



Republic of Macedonia

**NATIONAL STRATEGY FOR FIGHT AGAINST MONEY LAUNDERING AND
FINANCING OF TERRORISM**

September 2017

ABBREVIATIONS

NRA- National risk assessment of money laundering and financing of terrorism

FATF- Financial Action Task Force on money laundering and financing of terrorism

EU- European Union

UN- United Nations

RM- Republic of Macedonia

CC- Criminal Code

LPMLFT- Law on Prevention of Money Laundering and Financing of Terrorism

Moneyval Committee - Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe

FIO- Financial Intelligence Office

NBRM- National Bank of the Republic of Macedonia

SEC- Securities and Exchange Commission

CSD- Central Securities Depository

PRO- Public Revenue Office

ISA- Insurance Supervision Agency

MAPAS- Agency for Supervision of Fully Funded Pension Insurance

MF- Ministry of Finance

MoI- Ministry of Interior

FIU- Financial Intelligence Unit

DNFBP- Designated Nonfinancial Business or Profession

STR- Suspicious transaction report

NGO- Non-Governmental Organizations

1. INTRODUCTION

Money laundering is a gradual process of conversion of income collected from illegal activities in funds deriving from seemingly legal sources, which real source, nature and ownership cannot be revealed. Financing of terrorism is a process of providing and collecting assets or funds in any way, directly or indirectly, illegally and consciously with intention to be used for terrorist acts. Money laundering and financing of terrorism cause serious economic and social consequences, such as: undermining of national security, weakening of the economic-financial system integrity, decreasing the level of the national economy, which at the same time becomes attractive for (short-term) investments of criminals, increasing the crime level, etc.

Three strategic documents have been so far prepared and realised for strengthening the system for prevention of money laundering and financing of terrorism: the National Strategy for fight against money laundering and financing of terrorism (2005 – 2008), the National Strategy for fight against money laundering and financing of terrorism (2009 – 2011), and the National Strategy for fight against money laundering and financing of terrorism (2012 – 2014). This document is a consequence of the need to continue and direct the dynamics for improvements of the system for prevention of money laundering and financing of terrorism in the Republic of Macedonia.

The national strategy for fight against money laundering and financing of terrorism (hereinafter: the Strategy) is a strategic document, which ranks midterm priorities and defines activities that should improve the system for prevention of money laundering and financing of terrorism in the Republic of Macedonia.

The goals and the activities planned in this Strategy are coherent with the activities envisioned in the National Program for Adoption of the European Union Law and proceed together with the realised activities.

MISSION

The Strategy specifies a comprehensive set of activities, which all relevant institutions are obliged to perform in order to overcome determined weaknesses and flaws due to improvement of the system for prevention of money laundering and financing of terrorism in the Republic of Macedonia. The Strategy used the approach based on risks determined in the Report on the implemented national risk assessment of money laundering and financing of terrorism, as well as implementation of the FATF Recommendations (from 2012) and EU Directive 2015/849 provisions. The final goal is increasing the efficiency level of the system for prevention of money laundering and financing of terrorism in the country.

INSTITUTIONS INCLUDED IN IMPLEMENTATION

The activities established with this Strategy should be implemented by subjects tasked with taking measures and actions for prevention of money laundering and financing of terrorism,

supervisory bodies, the Financial Intelligence Office, as well as bodies authorised for prosecution of perpetrators of money laundering and financing of terrorism.

2. SYSTEM FOR THE PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

2.1. Subjects tasked with taking measures and actions for the prevention of money laundering and financing of terrorism

Subjects are all physical and legal entities, which in accordance with the Law on the Prevention of Money Laundering and Financing of Terrorism (“Official Gazette of RM” no. 130/14, 192/15 and 27/16) (hereinafter: the Law) are obliged to take measures and actions for prevention and detection of money laundering and financing of terrorism. In accordance with the Law definition, these subjects are: financial institutions, real-estate agencies, auditors, accountants, notaries, lawyers, casinos, etc.

2.2. Supervisory bodies

In accordance with the Law, the following subjects will supervise the application of measures and actions for prevention of money laundering and financing of terrorism: the Financial Intelligence Office (alone or in coordination with other authorised bodies), the National Bank of the Republic of Macedonia, the Insurance Supervision Agency, the Securities and Exchange Commission, the Agency for Supervision of Fully Funded Pension Insurance, the Public Revenue Office, the Postal Agency and the Committees of lawyers and notaries.

2.3. Financial Intelligence Office

The central body in the system for prevention of money laundering and financing of terrorism is the Financial Intelligence Office (hereinafter: the Office). As an administrative type of a Financial Intelligence Unit, the Office collects, processes, analyses, stores and submits information on money laundering and financing of terrorism from subjects. The Office is a body within the Ministry of Finance, which acts as a legal entity. By executing its authorities, the Office acts as an intermediary between the subjects that take measures and actions, the supervisory bodies and the institutions authorised for prosecution of crime perpetrators.

2.4. State bodies authorised for prosecution of crime perpetrators

Bodies authorised for prosecution of perpetrators of money laundering and financing of terrorism in the Republic of Macedonia are: the Ministry of Interior, the Financial Police Office, Customs Administration of the Republic of Macedonia and the Public Prosecution Office for Prosecution of Organized Crime and Corruption.

2.5. Ministry of Justice

The Ministry of Justice is authorised to propose and prepare laws and other regulations in the area of criminal material law and procedural law, to provide general conditions for

performance of operations of the Public Prosecution Office, the judiciary, the public prosecutor and notaries, to collect statistical data on criminal procedures, conduct supervision, etc. The Sector for International Legal Cooperation works within the ministry, which has a key role in the area of international legal assistance as a central body.

