one Resident Twinning Adviser, responsible for management and implementation of project activities foreseen and a pool of short-term Experts. It is essential that the team have sufficiently broad expertise to cover all the areas included in the project description. The interested Member State(s) twinning team shall include in its proposal the CVs of the designated Project Leader, Resident Twinning Adviser, and the proposed Short-Term Experts as Component Leaders. The details of implementation of the Twinning Project will be agreed upon during the preparation of the work plan.

3.6.1 Profile and tasks of the PL

The MS Project Leader will continue to work at his/her Member State administration but will devote some of his/her time to conceive, supervise and co-ordinate the overall implementation of the Twinning project and ensure the attainment of the projected outputs. The Project Leader is fully responsible for coordination of the work of the experts.

The MS Project Leader will manage the implementation of the project with the Project Leader from the Beneficiary Country and is expected to devote a minimum of 3 days per month to the project in his/her home administration with an on-site visit at least every 3 months. The Project Leader's seniority will ensure his/her ability to mobilise the necessary staff in support of the efficient implementation of the project. In addition, he/she should coordinate, on the Member State side, the Project Steering Committee (PSC), which will meet in Chisinau at least every three months and which s/he will co-chair.

He/she will be supported by his/her Member State administration for logistic, accounting and

administrative affairs.

Tasks for the PL:

- Conceive, supervise and coordinate the overall preparation of the project;
- Prepare the project progress reports with the support of the RTA;
- Coordinate MS experts' work and availability;
- Co-chair the Project Steering Committee;
- Communicate with the beneficiaries and Delegation of the European Union to Moldova (EUD) + Closely involve the Project Manager from the EUD in all activities;
- Ensure the backstopping functions and financial management;
- Guarantee from the MS administration side, successful implementation of the project.

Profile for the PL:

- High-ranking public servant or equivalent staff of a Member State administration, or mandated body.
- Minimum Bachelor Degree in law/ economy (Master would be an asset) or an equivalent field or equivalent professional experience of 3 years in the area on top of the years of the following general professional experience:
- Minimum 3 years of relevant professional experience in the field of AML/CFT in the similar service in EU Member States. Considering the exceptional strategic significance of this programme candidates with minimum 7 years of experience would be distinctly preferable; Very good IT literacy with knowledge of common software applications such as MS, Word, Excel and PowerPoint;
- Excellent knowledge of EU policies, international standards, legislation and institutional set up related to the AML/CFT field;
- Previous experience in project management will be an asset;
- Have excellent communication skills in written and spoken English
- Have strong inter-personal skills.

3.6.2 Profile and tasks of the RTA

One Resident Twinning Advisor (RTA) will be appointed, and he/she will be located in the premises of the NAC in the Beneficiary country. The secondment of the RTA will last 36 months.

He/she will come from an EU Member State to work on a full time and day-to-day basis with the beneficiary administration. The Resident Twinning Adviser will have a key role in the coordination of the inputs required for the successful implementation of the project activities under the overall guidance of the MS Project Leader. He/she shall be supported by a pool of short – term experts.

The RTA will have good knowledge of the project field and will have substantial recent

experience working as senior manager in similar services, with specific experience and knowledge in the area of ML/TF cases investigation, investigation methods and techniques).

S/he will need to have good interpersonal and communication skills, and be an effective negotiator. Prior experience in coordinating complex projects would be an advantage, especially in the context of transition countries.

The RTA will work closely with the Moldovan RTA Counterpart to deliver the project, as specified in the Twinning Contract, and part of the task will be to negotiate the Contract and work plan after the project has been awarded. The RTA will be responsible for the selection and supervision of the RTA Assistant and the management and performance of the STEs while in Moldova. S/he will be responsible for drafting the quarterly and final project reports for the Steering Committee. RTA will closely coordinate with the EUD

Profile for the RTA:

- Civil servant or equivalent staff from MS Administration or a mandated body
- Minimum Bachelor Degree in law/economy or an equivalent field relevant for the assignment or equivalent professional experience of 3 years on top of the years of the following general professional experience;
- Minimum 7 years of relevant professional experience in the field of AML/CFT in the similar service in EU Member States in the field of AML/CFT.
- Good knowledge of EU policies, legislation and institutional set up related to the AML/CFT;
- Experience in developing and/or delivering training programmes to build capacity for efficient fight against money laundering and terrorism financing will be considered as an advantage;
- Previous experience in project management;
- Excellent communication skills;
- Excellent command of written and spoken English.

