

Annex 2 [Note verbale reference: CU 2023/225/DTA/CEB/CSS]

“Progress made and challenges encountered in implementing resolution 9/1”

States parties are invited to provide relevant information in line with paragraph 25 of resolution 9/1, entitled Sharm el-Sheikh declaration on strengthening international cooperation in the prevention of and fight against corruption during times of emergencies and crisis response and recovery, in which the Conference:

*[Requested] the secretariat to submit to the Conference of the States Parties at its tenth session a report on **progress made and challenges encountered in implementing [resolution 9/1]**¹.*

A. Contact Information

Please provide contact details for potential follow-up questions. Contact details will be treated confidentially.

Country: Italy

Government Agency: Ministry of Foreign Affairs and International Cooperation

Department: Directorate General for Global Affairs- Rule of Law Diplomacy

[REDACTED]

B. Questions

1. Progress made

Please describe the measures or steps your country has taken (or is planning to take, together with the related appropriate time frame) to implement operative paragraphs 1 to 21 of resolution 9/1. *Please state the relevant operative paragraphs in your answer.*

Paragraphs 1, 2, 3, 6, 7, 9, 10, 12, 14, 16, 18, 19, 20 and 21 are fully implemented through already existing laws and regulations.

Paragraphs 4 and 5: having in mind the peculiar status of some offices of the public administration under the AML/CFT Italian system, it is worth mentioning the projects (already mentioned in Annex 1, under point 8) in which the FIU Italy is involved to encourage the public

¹ Please note that the secretariat has collected information on the implementation of paragraphs 22 and 23 of resolution 9/1 separately.

offices to communicate suspicious transactions of which they become aware in performing their institutional functions.

Paragraph 8: the linkages between gender and corruption, including the ways in which corruption can affect women and men differently, have been recently put under attention by the academia, setting up specific studies and analysis under the competence of the department for social and gender studies of the most relevant national universities.

Paragraph 11: in March 2022, through the Interministerial Decree of 11 March 2022 n. 55 (Ministry of Economy and Finance, in agreement with the Ministry of Economic Development, entitled "Regulation containing provisions on the communication, access and consultation of data and information relating to the beneficial ownership of companies with legal personality, of private legal entities, of trusts producing legal effects relevant for tax purposes and of legal institutions similar to the trust" issued the regulatory provisions relating to the so-called register of beneficial owners of companies with legal personality, private legal entities, trusts and fiduciary mandates. Through the Decree dated 12 April 2023, issued by the Ministry of Enterprise and Made in Italy, the technical specifications of the digital model for the presentation of the communication of the beneficial owner to the Company Register (model TE) were issued. Since April 2023 the beneficial ownership register is fully effective.

Paragraph 13 and 15: the competences of the FIU under the AML/CFT legislation are also to be recalled. With a view to fostering active cooperation from all the entities obliged to send Suspicious Transaction Reports (STRs), the UIF issues and regularly updates anomaly indicators for the identification of suspicious transactions and develops and disseminates representative models and patterns of anomalous economic and financial behaviour that relate to possible money laundering or terrorist financing. The UIF also issues system-wide communications calling the attention of the obliged entities to certain risk factors and elements symptomatic of possibly illicit operations.

During the pandemic and in connection with the initiatives for a speedy response to the emergency, the UIF has been active in promoting awareness of risks of illicit behaviour and of infiltration of businesses by organized crime. It issued in the first months of 2020 a public statement and a communication to stimulate obliged entities' attentive monitoring of such risks and ensure the active cooperation of all the AML obliged entities. In February 2021, the Unit also issued a new communication addressing the prevention of financial crime associated with the COVID-19 emergency supplementing the previous one of 2020.

After the approval in 2021 of the NRRP (National Recovery and Resilience Plan) to boost economic recovery within the framework of the Next Generation EU (NGEU) programme and a broader framework of EU funding sources, a series of investments and reforms is currently ongoing in Italy. In response to possible potential misuses of the NRRP funds and of possible corruption aimed at obtaining them, especially in the absence of an appropriate balance between the need for speed and streamlining of implementation procedures and the strengthening of preventive measures, in April 2022 the UIF issued a communication which raises the awareness of the AML obliged entities (including the offices of the public administration involved in the activation of the measures and actions set out in the NRRP), to encourage their contribution in terms of active AML cooperation.

Furthermore, the UIF is actively involved in the National Anti-Fraud Strategy, coordinated by the Ministry of Economy, to ensure the integrity in the use of funds coming from the NRRP. In this context, the UIF participated in the adoption of specific guidelines with a view to provide public and private operators with tools and instruments to better acquire information on the beneficial ownership of persons and entities involved in public procurement activities, and to effectively detect and communicate possible suspicious activities emerging in the context of public works or other public activities financed with the NRRP funds.

Paragraph 17: starting from the 15 July 2023, the Legislative Decree n. 24/2023 on whistleblower protection is fully operational. The new law repealed and amended the previous legislation, and is now regulating with a single provision, valid for both the public and private sectors, the regime of protection of subjects who report unlawful conduct in violation of European and national provisions. The new law is fully compliant with international standards and with the EU Directive 2019/1937 regulating that issue.

2. Challenges encountered

Please describe any challenges your country has encountered in implementing operative paragraphs 1 to 21 of resolution 9/1 regarding strengthening international cooperation in the prevention of and fight against corruption during times of emergencies and crisis response and recovery. *Please state the relevant operative paragraphs in your answer.*

The implementation of the NRRP, still ongoing, requires that the management of a large amount of financial resources and the simplification and acceleration of public procedures are accompanied by instruments for protecting the economy from criminal infiltrations and providing effective safeguards to the public integrity. The AML/CFT preventive measures and, in particular, the reporting obligations (also involving, as mentioned above, the offices of public administration) represent a challenge and an opportunity to prevent the misuse of public funds and any other illicit behavior. These factors call the competent authorities to be engaged in initiatives to raise awareness and promote education on risks and on the AML/CFT obligations, including through the sharing of experiences and best practices among operators.

Furthermore, in the context of the AML/CFT Italian system, the recently launched exercise for updating the National Risk Assessment represents a relevant challenge for which it is necessary to ensure cohesion and to strengthen cooperation between all the competent authorities.