2.6. Ceased Property Management Agency

The Ceased Property Management Agency manages the confiscated property, property benefits and seized items in criminal and infringement procedures, takes measures for keeping and maintenance of temporarily seized movable property and real-estate, performs assessment of its market value, keeps records of the complete seized property, conducts a procedure for sale of seized movable property and real-estate through e-auctions.

3. NATIONAL RISK ASSESSMENT OF MONEY LAUNDERING AND FINANCING OF TERRORISM

The Republic of Macedonia has established the system for the prevention of money laundering and financing of terrorism in accordance with the international standards and the best international practice. The international standards (FATF Recommendation 1¹) imposed an obligation of setting policies and institutional reaction for prevention of money laundering and financing of terrorism depending on threats and assessed risk. The building of this system for prevention of money laundering and financing of terrorism based on the assessed risk has been conditioned by the previously performed risk assessment of money laundering and financing of terrorism.

The implementation of the national risk assessment (NRA) in the Republic of Macedonia, which goal is to meet international standards, i.e., assess risks of money laundering and financing of terrorism, started in May 2014. More than 80 representatives of authorised state bodies and the subjects from the system for prevention of money laundering and financing of terrorism were included in the realization of the project. The work of all participants was divided into 7 different groups² and coordinated by the Office.

The Republic of Macedonia performed a comprehensive NRA according to the World Bank methodology. The whole process, as a special kind of self-assessment, which the authorised bodies and the subjects performed for their own operations, as well as for the whole system, resulted with a risk assessment of money laundering and financing of terrorism presented in one document – report. The report on the performed risk assessment of money laundering and financing of terrorism was adopted by the Government of the Republic of Macedonia in August 2016.

¹ New FATF Recommendations have been established in 2012

² The working subgroup 1 assessed the threats of money laundering and financing of terrorism, the working subgroup 2 assessed the vulnerability of the national system, the working subgroup 3 assessed the vulnerability of the banking sector, working subgroups 4, 5, 6 and 7 assessed the vulnerability of the securities, insurance sector and other financial institutions and DNFBP.

The analyses showed a medium level of threat of money laundering in the Republic of Macedonia. This assessment is based on the analysis of income collected from committing crimes, which could be subject to money laundering, regardless of whether these crimes were committed in the Republic of Macedonia or in another country. The data analysis (provided from authorised investigation bodies official statistics, reports of confiscations, studies of relevant international organisations, etc.) shows that abuse of power, unauthorised drug trafficking, tax evasion and smuggling of migrants are crimes with a high level of threat.

Considering that the risk was determined as a function of threats and vulnerability, besides threats vulnerability was also determined, i.e., the analysis of the national system for prevention of money laundering and financing of terrorism determines areas which could be used for the goals of national money laundering, by sectors in general.

The system for fight against money laundering and financing of terrorism is defined with a prescribed legislation and established institutional framework. Several variables were analysed to determine the level of vulnerability of such system for money laundering and financing of terrorism.

The analysis shows that the capacity of the system is on a medium to high level, and the vulnerability of the system was determined as a value that is inversely proportional to the value of its capacities. The analysis shows lack of defined mechanisms for monitoring and realization of activities envisioned in the National Strategy for Fight against Money Laundering and Financing of Terrorism, a need for bigger involvement of the Council for Combating Money Laundering and Financing of Terrorism, issues related to administration of adequate and comprehensive statistics, etc. Therefore, the priority is to perform activities in the following areas: informal economy, international cooperation on criminal cases, strengthening of the penal system, implementation of orders for property confiscation, strengthening of judges' and prosecutors' capacities, transparency of legal entities, etc.

The determined situation and analysis show medium to low level³ of vulnerability of the national system for prevention of money laundering and financing of terrorism.

Besides the determined vulnerability on national level, vulnerability of the financial and nonfinancial sector was also determined. The financial sector is represented through the banking sector, securities market, insurance market and other financial institutions.

The analysis performed by financial sectors shows biggest vulnerability of the banking sector. In terms of money laundering, the size of the banking sector⁴ compared to non-banking financial institutions, the diversity of products and services offered by the banks on

³ The vulnerability of national capacities for prevention is low (0.18), the total vulnerability by sectors is medium (0.36) and the total vulnerability of the national system is 0.59.

⁴ With status on 31.12.2015, the bank's share in the structure of the Macedonian financial institutions is 85.9%

the market, make this sector attractive to those that intend to legalize criminal income. The performed analysis shows that the regulation is largely complied with the international norms and standards in the area of money laundering and financing of terrorism, such as with the FATF Recommendations, the Basel Accords, EU Directives, etc. However, it was determined that bigger attention should be paid to implementation of misdemeanour sanctions, especially sanctioning of members of bank authorities. In addition, more resources should be allocated for prevention of money laundering and financing of terrorism in order to reduce the risk.

The vulnerability of the securities market in RM from money laundering and financing of terrorism is on a medium to low level.

The insurance market in the Republic of Macedonia is on the level of the related group of countries in the region, and insurance companies, insurance brokerage companies and intermediaries are active on this market. The market is characterised with a medium level of vulnerability from money laundering and financing of terrorism considering the small share of the life insurance market in the total industry portfolio level, the scope of transactions with insurance beneficiaries (residents) and the share of the single premium.