Tasks of the RTA are:

As to the general responsibility of the day-to-day implementation of the Twinning project in the Beneficiary Country, the RTA's tasks will include:

- Coordination of all project activities and experts' inputs in the country;
- Provision of technical advice and assistance to the administration or other public sector bodies in the BC in the context of a predetermined work-plan to ensure timely completion of project outputs;
- Drafting of the Terms of Reference for short-term experts, coordination, facilitation and monitoring of their work during implementation;
- Liaise with MS and BC Project Leaders; daily contact with the BC RTA counterpart
- Co-preparation of project progress reports with the Project Leader;
- Ensuring day-to-day implementation of the Twinning project in the BC;

- Ensuring smooth correlation between the activities, deadlines and the envisaged results in the Work Plan;
- Taking corrective actions, if necessary, inside the terms of the signed contract.

3.6.3. Profile and tasks of Component Leaders

One Component Leader for every of the aforementioned components (cf. supra: 3.5 *Results per component*) will be designated. These Component Leaders will ensure continuity and consistency within each of the fields concerned. While Component Leaders will not be resident in Chisinau, they are expected to visit Chisinau and work locally with the beneficiary institutions at least 3 times per working year. CV's and proposed activities of each Component Leader shall be an integral part of the MS proposal. The detailed expert input shall be established when drawing up the Twinning Work Plan.

General profile

- University Degree in law, criminology, social sciences or human resources management or in the absence of the required academic degree at least 3(three) years of equivalent professional experience in the field of law enforcement on top of the years of the following general professional experience:
- A minimum of 3 years of professional experience in the area relevant to the component he/she is proposed for.
- Be a civil servant or a staff member in a Member State public administration or mandated body responsible for data protection
- Excellent command of written and spoken English
- Excellent written, oral and inter-personal communication skills
- Computer literate (Word, Excel and Outlook)

Specific experience and skills

- Proven experience of minimum 1 year in implementing similar or related assistance and cooperation projects will be considered an asset

Tasks

- contributing directly to individual activities, as Component Leader.
- coordinate, in close cooperation with the RTA.

3.6.4 Profile and tasks of the short-term experts

Other specialist staff will be made available by the Twinning Partner to support the implementation of activities. Specific and technical matters not directly covered by the Resident Twinning Adviser can be taken over by a pool of short-term experts within the limits of the budget.

The detailed expert input shall be established when drawing up the twinning work- plan.

STE Profiles - general experience:

- A university degree in a relevant subject or equivalent professional experience of three years in the field of prevention and combating of money laundering and terrorism financing;
- A minimum of 3 years of experience in EU Member body related to prevention combating of money laundering and terrorism financing. Considering the strategic significance of this programme, candidates with minimum 5 years of experience would be distinctly preferable;
- A good command of written and spoken English.

Tasks of the Short-Term experts:

- Prepare and implement specific tasks based mainly on practical cases and experience in compliance with their mission definition and in accordance with project activities;
- Provide practical advices to relevant staff for execution of different tasks related to the Project;
- Address crosscutting issues.

The twinning partners are invited to define the specific STE profiles during the preparation of the twinning contract.

4. Budget

The project will be implemented through a Twinning Contract estimated at a maximum of EUR 2,000,000

The project will be located in the premises of the NAC. The NAC will ensure appropriate facilities and basic equipment for the work of the experts. This includes administrative support, office space, telephone and fax and other necessary facilities.

5. Implementation Arrangements

5.1 Implementing Agency responsible for tendering, contracting and accounting (AO/CFCU/PAO/ Commission):

EU Delegation of the European Union to Moldova (EUD):

Mr. Tsvetomir Svilenov
 International Aid Cooperation Officer / Project Manager
 Chisinau, Republic of Moldova
 12 Kogalniceanu Str., MD 2001, Chisinau, Moldova
 tel.: +373-22-505210 – ext. 164
 e-mail: tsvetomir.svilenov@eeas.europa.eu

5.2. Institutional Framework

5.2.1. Beneficiary institution:

As this Twinning project is focused on enhancing the system of prevention and combating money laundering and terrorism financing in Republic of Moldova, employees from the following institutions: OPFML, NBM, GPO, MJ, MIA, SIS, MF, NCFM, CS, MITC, Notary Chamber, Moldovan Lawyers Union will be involved in project activities, benefiting from expert advice, expertise, hands-on experience obtained during on the job and off the job trainings, study visits and other project activities.

