

Press Release

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MONEYVAL publishes its second report on Azerbaijan

Strasbourg, 14.01.2009 – The Council of Europe MONEYVAL Committee (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) has published today the [Second Evaluation report on Azerbaijan](#). This report analyses the implementation of international and European standards to combat money laundering and terrorist financing, assesses levels of compliance with the Financial Action Task Force (FATF) 40+9 Recommendations and includes a recommended Action Plan to improve the Azerbaijan anti-money laundering and combating the financing of terrorism (AML/CFT) system.

The main findings of the evaluation report are:

- There is still no comprehensive AML/CFT legislation in place in Azerbaijan, and no Financial Intelligence Unit which meets international standards. Some preventive measures have been taken to reduce the risks inherent in the lack of a preventive law. However the steps which have been taken (mainly by the National Bank and the State Committee on Securities) are limited and fragmented and would not constitute a substitute for comprehensive AML/CFT legislation which meets international standards. The Azerbaijan authorities should without further delay introduce a comprehensive AML/CFT law.
- Azerbaijan has ratified the Vienna and Palermo Conventions and the Terrorist Financing Convention. Money laundering incrimination has been improved since the last evaluation and money laundering is now broadly an "all crimes" offence. However, there still remain many uncertainties in the criminal offence, in part because the legislative provisions differ significantly from the wording used in the relevant Conventions. Legislative improvements are required to better reflect all the physical aspects of the money laundering offence. There were no money laundering investigations, indictments or court decisions. The evaluators found no real understanding of the value of money laundering investigations and prosecutions. Much more training is required of prosecutors and investigators if money laundering incrimination is not to remain a dead letter.
- The financing of terrorism offence does not cover the financing of individual terrorists or terrorist organisations.
- Sums taken by way of confiscation are rising year on year. However not all predicate offences have an associated power of confiscation. Moreover, it appeared that financial investigation with a view to major confiscation orders was not really embedded in practice other than in corruption cases.
- Some steps had been taken to ensure compliance with the United Nations Security Council Resolutions, however a comprehensive legal structure still needs to be put in place.

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A political organisation set up in 1949, the Council of Europe works to promote democracy and human rights continent-wide. It also develops common responses to social, cultural and legal challenges in its 47 member states.

- An Anti-Money Laundering Division within the National Bank of Azerbaijan has some shadow functions of a Financial Intelligence Unit. There is no law or regulation creating a suspicious transaction reporting (STR) regime. However, as a result of letters from the National Bank, some 500 reports were received by the National Bank of Azerbaijan in 2007. Some of these had been passed to law enforcement, though none had generated any money laundering cases.
- Full Customer Due Diligence (CDD) requirements, which comprehensively and clearly cover both the identification and verification process as provided for in the FATF Recommendations, are not implemented. Neither are there enforceable provisions in place containing specific or enhanced CDD measures in relation to politically exposed persons. Interviews with relevant market participants nonetheless showed some general understanding of AML/CFT issues.
- There is no coverage of designated non-financial businesses and professions for AML/CFT purposes, which is also not in line with international standards.

The report was adopted at the MONEYVAL 28th Plenary meeting (Strasbourg, 8-12 December 2008). On the 12th December, MONEYVAL issued a public statement under Step VI of its Compliance Enhancing Procedures in respect of the continuing lack of comprehensive AML/CFT legislation. MONEYVAL will continue to follow up implementation of the recommendations of this report through its compliance and progress report procedures.

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