The system for prevention of money laundering and financing of terrorism actively includes authorised exchange offices, providers of fast money transfers and subagents, financial leasing providers, financial companies, savings, and companies for management of voluntary pension funds, i.e., the rest of the financial institutions. The analysis of the risk of money laundering and financing of terrorism in this sector and the established systems for risk management and reduction of its vulnerability, indicate an aggregate medium risk of money laundering and financing of terrorism.

Besides financial institutions, certain nonfinancial activities and professions could be involved in money laundering cases. The analysis performed in this sector finds the following weaknesses: lack of a special regulation for establishment, licensing and working of real-estate agencies; unsatisfactory number of submitted reports on suspicious transactions, low quality of submitted reports on suspicious transactions, insufficient knowledge for the concept of real owner and public officials, non-functioning of the Institute for Certified Accountants and insufficient capacities of the Committee for Lawyers' Supervision. The analysis shows the highest degree of vulnerability among accountants, and the lowest among auditors.

4. STRATEGIC GOAL

The system for prevention of money laundering and financing of terrorism, complied with the FATF Recommendations (from 2012) and the IV EU Directive provisions for prevention of using the financial system for money laundering and financing of terrorism, efficiently protects the integrity of the financial sector and the economy from money laundering and financing of terrorism threats, and contributes to bigger national security and safety.

5. OBJECTIVES

The strategic goal will be achieved by achieving 13 objectives and defined measures and activities prescribed with the Action Plan, which is part of this Strategy (Annex).

OBJECTIVE 1

The Government formulates policies and authorised institutions take coordinated measures in accordance with risks of money laundering and financing of terrorism

Expected results:

- Raising of risks of money laundering and financing of terrorism awareness
- Update of risk assessment of money laundering and financing of terrorism within a specified period
- Established system for monitoring of implementation of this Strategy activities
- Access to electronic databases
- Strengthened interinstitutional cooperation and increased number of revealed and processed cases of money laundering and financing of terrorism

Measures to be taken:

- All institutions get access to the NRA Report
- Provided updated findings of national risks of money laundering and financing of terrorism within a specified period
- Intensification of operations of the Council for Combating Money Laundering and Financing of Terrorism
- Established functional access to electronic databases
- Staff skilled in executing legal authorities in accordance with determined risks

Monitoring and measuring effective implementation

The risks of money laundering and financing of terrorism are clearly understood and authorised institutions take coordinated measures

Expected results	Measuring effective implementation
<ul style="list-style-type: none"> • Raising of awareness on risks of money laundering and financing of terrorism • Update of risk assessment of money laundering and financing of terrorism within a specified period • Established system for monitoring of implementation of this Strategy activities • Strengthened interinstitutional cooperation and increased number of revealed and processed cases of money laundering and financing of terrorism 	<ul style="list-style-type: none"> • Published NRA report on the web page of the Financial Intelligence Office (FIO) • Report on updated risk • Minutes of held meetings of the Council for Combating Money Laundering and Financing of Terrorism • Established functional access to electronic databases • Prepared instructions for efficient revealing and processing of cases of money laundering and financing of terrorism and reports on completed trainings

OBJECTIVE 2

Strengthening of international cooperation

Expected results:

Timely and efficient provision of information on perpetrators of money laundering and financing of terrorism and illegally acquired property within the international cooperation

Measures to be taken:

- Provided adequate technical capacities for timely and efficient international cooperation
- Strengthened staff capacities for provision of timely and efficient international cooperation

Monitoring and measuring effective implementation

<i>Strengthening of international cooperation</i>	
Expected results:	Measuring effective implementation
Timely and efficient provision of information on perpetrators of money laundering and financing of terrorism and illegally acquired property within the international cooperation	Annual report (with detailed information, including information on time needed to prepare a response, quality of the prepared response, etc.) on realised international cooperation, i.e., exchanged information on perpetrators of money laundering and financing of terrorism

OBJECTIVE 3

Implementation of a system for administration of statistical information on national level and their utilisation

Expected results:

Provided thorough, comprehensive and complete statistics on the efficiency of the system for fight against money laundering and financing of terrorism

Measures to be taken:

- Defining of authorities/bodies for collection of statistical data
- Defining of statistical data to be collected
- Defining of the form and manner of collection, keeping and sharing data
- Using of statistical data
- Implementation of a feedback system on utilization of information submitted by the authorised bodies (feedback)

Monitoring and measuring effective implementation

Implementation of a system for administration of statistical information on national level and their utilisation

Expected results	Measuring effective implementation
<p>Provided thorough, comprehensive and complete statistics on the efficiency of the system for fight against money laundering and financing of terrorism</p>	<ul style="list-style-type: none"> • The Law on the Prevention of Money Laundering and Financing of Terrorism (LPMLFT) has been amended and a body has been authorised to collect statistical data on prevention of money laundering and financing of terrorism on a national level • Methodology on collecting and keeping data on prevention of money laundering and financing of terrorism • Report on realised activities of the system for fight against money laundering and financing of terrorism

<p>OBJECTIVE 4</p>
<p><i>The legal framework on prevention and prosecution of money laundering and financing of terrorism complied with international standards</i></p>
<p>Expected results:</p> <p>The legislation on the prevention and prosecution of money laundering and financing of terrorism has been complied with FATF Recommendations, EU Regulation and the NRA Report</p>
<p>Measures to be taken:</p>
<ul style="list-style-type: none"> - Harmonisation of the existing regulation with international standards for prevention of money laundering and financing of terrorism - Skilled staff for legislation implementation