5.2.2. Project Steering Committee

A Steering Committee (SC) will be established to monitor the implementation of the project. The Committee shall be composed of representatives of the Beneficiary Institution, the Beneficiary Country Project Leader, the Member State Project Leader, the Resident Twinning Adviser, the RTA counterpart, representatives from the Programme Administrative Office for Twinning project, (State Chancellery) and representatives of the Delegation of the European Union as Contracting Authority.

The Committee will meet to discuss the progress of the project, verify the achievement of the outputs and mandatory results and discuss actions to be undertaken in the following quarter. The SC will also discuss the draft of the quarterly report submitted to it beforehand and will recommend corrections.

The SC will meet quarterly or more frequently, if required. Its meetings are called and chaired by both Project Leaders. The RTA will be responsible, jointly with the national counterpart, for drafting an interim quarterly report and presenting it to members of the committee at least 2 weeks prior to each SC meeting.

The SC will take the necessary decisions related to project facilitation and progress and will be the forum to discuss any unforeseen difficulties. Exceptional SC meetings can be convoked in case of exceptional needs.

5.2.3. Reporting requirements

Proper project reporting is essential to ensure proper follow-up of project implementation and to properly evaluate the results. Reports shall consist of a content section and a financial section.

Every three months, the MS Project Leader in co-operation with the BC Project Leader will prepare and submit interim quarterly reports. Each report will cover a three months period calculated from the date of notification of endorsement/signature of the contract.

Interim quarterly reports will be prepared and distributed to all the participants in advance of the meetings of the Project Steering Committee. The financial part of the interim reports, must document the actual expenditure in relation to budgeted expenditure. A list detailing each item of expenditure incurred in the period covered by the reports, and indicating for each its title, amount, relevant heading in the Budget of the Action and the reference of the justifying document, is annexed to them.

The first report will be due in the fourth month counting from the date of notification of endorsement/ signature of the Twinning contract.

The MS Project Leader shall submit the final report before the end of the legal duration of the Twinning contract. The final report shall be forwarded no later than three months after the implementation period of the Action (work plan) as defined in article 2 of the Special Conditions of the Twinning Contract.

The final report will be accompanied by a verification expenditure report. This means that the final report, final invoice, and expenditure verification report have to be submitted at the latest during the final month before the end of the legal duration of the Twinning contract.

Reports will follow the templates of Annex C4/Annex C5 of the Twinning Manual. In addition to these formal reporting stages, the twinning partners are obliged to inform in writing the Contracting Authority as well as the final beneficiary of the action of any critical aspects or conditions of project implementation, or any amendments/modifications necessary within the budget.

All reports must be produced in English, in electronic and hard copy. Both Project Leaders shall sign these reports. Each report must be presented in electronic format two weeks prior to the Steering Committee meetings and in two hard copies to the Project Beneficiary, the members of the Steering Committee Meeting and the EU Delegation. The final versions should incorporate any comments and discussions during the Steering Committee meetings.

Failure to submit satisfactory reports in time may lead to the decision to suspend EU financing for the project

5.3 Counterparts in the Beneficiary administration

5.3.1. Contact person

Ms Oxana Gluscenco
Acting Director of Policy coordination and strategic planning
State Chancellery
Piata Marii Adunari Nationale, 1
MD-2033 Chisinau
Tel: +373 22 250 215
Fax: +373 22 250 2596.2

5.3.2. PL counterpart

The main counterpart in the BC is the OPFML
Beneficiary Country Project Leader:
Mr. Vasile Sarco
Head of the OPFML
National Anticorruption Centre
198, Stefan cel Mare avenue, Chisinau
MD-2004, Republic of Moldova

5.3.3. RTA counterpart:

Mrs. Oxana Gisca

Main inspector, OPFML

National Anticorruption Centre

198, Stefan cel Mare avenue, Chisinau

MD-2004, Republic of Moldova

6. Duration of the project

The overall execution period of the Twinning project is 39 months i.e. implementation period of 36 months plus three months

