

COUNCIL OF EUROPE
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Description of the Action

Name of applicant:	The Council of Europe	
Title of the action:	Project against Economic Crime in Kosovo ¹ (PECK)	
Location of the action:	Pristina, Kosovo	
Total eligible cost of the action (A)	Amount requested from the Contracting Authority (B)	% of total eligible cost of action (B/Ax100)
EUR 1 200 000	EUR 1 000 000	83,3%
Total duration of the action:	30 months	
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¹ All reference to Kosovo, whether the territory, institutions or population, in this text shall be understood in full compliance with United Nation's Security Council Resolution 1244 and without prejudice to the status of Kosovo.

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1 PROJECT SUMMARY

Project title	Project against Economic Crime in Kosovo (PECK)
Duration	30 months
Budget/funding	€ 1.2 million (European Union, IPA 2010: € 1.0 million; CoE: € 0.2 million)
Objectives of the action	<p>Overall Objective</p> <p>To contribute to democracy and the rule of law through the prevention and control of corruption; money laundering; and the financing of terrorism in Kosovo.</p> <p>Purpose</p> <p>Strengthen institutional capacities to counter corruption; money laundering; and the financing of terrorism in Kosovo in accordance with European standards through thorough assessments and recommendations for improving and streamlining economic crime reforms.</p>
Expected results	<p>Result 1 – Assessment of anti-corruption measures</p> <p>1.1 Assessment and progress reports available on the level of compliance of applicable regulations and practices with European standards (based on the experience and criteria used by GRECO and other relevant international bodies);</p> <p>1.2 Kosovo institutions capable to support and carry out peer assessments based on European monitoring methodology;</p> <p>1.3 Recommendations available on regulatory, institutional, and policy-related areas;</p> <p>1.4 Assessment and progress reports (incl. compliance matrix) are published and disseminated in English, Albanian and Serbian.</p> <p>Result 2 – Assessment of anti-money laundering and combating financing of terrorism measures</p> <p>2.1 Assessment and progress reports available on the level of compliance of applicable regulations and practices with European standards (based on the experience and criteria used by MONEYVAL and other relevant international bodies);</p> <p>2.2 Kosovo institutions capable to support and carry out peer assessments on money laundering and financing of terrorism measures based on European monitoring methodology;</p> <p>2.3 Recommendations available on regulatory, institutional, and policy-related areas;</p> <p>2.4 Assessment and progress reports (incl. compliance matrix) published and disseminated in English, Albanian and Serbian.</p>
Main counterparts	<ul style="list-style-type: none"> ▪ Office of Good Governance, Human Rights, Equal Opportunities and Gender Issues (OGG) at the Office of the Prime Minister of Kosovo; ▪ Kosovo Anti-corruption Agency (KAA); ▪ Financial Intelligence Centre (FIC).
Implementation	Council of Europe (Corruption and Money Laundering Unit, DGHL)

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2 BACKGROUND

2.1 Current situation

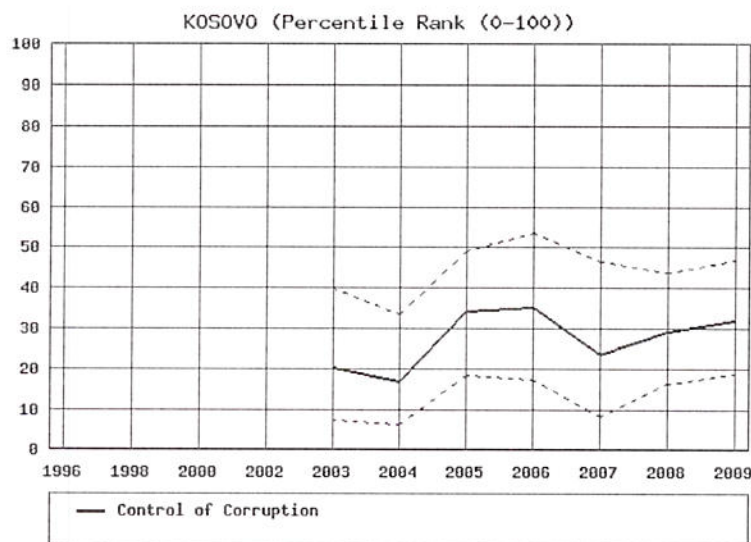
2.1.1 Corruption

Corruption remains a serious challenge for Kosovo. A survey² by the Kosova Democratic Institute, serving as a basis for Transparency International's 2010 Global Corruption Barometer, provides the following results:

- 73% of the respondents in Kosovo believe that since 2007, the level of corruption has increased, while only 8% think that corruption has decreased;
- 61% of respondents think that anti-corruption measures of the government have not had any effect, while only 32% believe that the measures have been effective;
- 16% of users have been paying a bribe to receive a service from at least one of nine different service providers in the past 12 months.

Transparency International's 2010 Corruption Perception Index rates Kosovo at 2.8 (with 10 representing the lowest level of corruption), the lowest rating of all Balkan States.³

According to the World Bank's Worldwide Governance Indicators, Kosovo's control of corruption has shown little improvement since 2003, and remains low at more or less 30% (100% representing full control of corruption), with no clear tendency since 2005:



(Source: World Bank, <http://info.worldbank.org/governance/wgi/>)

Freedom House's Nations in Transit ratings show also no relevant improvement since the first assessment in 2004:

Year	2004	2005	2006	2007	2008	2009	2010	2011
Rating	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75

(Source: www.freedomhouse.org; the ratings are based on a scale of 1 to 7, with 1 representing the highest level of progress.)

² www.transparency.org/news_room/latest_news/press_releases_nc/2010/2010_12_09_kosovo_gcb10.

³ www.transparency.org/policy_research/surveys_indices/cpi.

The "Assessment Kosovo (under UNSCR 1244/99) 2010"⁴ by the OECD's and EU's "Support for Improvement in Governance and Management" (SIGMA) lists "the high level of corruption perceived across all sectors" among the main factors leading "to the conclusion that significant efforts are still needed in order to ensure the rule of law in Kosovo." The Report points out that "weaknesses include overlapping and poor co-operation between the various institutions (ACA [Anti-corruption Agency], Public Prosecutor's Office, Office of Good Governance, Anti-Corruption Council, Police) and a weak enforcement capacity."

As recent as 30 June 2011, a report by the Kosova Democratic Institute "The EU requirements on anti-corruption: Measuring progress in Kosovo"⁵ lists various areas where action is needed, such as freedom of information, monitoring and verification of declaration of assets, establishment and implementation of codes of conduct, eliminating political interference, fair recruitment procedures, and whistle blower protection.

In terms of asset recovery, the European Union Rule of Law Mission in Kosovo (EULEX) reported that 15 cases of corruption have been sentenced by their mission so far, some of them high level cases, yet no property that had been obtained illegally in any of these cases was confiscated.⁶ This is probably due to "limited and weak capacities, legally and institutionally, to confiscate illegally obtained property", as has been assessed in May 2011 by the Kosovar Institute for Policy Research and Development.⁷

Investigation and adjudication of corruption offences in Kosovo in 2010 ⁸	Preliminary investigations	Cases reported to police/prosecutor	Investigations	In procedure	Prosecutions	Imprisonments	Fines	Other (probation, acquittal, etc.)
Anti-corruption Agency	165	29						
Customs		9						
Police			606					
Prosecutors				683	187			
Courts						6	29	79

2.1.2 Money Laundering/Terrorism Financing

There is no publicly available statistical data on money laundering and terrorism financing in Kosovo. The Financial Intelligence Centre (FIC) produces quarterly statistical reports, which are sent to the Head of the EULEX Mission for internal use only. No annual reports are produced and

⁴ www.sigmaweb.org/dataoecd/28/41/46401972.pdf, at p. 3.

⁵ www.kdi-kosova.org/publications/rn_kbekk.pdf.

⁶ Kosovar Institute for Policy Research and Development (KIPRED), Policy Paper 2011/05, "Strengthening of Rule of Law in Kosovo II: Confiscation of Illegally Obtained Property", Pristina, April 2011, p. 3, www.kipred.net/web/upload/Confiscation_of_illegally_obtained_property.pdf; for statistics on economic crime see also Special Prosecution Office, Statistical Booklet, 28 June 2011, www.eulex-kosovo.eu/docs/justice/SPRK-booklet-28-06-2011.pdf.