Monitoring and measuring effective implementation

The legal framework on the prevention and prosecution of money laundering and financing of terrorism complied with international standards

Expected results	Measuring effective implementation
The legislation on prevention and prosecution of money laundering and financing of terrorism has been complied with FATF Recommendations, EU Regulation and the NRA Report	<ul style="list-style-type: none">• The LPMLFT has been adopted and complied with FATF Recommendations and EU Regulation• Adopted by-laws

OBJECTIVE 5

Supervision of the system for prevention of money laundering and financing of terrorism in accordance with the risk of money laundering and financing of terrorism

Expected results:

Improved supervision of application of measures for the prevention of money laundering and financing of terrorism in accordance with the risk of money laundering and financing of terrorism

Measures to be taken:

- Promotion of cooperation and coordination in implementation of supervision among supervisory bodies
- Strengthening of capacities and resources for supervision of the application of measures and actions for prevention of money laundering and financing of terrorism
- Skilled supervisors for efficient legislation implementation

Monitoring and measuring effective implementation

Supervision of the system for the prevention of money laundering and financing of

terrorism in accordance with the risk of money laundering and financing of terrorism

Expected results	Measuring effective implementation
Improved supervision of application of measures for money laundering and financing of terrorism (PMLFT) in accordance with the risk of money laundering and financing of terrorism (MLFT)	<ul style="list-style-type: none">• Sublimated report (with thorough statistics) on conducted supervision of the application of measures for PMLFT

OBJECTIVE 6

Increased efficiency of measures for prevention of money laundering and financing of terrorism

Expected results:

The subjects use adequate measures and actions for PMLFT in accordance with the determined risk and submit reports on suspicious transactions (STR)

Measures to be taken:

- Improved supervision efficiency
- Improved quantity and quality of STR
- Adoption of a regulation on establishment, licensing and working of real-estate agencies
- Strengthening of awareness for the significance of efficient application of measures for prevention of money laundering and financing of terrorism
- Strengthen cooperation with the Institute of Certified Accountants

Monitoring and measuring effective implementation

Increased efficiency of measures for the prevention of money laundering and financing of terrorism

Expected results	Measuring effective implementation
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<p>The subjects use adequate measures and actions for PMLFT in accordance with the determined risk and submit reports on suspicions transactions (STR)</p>	<ul style="list-style-type: none"> • Report with thorough statistics on received and analysed STR • Adopted regulation on establishment, licensing and working of real-estate agencies • Prepared manuals on application of law provisions on MLFT • Annual FIO report
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<p>OBJECTIVE 7</p>	
<p><i>Protection of the system from abuse of legal entities for money laundering and financing of terrorism</i></p>	
<p>Expected results:</p> <p>The legal entities are protected from abuse due to money laundering and financing of terrorism, and information on ownership, management structure and real owners is available</p>	
<p>Measures to be taken:</p>	
<ul style="list-style-type: none"> - Implementation of a registry of real owners of legal entities 	

Monitoring and measuring effective implementation

<p><i>Protection of the system from abuse of legal entities for money laundering and financing of terrorism</i></p>	
<p>Expected results</p>	<p>Measuring effective implementation</p>
<p>The legal entities are protected from abuse due to money laundering and financing of terrorism, and information on ownership, management structure and real owners is</p>	<ul style="list-style-type: none"> • Implemented registry of real owners of legal entities

available	
<p>OBJECTIVE 8</p> <p><i>The Financial Intelligence Office prepares quality reports and notifications, which authorised bodies use in investigations and procedures in cases of money laundering and financing of terrorism</i></p> <p>Expected results:</p> <p>Increase of the number of investigations and processed cases of money laundering and financing of terrorism based on reports and notifications submitted from the Financial Intelligence Office</p>	
<p>Measures to be taken:</p>	
<ul style="list-style-type: none"> - Strengthening of the capacities of the Financial Intelligence Office for making tactical and strategic analyses - Strengthening of the cooperation with the subjects and bodies authorised for prosecution in money laundering and financing of terrorism cases 	

Monitoring and measuring effective implementation

<p><i>The Financial Intelligence Office prepares quality reports and notifications, which the authorised bodies use in investigations and procedures in cases of money laundering and financing of terrorism</i></p>	
<p>Expected results</p>	<p>Measuring effective implementation</p>
<p>Increased number of investigations and processed cases of money laundering and financing of terrorism based on reports and notifications submitted by the Financial Intelligence Office</p>	<ul style="list-style-type: none"> • Report with detailed statistics on the reports and notifications submitted by the Financial Intelligence Office to the competent prosecution authorities

OBJECTIVE 9

Increased efficiency in detecting, processing and properly sanctioning the perpetrators of money laundering

Expected results:

- Increased number of detected and documented cases of money laundering
- Increased number of processed cases of money laundering
- Increased number of properly sanctioned perpetrators of money laundering

Measures to be taken:

- Establish a practice of conducting financial investigations by the law enforcement authorities
- Raise the awareness of the exposure and involvement of legal entities from money laundering and sanction them appropriately
- Strengthen the capacities of the law enforcement authorities

Monitoring and measuring effective implementation

Increased efficiency in detecting, processing and properly sanctioning the perpetrators of money laundering

Expected results	Measuring effective implementation
<ul style="list-style-type: none">• Increased number of detected and documented cases of money laundering• Increased number of processed cases of money laundering• Increased number of properly sanctioned perpetrators of money laundering	<ul style="list-style-type: none">- Report on detected and processed cases of money laundering