7. Sustainability

The Beneficiary administration is fully committed to ensuring a long-term impact of the activities of this Twinning Project. The expected combined impact of this project will bring about significant improvement in the fight against money laundering and terrorism financing as follows:

- improved AML/CFT legislation fully compliant with EU and international standards in the field;
- significantly improved OPFML's activity and cooperation with reporting entities and national authorities;
- creation of the data bases necessary for the enforcement of the AML/CFT Law and their effective functioning
- the national AML/CFT supervision mechanism significantly improved
- developed and improved capacity buildings of the Law Enforcement Agencies in the AML/CFT field
- judgement procedure of the ML/FT cases improved
- the system for prevention of terrorism financing, including control of physical cross-border transportation of currency and bearer negotiable instruments developed and improved

The project will have impact on improving the skills, practices, mechanisms, rules and strategies of the relevant institution. An ongoing review of key issues impacting on sustainability will start from the beginning of project implementation, based on the results and outcomes that should be achieved over time. The objective of this review is to facilitate the sustainable impact of outcomes beyond the end of the project. After project completion, the key elements of the mechanisms are expected to be in place and operational.

The Member State Twinning partner shall transfer their best practices and know-how necessary to achieve the mandatory results to the Beneficiary administration. Staff benefiting from trainings shall transfer knowledge through subsequent training to their colleagues.

In addition, in order to ensure sustainability of results:

- Any activity supporting policy and legislative development shall also support the beneficiary institutions in carrying on appropriate inter-institutional and public consultations according to national regulation and in estimating the costs of implementation of the new policies and legislation; the Ministry of finance needs to be associated to secure succinct funds for implementation;
- Any guidelines and internal procedures developed with the support of the project shall not contradict other relevant horizontal regulation applying horizontally to public institutions; in addition they shall be simple enough to be regularly revised and updated by the beneficiaries without further external assistance;
- Any support to institutional reorganizations shall carefully take into account accountability and reporting lines between agencies and parent ministries;
- Finally, any IT development supported by the project shall take into account the interoperability standards applicable in the country; in case such standards do not exist, coordination with the Ministry in charge of IT systems in the public sector shall be ensured.

8. Crosscutting issues (*equal opportunity, environment, etc...*)

Cross cutting issues will be taken into consideration in all phases and aspects of the project, including in the definition of the Work plan, selection of project staff/participants/stakeholders and implementation of activities. However, the crosscutting issues do not need to be specifically implemented by means of direct activities of the project, but solely need to be taken into consideration – i.e. if possible, mainstreamed, and in any case, not breached during the preparation and implementation of the Project.

9. Conditionality and sequencing

The project includes the following conditionality elements:

- Proactive involvement of the OPFML in the implementation of the project;
- Organisation, selection and appointment of members of working groups, steering and coordination committees, seminars by the beneficiaries as per work plan of the project;
- Appointing the relevant staff by the beneficiaries to participate in training activities as per work plan;
- Sufficient managerial and technical human resources.
- Close collaboration and complementarity with ongoing EU funded projects: NAC Twinning and CLEPA project with the CoE.

10. Indicators for performance measurement

See Annex I

11. Facilities available

Considering that two institutions will participate in the project, the RTA and his/her assistants will be provided an office in the FIU headquarters. The offices will be equipped with all necessary equipment (computer, printer, phone, internet access). Detailed hardware and software requirements should be discussed at the beginning of the project.

Trainings and presentations will take place in conference rooms, equipped with projector and computer for presentations, flipcharts and other necessary items can be provided on requirement.

STE may also work with involved FIU experts in their offices and will be provided with all necessary equipment (computer, internet access, specific software).

ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format

ANNEX 1. LOGICAL FRAMEWORK MATRIX

Support to strengthening of operational capacities of the OPFML, Supervisory Authorities, Law Enforcement Agencies and Justice System in order to improve the AML/CFT legislation and to increase the efficiency in prevention against money laundering and terrorism financing.			Name and number of the program: 2016/039-553 Technical Cooperation Facility 2016	
			Project title: Enhancing the system of prevention and combating money laundering and terrorism financing in the Republic of Moldova	
			Contractual period expires at: 21/07/2020	
			Total Budget: 2.000.000 EUR	ENPI financing: 100%
	Intervention logic	Objectively verifiable indicators	Sources of information	Assumptions (external to project)
Overall Objective	The overall objective of the Project is to strengthen the operational capacities of the OPFML, Supervisory Authorities, Law Enforcement Agencies and Justice System in order to improve the AML/CFT legislation and to increase the efficiency in prevention against money laundering and terrorism financing.	<ul style="list-style-type: none"> • The level of shadow economy has been decreased since the inception of the project. • Increased amount of foreign investments increased. • Increased compliance of the AML/CFT system in Moldova with the FATF AML/CFT recommendations. • Improved Basel Governance Index on Moldova 	<ul style="list-style-type: none"> • External reviews of the project. • Relevant national Legislative acts. • World Bank, FATF-GAFI, UN and Moneyval Committee reports. • Final reports of the institutions involved in the project. • Basel Governance Index (Basel Institute Governance). 	<ul style="list-style-type: none"> • Full commitment of all institutions involved; • Efficient cooperation and co-ordination of the principal actors; • Human resources for the implementation of the project in place; • Changes within the Law enforcement and supervision environment in Moldova remain moderate during the course of the project.