⁷ KIPRED, note 6, at p. 23.

⁸ Based on: Kosovo Anti-corruption Agency, Report, Analysis on prosecution and trials of corruptive cases in Kosovo, 12 July 2011, http://akk-ks.org/repository/docs/Raporti_me_statistikat_12072011.pdf.

no data are published for a wider public.⁹ At the same time, the quantity and quality of data from law enforcement and judicial authorities has been regarded, in the past, as not sufficient to evaluate the number and characteristics of money laundering crimes investigated, prosecuted and processed in the courts.¹⁰

However, the extent of money laundering is related to the extent of the black economy (drug dealing, prostitution, smuggling of illegal goods and other criminal activities, excluding, in this context, tax evasion, as part of the grey economy): In 2007, the extent of the black economy during the period of 2004–2006 has been estimated to run up to annually more than € 300 million in Kosovo. According to a recent report by Europol on "EU Organised Crime Threat Assessment 2011", Kosovo is still a region of highly active criminal organisations, especially in the area of drugs and weapons trafficking.¹¹ The income from these criminal sources is subject to money laundering activities.

Therefore, it does not come as a surprise that more than 420,000 cash transactions (above € 10,000) are reported to the FIC each year, a number which is extremely high compared to the size of Kosovo's population and economy. At the same time, the FIC also reports that it has observed several suspicious transactions with regards to financing of terrorism.

Recent assessments of the measures against money laundering/terrorism financing in Kosovo have repeatedly pointed out the need for a broad range of legislative and organisational reforms to bring Kosovo in line with European and international standards.¹²

2.2 Government policy and institutions

2.2.1 Anti-corruption

During the last years, important **legislation** and bylaws have been passed in Kosovo, in particular:

- Law No. 2004/34: "Suppression of Corruption Law", published 2007;
- Law No.03/L-109: "Customs and Excise Code of Kosovo", decreed in 2008;
- Law No. 03/L-128 "On Internal Audit", decreed on 13 October 2009;
- Law No. 03/L-141 "On Managing Sequestered Or Confiscated Assets", decreed on 17 July 2009;
- Instruction of the Ministry of Justice on International Legal Co-operation in Criminal and Civil Matters of 30 September 2009;

⁹ UNODC, "Technical Assessment Report", April 2010, www.unodc.org/documents/southeasterneurope//Technical_Assessment_Report_Kosovo_UNSCR_1244_fin_al_ENG.pdf, at p. 26.

¹⁰ B&S Europe, 2007 "Survey on the extent and prevention of the illegal economy and money laundering in Kosovo. Report prepared for the European Agency for Reconstruction", p. 21, www.eulex-kosovo.eu/training/police/PoliceTraining/ORGANIZED_CRIME/DOCUMENTS/2.pdf.

¹¹ www.europol.europa.eu/sites/default/files/publications/octa_2011.pdf.

¹² United States Department of State, "International Narcotics Control Strategy Report, Volume II, Money Laundering and Financial Crimes", March 2011, p. 46, www.state.gov/p/inl/rls/nrcrpt/2011/vol2/index.htm; Besart Qerimi, "Improved strategies for anti-money laundering in Kosovo, Capstone Project Report", November 2010, www.rit.edu/research/cenr/capstones.php; UNODC, "Programme Guidelines Kosovo under UNSCR 1244", June 2010, p. 12, www.unodc.org/southeasterneurope/en/cards-phase-2.html.

- Law No. 03/L-155, "On the Amendments to the Law No. 02/L-133 for Prevention of Conflict of Interests When Exercising Public Functions", decreed on 10 December 2009;
- Law No. 03/L-159, "On Anti-corruption Agency", decreed on 19 January 2010;
- Law No. 03/L-151, "On the Declaration and Origin of the Property and Gifts of Senior Public Officials", decreed on 2 March 2010;
- Law No. 03/L-052, "On The Special Prosecution Office of the Republic of Kosovo", decreed 15 June 2008.