OBJECTIVE 10***Illegally acquired income and instruments are confiscated*****Expected results:**

- The property subject to confiscation is timely identified and secured
- Effective management of confiscated property

Measures to be taken:

- Strengthen the capacities for conducting financial investigations and finding property acquired through illegal activities that can be confiscated
- Strengthen the capacities for timely provision of the property subject to confiscation
- Strengthen the capacities of the Seized Property Management Agency
- Efficient management of the confiscated property

Monitoring and measuring effective implementation

<i>Illegally acquired income and instruments are confiscated</i>	
Expected results	Measuring effective implementation
<ul style="list-style-type: none">• The property subject to confiscation is timely identified and secured• Efficient management of the confiscated property	<ul style="list-style-type: none">- Report on frozen assets, seized and confiscated property in cases of money laundering

OBJECTIVE 11

Increased efficiency in detecting, processing and properly sanctioning the perpetrators of financing of terrorism

Expected results:

- Increased awareness of the risks of financing terrorism
- Efficient detection, prosecution and proper sanctioning of the perpetrators of financing of terrorism

Measures to be taken:

- Raise the awareness of risks of terrorism financing
- Strengthen the capacities for detection and processing of financing of terrorism

Monitoring and measuring effective implementation

Increased efficiency in detecting, processing and properly sanctioning the perpetrators of financing of terrorism

Expected results

- Increased awareness of the risks of financing of terrorism
- Efficient detection, prosecution and proper sanctioning of the perpetrators of financing of terrorism

Measuring effective implementation

- Report of detected and processed cases of financing of terrorism

OBJECTIVE 12

Preventing the use of assets and misuse of Non-Governmental Organizations (NGOs) for the purposes of financing terrorism

Expected results:

- Raised awareness of risks of financing of terrorism
- Analysed exposure of the NGOs to the risk of financing of terrorism
- NGO control mechanisms
- Strengthened capacities for timely prevention and detection of financing of terrorism

Measures to be taken:

- Raise the awareness of the use of the NGO sector for the purposes of financing of terrorism
- Analyse the exposure of the NGO sector to the risk of financing of terrorism
- Analyse the NGO sector control mechanisms
- Strengthen the capacities of the subjects for timely prevention and detection of financing of terrorism

Monitoring and measuring effective implementation

<i>Preventing the use of assets and misuse of NGOs for financing of terrorism</i>	
Expected results	Measures for effective implementation
<ul style="list-style-type: none"> • Raised awareness of the risks of financing of terrorism • Analysed exposure of the NGO sector to the risk of financing of terrorism 	<ul style="list-style-type: none"> - Published Report on threats of financing of terrorism for the NGO sector - Analysis on the deficiencies of the legal framework for establishment, registration, control and operation of

<ul style="list-style-type: none"> • NGO sector control mechanisms • Strengthened capacities for timely prevention and detection of financing of terrorism 	<p>NGOs for the purpose of preventing their use for financing of terrorism</p> <ul style="list-style-type: none"> - Report of received and analysed STR on financing of terrorism
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<p>OBJECTIVE 13</p> <p><i>Preventing the use of assets by persons designated by UN resolutions</i></p> <p>Expected results:</p> <ul style="list-style-type: none"> • Legislation in line with UN resolutions • Strengthened capacity to implement the obligations arising from the UN resolutions <p>Measures to be taken:</p> <ul style="list-style-type: none"> - Harmonise the legislation with the UN resolutions - Strengthen the capacity for implementing the obligations arising from the UN resolutions

Monitoring and measuring effective implementation

<i>Preventing the use of assets by persons designated by UN resolutions</i>	
Expected results	Measuring effective implementation
<ul style="list-style-type: none"> • Legislation in line with the UN resolutions • Strengthened capacity for implementing the obligations 	<ul style="list-style-type: none"> - Published Law on Restrictive Measures - Published Guidelines for Implementation of the Law on

arising from the UN resolutions	Restrictive Measures
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6. COUNCIL FOR COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM

The Council for Combating Money Laundering and Financing of Terrorism (hereinafter: the Council) established in accordance with the Law is authorised to monitor and coordinate the activities for implementation of this strategy in order to fulfil the stated goals, to promote the functionality of the system and to propose activities that will increase its effectiveness. The members of the Council prepare quarterly reports regarding their work that will be reviewed at the meetings, which will be held at least on a quarterly basis, and an annual report will be submitted to the Government.

7. REQUIRED MATERIAL RESOURCES

The implementation of this strategy, i.e. the attainment of the goals that will contribute to a more efficient fight against money laundering and financing of terrorism will imply certain material resources. Considering that from this time distance it is impossible to accurately predict the required amount of funds for the planned activities, i.e. estimate the costs required for implementation of the activities, the fiscal implications assessment form submitted as an attachment to this strategy is not filled, and the funds required for implementation of the activities planned in the strategy will be provided from the Budget of the Republic of Macedonia (within the current budgets of the institutions in charge of implementing this strategy, approved amounts of expenditures). Some of the activities planned in this strategy will be implemented with the support of the project “Fight against economic crime” funded by the EU and the Council of Europe and implemented by the Council of Europe (2017-2019).

8. IMPLEMENTATION PERIOD

As a mid-term strategic document, this strategy defines the planned measures and activities to be implemented in the period from 2017 to 2020.

