

Press Release

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MONEYVAL publishes its evaluation report on Estonia

Strasbourg, 16.02.2009 - The Council of Europe's MONEYVAL Committee (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) has published today the [3rd round Evaluation report on Estonia](#).

The report analyses the implementation of international and European standards to combat money laundering and terrorist financing, assesses levels of compliance with the FATF 40+9 Recommendations and includes a recommended action plan to improve the anti-money laundering (AML) and combating the financing of terrorism (CFT) system of Estonia.

The main findings of the evaluation report are:

- Since the second evaluation, in November 2002, there have been a number of improvements. On 28 January 2008 the new Money Laundering and Terrorist Financing Prevention Act entered into force. One of the goals of the new act was to harmonise Estonian legislation with the requirements of the 3rd EU AML Directive (*Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005*). Though it is too early to evaluate the effectiveness of this law, it will significantly strengthen the AML/CFT regime of Estonia.
- The rewording of the definition of the money laundering offence brought it very close to the requirements of the relevant international conventions. However, it is still unclear if a money laundering conviction can be obtained without a prior or simultaneous conviction for the predicate offence. Between 2005 and February 2008, 8 convictions for money laundering were achieved in respect of 12 natural persons and 1 legal person.
- Estonia ratified the International Convention for the Suppression of the Financing of Terrorism and in recent years it has significantly improved its legal framework criminalising the financing of terrorism, with the exception of the financing of individual terrorists, which is not covered. The Estonian authorities at the time of the on-site visit had prepared a draft law to remedy this shortcoming.
- Apart from the banks no other financial institutions or designated non-financial businesses and professions were aware of the procedures to be followed in order to implement the United Nations Resolutions for freezing terrorist assets.
- The new act provides a sound legal basis concerning preventive measures. Though the shortcomings of Estonia's preventive law are mainly only of a minor nature, a major shortcoming is that the Act does not provide direct administrative sanctions for all of its obligations. Furthermore, not all kinds of attempted transactions are clearly covered by the reporting obligations.
- Existing provisions do not adequately address FATF Recommendation 21 which requires financial institutions to give special attention to business relationships and transactions with persons from countries which do not or insufficiently apply FATF Recommendations.
- Though the Estonian authorities recently reviewed the activities, size and other

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features of the domestic non-profit organisations (NPO) sector, there was no review of the adequacy of relevant laws and regulations to prevent the abuse of NPOs for the financing of terrorism.

- The Estonian Financial Intelligence Unit (FIU) is a police-type FIU. It substantially meets the international standards and appears to be generally effective. /..
- Though the resources of the FIU have been significantly strengthened since the last evaluation both the FIU and the Financial Services Authority still appear to lack the manpower required to assure a proper level of monitoring and supervision in relation to the number of supervised entities for which they are each responsible.

The report was adopted at MONEYVAL's 28th Plenary meeting (Strasbourg, 8-12 December 2008). MONEYVAL will follow-up implementation of the recommendations through its progress report procedure, under which all MONEYVAL countries are required to update the Committee on action taken on the mutual evaluation report one year after its adoption.

This report is available at <http://www.coe.int/moneyval>