<p>Strengthening the OPFML's operational mandate and tactical and strategical capacities for prevention and fight against money laundering and terrorism financing, as well as enhancing the supervision and law enforcement potential of institutions that are directly in-charged with AML/CFT matters, in order to create a strong national prevention regime against ML/FT threats and vulnerabilities.</p>	<ul style="list-style-type: none"> • Increasing of the AML/CFT standards in Moldova, which are compliant with the FATF recommendations. • 10 % increase of final convictions and amount of assets confiscated from those convictions. 	<ul style="list-style-type: none"> • External review of the project, including EU and international peer-assessments. • Interim quarterly reports. • Final report of the project (AML, Anti-Corruption, Prosecution, Justice, Internal Affairs, Banking). • Reports of the Council of Europe (Moneyval Committee) and other international organizations, i.e. FATF-GAFI. 	<ul style="list-style-type: none"> • Moldova remains committed to the fight against money laundering and terrorism financing in line with EU and international best practice. • The project's beneficiaries are willing to co-ordinate among themselves their respective activities of prevention and combating cases of money laundering and terrorism financing.
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	<p>1.Enhancing the implementation effectiveness of the national AML/CFT policy.</p>	<ul style="list-style-type: none"> • Finalization of the necessary amendment of the new national AML/CFT Law and creation/amendment of other secondary legal framework related to the new AML/CFT Law; • 10% increase in the number of suspicious transactions frozen by the reporting entities during the enhanced customer due diligence process compared to the beginning of the project; • 10 % increase in the criminal investigation cases initiated and supervisions started compared to analytical reports sent by FIU to other Law Enforcement Agencies (LEAs) and Supervision Authorities compared to the beginning of the project; • Increasing the amount of frozen and seized assets in ML criminal cases provided to the court compared to the beginning of the project; • 10% increase in the final convictions compared to the criminal cases accepted by the courts compared to the beginning of the project; • Peer evaluation from EU MS assessing the achievement of this result. 		<ul style="list-style-type: none"> • Sufficient staff with appropriate qualifications will be available to participate in the implementation of the national AML/CFT legislation and other related legislation. • There is a common understanding between the project partners on how the national AML/CFT legislation should be applied and what are the attributions of each project partner in context of the AML/CFT legislation.
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	<p>2. Development of OPFML analytical and operational capacities, cooperation between OPFML, reporting entities and inter-agency cooperation.</p>	<ul style="list-style-type: none"> • 10% increase in the reports produced by the FIU to other state institutions dedicated to investigations and inspections purpose compared to the beginning of the project; • Decreasing the time for providing and receiving the necessary information by other State Agencies and Authorities, creating the Liaison Officers Network under FIU; • Peer evaluation by EU MS assessing the achievement of result 2. 		<ul style="list-style-type: none"> • Sufficient staff with appropriate qualifications will be available to participate in the implementation of the national AML/CFT legislation and other related legislation. • There is a common understanding between the project partners on how the national AML/CFT legislation should be applied and what are the attributions of each project partner in context of the AML/CFT legislation.
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	<p>3. Development of a special data bases, necessary for the enforcement aspects of the AML/CFT Law.</p>	<ul style="list-style-type: none"> • A new database of beneficiary owners and banking accounts registries are created and are fully operational, in order to be compliant with the EU and FATF requirements and increase the transparency of the economic and financial system. • Increasing the quality/number of request from LEAs and State Supervisory Authorities using the above-mentioned databases in order to improve the effectiveness in combating money laundering, shadow economy, as well as related crimes and violations, which are negatively affecting the economic and financial situation of the country. • An audit from EU MS assessing the quality of the information included in the databases and the use of the tool by the users. 		<ul style="list-style-type: none"> • Sufficient staff with appropriate qualifications will be available to participate in the implementation of the national AML/CFT legislation and other related legislation. • There is a common understanding between the project partners on how the national AML/CFT legislation should be applied and what are the attributions of each project partner in context of the AML/CFT legislation.
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	<p>4. Development of the AML national supervision mechanism for banking, non-banking sectors and designated non-financial businesses and professions.</p>	<ul style="list-style-type: none"> • 20% increase in the number of the AML/CFT Supervisory institutions, which created and implemented their own Early Warning/Red Flag System focused on the identification of the Reporting Entities that potentially violated the AML/CFT regime compared to the beginning of the project; • Increasing the number and improving the quality of supervisions for implementation of the AML/CFT measures by the Reporting Entities, started by Supervisory Authorities using risk based approach. (amendment of the bylaws, no. of on-site inspections, no. of sanctions applied) compared to the beginning of the project; • Increasing the number of reports concerning potential violations of the AML/CFT rules provided by the Supervisory Authorities to the FIU compared to the beginning of the project; • Peer evaluation by EU MS to assess whether the AML national supervision for banking sectors and designated non-financial businesses and professions has been improved. 		<ul style="list-style-type: none"> • Sufficient staff with appropriate qualifications will be available to participate in the implementation of the national AML/CFT legislation and other related legislation. • There is a common understanding between the project partners on how the national AML/CFT legislation should be applied and what are the attributions of each project partner in context of the AML/CFT legislation.
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	<p>5. Development of the investigation capacities of law enforcement agencies regarding ML/FT cases.</p>	<ul style="list-style-type: none"> • 10% increase in the number of ML cases sent to courts and the amounts of seized assets compared to the beginning of the project; • Increasing the number of joint investigation teams created for the investigation of serious ML and related crime cases compared to the beginning of the project; • Staff of LEAs responsible for ML/TF cases accepts and applies the guidance/regulation/procedures in the investigation of all ML/FT cases and in all related investigations. 		<ul style="list-style-type: none"> • Sufficient staff with appropriate qualifications will be available to participate in the implementation of the national Criminal legislation and other related legislation. • There is a common understanding between the project partners on how the national Criminal and other related legislation should be applied and what are the attributions of each project partner in context of above mentioned legislation.
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	<p>6.Improvement of AML/CFT field within the Justice System.</p>	<ul style="list-style-type: none"> • The increasing number of cases related to AML/CFT sent to courts for examination compared to the beginning of the project. • The examination timeline of the ML/TF cases by the court is decreased by the end of the project. • Increasing the number of cases where the person convicted in first instance was not justified during the procedure of appeal compared to the beginning of the project. • Number of judges trained on AML/CFT topics versus the number of AML/CFT cases accepted by the court. 		<ul style="list-style-type: none"> • Sufficient staff with appropriate qualifications will be available to participate in the implementation of the national Criminal legislation and other related legislation. • There is a common understanding between the project partners on how the national Criminal and other related legislation should be applied and what are the attributions of each project partner in context of above mentioned legislation.
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	<p>7.Improvement of the system for prevention of terrorism financing, including control of physical cross-border transportation of currency and bearer negotiable instruments.</p>	<ul style="list-style-type: none"> • Increasing and improving the number of analytical reports provided to SIS by the FIU regarding the prevention of terrorism financing compared to the beginning of the project; • Increasing the number of analytical reports of suspicious cash transportations provided by the CS to the FIU compared to the beginning of the project; • Increasing the amount of seized by CS and finally confiscated assets, which were not declared according to the current Customs legislation compared to the beginning of the project; • Peer evaluation from EU MS to assess the upgrade of the system for prevention of terrorism financing. 		<ul style="list-style-type: none"> • Sufficient staff with appropriate qualifications will be available to participate in the implementation of the national AML/CFT legislation and other related legislation. • There is a common understanding between the project partners on how the national AML/CFT legislation should be applied and what are the attributions of each project partner in context of the AML/CFT legislation.
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