ANNEX

**ACTION PLAN OF THE
NATIONAL STRATEGY AGAINST
MONEY LAUNDERING AND FINANCING OF TERRORISM**

OBJECTIVE 1

The government formulates the policies and the institutions in charge take coordinated measures in accordance with the risks of money laundering and financing of terrorism

Measures to be taken

- All institutions gain access to the NRA Report
- Provide updated findings on the risks of money laundering and financing of terrorism at the national level for a specified period of time
- Intensify the work of the Council for Combating Money Laundering and Financing of Terrorism
- Established and functional access to electronic databases
- Trained staff to carry out legal responsibilities in accordance with the identified risks

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
All institutions gain access to the NRA Report	Publishing the NRA Report on the FIO website	September 2017	FIO	no
	Informing the institutions in charge and subjects about the findings and conclusions of the NRA Report	September 2017	FIO	no
Provide updated findings on the risks of money laundering and financing of terrorism at the national level	Updating the NRA	December 2018	Council	no
	Updated Risk Report	April 2019	Council	no
Intensify the work of the Council for Combating	Precisely defining the Council's competences in the LPMLFT	June 2018	MF-FIO	no

Money Laundering and Financing of Terrorism	Compulsory quarterly meetings for monitoring the implementation of this Strategy	Quarterly	Council	no
Established and functional access to electronic databases	Analysis of the need to establish access to specific databases	December 2017	MoI, PPO, Customs Administration (CA), FIO, FPO	no
	Access established	November 2019	MoI, PPO, CA, FIO, FPO	
Trained staff to carry out legal responsibilities in accordance with the identified risks	Analysis and assessment of the need for training	December 2017	Council	no
	Preparing guidelines, organising and conducting trainings	December 2018	Council	no

OBJECTIVE 2

Strengthening the international cooperation

Measures to be taken

- Provide adequate technical capacities for timely and efficient international cooperation
- Strengthen HR capabilities to provide timely and efficient international cooperation

Мерки	Activity	Deadline	Responsible institutions	Fiscal implications
Provide adequate technical capacities for timely and efficient international cooperation	Introduction and application of Electronic Document Management System and Electronic Statistical Data Management System	June 2018	Ministry of Justice	no
Strengthen HR capacities to provide timely and efficient international cooperation	Providing staff for timely and efficient international cooperation	September 2018	Ministry of Justice	no
	Preparing guidelines, organising and conducting trainings	December 2018	Ministry of Justice, PPO, FIO, MoI, FPO	no

OBJECTIVE 3

Establishing a national Statistical Data Management System and use of statistical data

Measures to be taken

- Define authorities/bodies that will collect statistical data
- Define statistical data that will be collected
- Define the form and manner in which the data will be collected, stored and shared

- Use of statistical data
- Establish a feedback system on the use of data submitted by the competent authorities

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Define authorities/bodies that will collect statistical data	Defining an authority/body that collects national statistical data on PMLFT in the LPMLFT	June 2018	Council	no
Define statistical data that will be collected	Decision for defining statistical data on PMLFT that are to be collected	June 2018	Council	no
	Notification to the competent institutions about the adopted decision for defining statistical data on PMLFT that are to be collected	September 2018	Council	no
Define the form and manner in which the data will be collected, stored and shared	Defining the methodology for collecting and storing data	December 2018	Council	no
	Implementation of the methodology for collecting	March 2019	FIO, MoI, PPO, CA, FPO, Court, NBRM,	

	and storing data		SEC, ISA, MAPAS, PRO, AP, KAKRM, KNKRM	
Define the use of the statistical data	Development of national typologies, strategic analyses and other analytical products	Semi-annually	Council, FIO, MoI, PPO, CA, FPO, Court, NBRM, SEC, ISA, MAPAS, PRO, AP, KAKRM, KNKRM	No
Establish a feedback system on the use of data submitted by the competent authorities	Defining the manner, form and deadline for submitting feedback	December 2017	Council	No
	Preparing presentations of cases of money laundering and/or financing of terrorism	Semi-annually	Council	No

OBJECTIVE 4

Legal framework for prevention of money laundering and financing of terrorism harmonised with the international standards

Measures to be taken

- Harmonisation of the existing legislation with the international standards for prevention and prosecution of money laundering and financing of terrorism
- Trained staff for implementation of the legislation

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Harmonisation of the existing legislation with the international standards for prevention and prosecution of money laundering and financing of terrorism	Preparation of an analysis to identify the deficiencies of the legislation for prevention and prosecution of money laundering and financing of terrorism	December 2017	Council and subject from the LPMLFT	no
	Preparation of new legislation and bylaws for PMLFT	June 2018	MF-FIO, MoJ, MoI, PPO, supervisory bodies, etc.	no
Trained staff for implementation of the legislation	Preparation of guidelines for applying the PMLFT legislation	December 2018	Council	no
	Analysis and evaluation of the need for trainings	December 2018	Council	no
	Preparation of guidelines, organising and conducting trainings	December 2019	Council	no

OBJECTIVE 5

Supervision of the system for prevention of money laundering and financing of terrorism in accordance with the risk of money laundering and financing of terrorism

Measures to be taken

- Improve cooperation and coordination in conducting supervision among the supervisory bodies
- Enhance the capacities and resources for supervision of the application of measures and actions for preventing money laundering and financing of terrorism
- Trained supervisors for efficient implementation of the legislation

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Improve cooperation and coordination in conducting supervision among the supervisory bodies	Establishing a Working Group for Supervision with the Council	December 2017	Council	no
	Preparation of a multilateral Memorandum of Cooperation between the supervisory bodies for the purpose of coordination, exchange of information, establishment of joint teams, access to sanctions, etc.	June 2018	Working Group for Supervision with the Council (supervisory bodies)	no

Enhance the capacities and resources for supervision of the application of measures and actions for preventing money laundering and financing of terrorism	Analysis to define the necessary capacities and resources for conducting supervision in accordance with the risk of MLFT	September 2017	WG for Supervision with the Council	no
	Additional technical capacities	June 2019	FIO, NBRM, SEC, ISA, MAPAS, PRO, AP, KAKRM, KNKRM	no
Trained supervisors for efficient implementation of the legislation	Preparation of guidelines for application of the legislation	Continuous	WG for Supervision with the Council	no
	Organising and conducting trainings and study visits for application of the legislation	Continuous	WG for Supervision with the Council	no

OBJECTIVE 6

Increased efficiency of the measures for prevention of money laundering and financing of terrorism

Measures to be taken:

- Improve supervision effectiveness
- Improve STR quantity and quality
- Adopt legislation for establishment, licensing and operation of real estate agencies
- Strengthen the awareness of the importance of effective implementation of the measures for

prevention of money laundering and financing of terrorism
 - Strengthen the cooperation with the Institute of Certified Accountants

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Improve supervision effectiveness	Developing a methodology for conducting off-site supervision	April 2018	Working Group for Supervision with the Council	no
	Increasing the efficiency in (conducting) supervision of subjects in accordance with (the identified risk and applying) the “risk-based approach”	Continuous	FIO, NBRM, SEC, ISA, MAPAS, PRO, AP, KAKRM, KNKRM	no
	Increasing the number of conducted supervisions of lawyers	November 2017- Continuously	KAKRM	no
	Intensifying the cooperation between KAKRM and FIO to increase the number of lawyers’ supervisions	November 2017	KAKRM and FIO	no

Improve STR quantity and quality	Determining the reasons for the small number and the inadequate quality of the submitted STR by certain groups of subjects/subjects	December 2017	FIO	no
	Preparing guidelines for identifying STR	September 2018	FIO in cooperation with the supervisory bodies	no
	Updating the list of STR indicators in cooperation with the supervisory bodies and subjects	At least once in 2 years	FIO, NBRM, SEC, ISA, MAPAS, PRO, AP, KAKRM, KNKRM	no
	Regular meetings with the subjects that have submitted STR for providing feedback	At least once a year	FIO	no
	Preparing a draft law on real estate agencies	December 2017	MF- Property and Legal Affairs Office	no
	Adoption of the Law on Real Estate Agencies	June 2018	Parliament of RM	no

<p>Strengthen the awareness of the importance of effective implementation of the measures for prevention of money laundering and financing of terrorism</p>	<p>Preparing guidelines for practical application and treatment of measures for preventing money laundering and financing of terrorism (at least for the real owner, public officials)</p>	<p>October 2017</p>	<p>Council</p>	<p>no</p>
<p>Intensify the cooperation with the Institute of Certified Accountants</p>	<p>Defining a model of mutual cooperation between FIO and the Institute of Certified Accountants</p>	<p>January 2018</p>	<p>FIO</p>	<p>no</p>
	<p>Organising a presentation on the STR indicators with the accountants, identifying the real owners and other measures envisaged by the Law</p>	<p>March 2018</p>	<p>FIO</p>	<p>no</p>
	<p>Intensifying the cooperation, especially regarding data exchange.</p>	<p>Continuous</p>	<p>FIO</p>	<p>no</p>

OBJECTIVE 7*Protection of the system from abuse of legal entities from money laundering and financing of terrorism***Measures to be taken**

- Establish a registry of real owners of legal entities

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Establish a registry of real owners of legal entities	Forming a Working Group for establishment of a registry of real owners	October 2017	FIO, Central Registry, etc.	No
	Comparative analysis of models of registry for real owners	January 2018	FIO, Central Registry, etc.	no
	Defining a concept model for establishing a registry	March 2018	FIO, Central Registry, etc.	no
	Analysis of the legislation to determine the necessary changes for establishing this registry	May 2018	FIO, Central Registry, etc.	no
	Analysis of the need for resources for establishing a registry	June 2018	FIO, Central Registry, etc.	no
	Preparation and adoption of legislation for establishing a registry	December 2018	MF-FIO, Ministry of Economy, etc.	

	Putting the registry into operation	December 2019	Central Registry	no
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OBJECTIVE 8

The Financial Intelligence Office prepares quality reports and notifications, which the authorised bodies use in investigations and procedures in cases of money laundering and financing of terrorism

Measures to be taken

- Strengthen the capacities of the Office for tactical and strategic analyses
- Strengthen the cooperation with the subjects and the competent prosecution authorities in cases of money laundering and financing of terrorism

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Strengthen the capacities of the Office for tactical and strategic analyses	Preparing a methodology for conducting tactical and strategic analyses	May 2018	FIO	no
	Trained staff for conducting tactical and strategic analyses	December 2018	FIO	no
	Analysis of the capacities and resources for conducting financial intelligence analysis	February 2018	FIO	no

	Publishing strategic analyses on the website (restrictive access only for subjects)	At least once a year	FIO	no
Strengthen the cooperation with the subjects and the competent prosecution authorities in cases of money laundering and financing of terrorism	Regular meetings with representatives of the subjects	Quarterly	FIO	
	Meetings with representatives of the competent prosecution authorities for mutual coordination and undertaking activities for cases of ML and FT	As required	FIO, MoI, FPO, PPO	no

OBJECTIVE 9

Increased efficiency in detecting, processing and properly sanctioning the perpetrators of money laundering

Measures to be taken

- Establish a practice among the law enforcement authorities to conduct financial investigations
- Raise awareness of the exposure and involvement of legal entities from money laundering and their proper sanctioning
- Strengthen the capacities of the law enforcement authorities

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Establish a practice among the law enforcement authorities to conduct financial investigations	Preparation of procedures for conducting financial investigations	December 2017	MoI, FPO, CA, PPO, FIO	no
	Training for efficient application of the procedures for conducting financial investigations	Continuous	MoI, FPO, CA, PPO, FIO	no
Raise awareness of the exposure and involvement of legal entities from money laundering and their proper sanctioning	Expert discussion on the exposure and involvement of legal entities from money laundering	June 2018	MoI, CA, FPO, PPO, Court, FIO	no
	Trainings for efficient application of the provisions for prosecution and sanctioning of legal entities	Continuous	MoI, FPO, Academy of Judges and Public Prosecutors	no
Strengthen the capacities of the law enforcement authorities	Filling the capacities of the PPORM Investigation Centre	May 2018	PPO	no

	Establishing systems for electronic management of money laundering cases	June 2018	MoI, CA, FPO, PPO, FIO, Court	no
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OBJECTIVE 10

Illegally acquired income and instruments are confiscated

Measures to be taken

- Strengthen the capacities for conducting financial investigations and finding property acquired through illegal activities that can be confiscated
- Strengthen the capacities for timely provision of the property subject to confiscation
- Strengthen the capacities of the Seized Property Management Agency
- Efficient management of the confiscated property

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Strengthen the capacities for conducting financial investigations and finding property acquired through illegal activities that can be confiscated	Establishing special organizational units (or appointing investigators) for conducting financial investigations and finding illegally acquired property	June 2018	MoI, FPO, CA, PPO, FIO	no

Strengthen the capacities for timely provision of the property subject to confiscation	Analysis and assessment of the need for trainings	January 2018	MoI, FPO, CA, FIO, Academy of Judges and Public Prosecutors	no
	Organising and conducting trainings	December 2018	Academy of Judges and Public Prosecutors	no
Strengthen the capacities of the Seized Property Management Agency	Establishing a system for electronic management of cases of seized and confiscated property	December 2018	Seized Property Management Agency	no
	Establishing a system for running comprehensive statistics on ML and FT	December 2018	Seized Property Management Agency	no
	Access to the relevant databases of the investigating authorities and courts	December 2018	Seized Property Management Agency, MoI, CA, PPO, FIO, Court	no
Efficient management of the confiscated property	Training for efficient application of the procedures for seized property management	December 2018	Seized Property Management Agency	no

OBJECTIVE 11*Increased efficiency in detecting, processing and properly sanctioning the perpetrators of financing of terrorism***Measures to be taken**

- Raise awareness of the risks of financing terrorism
- Strengthen the capacities for detecting and processing financing of terrorism

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Raise awareness of the risks of financing terrorism	Assessment of the threats of financing of terrorism as part of the regular NRA updating	December 2018	Council and MoI-Administration for Security and Counterintelligence, Intelligence Agency, MoD-Military Intelligence	no
	Updating and publishing indicators and typologies for financing of terrorism	December 2017	FIO, NBRM, SEC, ISA, MAPAS, PRO	no
Strengthen the capacities for detecting and processing financing of terrorism	Exchange of information and training on the methods used for financing of terrorism	December 2017	Subjects, FIO, MoI-Public Security Bureau, MoI-Administration for Security and Counterintelligence, PPO, Intelligence Agency, MoD-Military Intelligence	no

OBJECTIVE 12***Preventing the use of assets and misuse of NGOs for financing terrorism*****Measures to be taken**

- Raise awareness on the use of the NGO sector for financing terrorism
- Analyse the exposure of the NGO sector to the risk of financing of terrorism
- Analyse the NGO sector control mechanisms
- Strengthen the subject's capacities for timely prevention and detection of financing of terrorism

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Analyse the exposure of the NGO sector to the risk of financing of terrorism	Assessment of the FT threats to the NGO sector	December 2018	Council	no
	Publishing the Report on the threats of financing of terrorism to the NGO sector	December 2018	FIO	no
Raise awareness on the use of the NGO sector for financing terrorism	Manuals on NGO exposure to the risks of financing of terrorism	September 2018	FIO	no

Analyse the NGO sector control mechanisms	Analysis of the deficiencies in the legal framework for NGO establishment, registration, control and operations	June 2018	Council	no
	Taking actions to overcome the identified deficiencies	June 2019	Council	no
Strengthen the subjects' capacities for timely prevention and detection of financing of terrorism	Regular updating and publishing of FT indicators and typologies	At least once in 2 years	FIO and competent institutions	no

OBJECTIVE 13

Preventing the use of assets by persons designated by UN resolutions

Measures to be taken

- Harmonise the legislation with the UN resolutions
- Strengthen the capacities to implement the obligations arising from the UN resolutions

Measures	Activity	Deadline	Responsible institutions	Fiscal implications
Harmonise the legislation with the UN resolutions	Adoption of a new Law on Restrictive Measures	November 2017	MoFA	no

	Adoption of bylaws for law enforcement	March 2018	FIO, MoFA, etc.	no
Strengthen the capacities to implement the obligations arising from the UN resolutions	Providing conditions for keeping a consolidated list in accordance with the law	March 2018	FIO, MoFA	no
	Guidelines for implementation of the Law on Restrictive Measures	September/ October 2018	FIO, MoFA	no