The above mentioned new law "On Management of Sequestered and Confiscated Assets" seems to introduce several necessary provisions (third party confiscation, reversal of burden of proof, etc.) and could therefore be a useful tool for the asset recovery system, with potential for further development. However, it remains to be assessed whether the legal framework for anti-corruption and its implementation meet international and European standards. The legislative framework, although very often changed and amended, still calls for a streamlining process and remains ambiguous in certain areas.

Several laws and amendments with relevance to anti-corruption are currently in the parliamentary process¹³:

- Draft Law "On Access to Public Documents", 2010/03/215;
- Draft Law "On Amending and Supplementing of the Law No.03/L-048 on Public Financial Management and Accountability", 2010/03/221;
- Draft Law "On Amending and Supplementing of the Law no. 02/L-133 on Preventing Conflict of Interest in Exercising Public Function", 2009/03/155;
- Draft Law "On Anti-corruption", 2009/03/159;
- Draft Law "On Declaration and Origin of the Property of Public Senior Officials", 2009/03/153;
- Draft Law "On Financing of Political Parties", 2009/03/174;
- Draft Law "On the Independent Oversight Board of Kosovo", 2010/03/192;
- Draft Law "On Ombudsperson", 2010/03/195.

As far as the provisional Criminal Code and Criminal Procedure Code of 2004 are concerned, there have been no substantial legislative revisions so far, despite several reported shortcomings. An Anti-corruption Strategy and Action Plan of 2009-2011 appears to be the leading strategic document and the monitoring of its implementation is trusted to the Anti-corruption Agency in accordance with the new law of 2010. A new strategy for the years from 2012 is currently being prepared, with need for technical assistance reported to support this process.

As for the **institutional** framework, the Prime Minister's **Office of Good Governance**, Human Rights, Equal Opportunities and Gender Issues (OGG) is dealing with – among other – anti corruption issues. It drafted and gained the Prime Minister's approval for the first Anti-Corruption Plan in July 2002. Along with the Inter-Ministerial Working Group on Corruption that it chairs, the Office is participating in co-ordinating and monitoring corruption policy across sectors.

¹³ According to Parliament's database, www.assembly-kosova.org/?cid=2,194, last checked 10 July 2011.

The Kosovo **Anti-corruption Agency** (KAA) is the main operational anti-corruption policy and oversight body. It has been established in 2006, and has managed to increase and strengthen some of its capacities, and as of recently is operating under a new amended Law on the Anti-corruption Agency of Kosovo.¹⁴ According to Art. 3 of the Law, the agency "is an independent and specialised body responsible for implementation of state policies for combating and preventing corruption in Kosovo". Its responsibilities include:

- detection and preliminary investigation of corruption;
- preparing and monitoring strategies and action plans against corruption;
- preventing cases of conflict of interest;
- supervising the wealth of senior public officials and other persons;
- supervising the acceptance of gifts by public officials;
- co-operation with public authorities on legislation on corruption;
- participation in international treaty negotiations;
- offering advice on drafting codes of ethics;
- managing statistical data regarding corruption,
- raising public awareness;
- reporting to the Assembly and to the Commission;
- preparing and proposing the annual budget of the Agency.

With regards to the OGG and other institutions, the KAA is the leading body for designing anti-corruption policies: "In cooperation with the Commission, Government, other Institutions and non-government organisations [KAA] prepares Strategy against the Corruption and action plan [...]."¹⁵

As for law enforcement and prosecution, the **Special Prosecutors Office of Kosovo** (SPRK) was established in February 2010. The main task of the SPRK is to deal with cases of high-level corruption. Today, one-third of high profile corruption cases in the SPRK are assigned exclusively to the jurisdiction of local Kosovo prosecutors, although the most sensitive investigations are still under the purview of EULEX nominated international prosecutors.¹⁶

As far as prevention of corruption in the judiciary is concerned, the **Kosovo Judicial Council** (KJC) was established pursuant to UNMIK Regulation No. 2005/52 "On the Establishment of the Kosovo Judicial Council" and is currently based on the 2008 Law "On the Temporary Composition of the KJC" and the Law No. 03/L-223 "On The Kosovo Judicial Council" of 3 November 2010. The Council shall ensure the independence and impartiality of the judicial system. It is responsible for recruiting and proposing candidates for appointment to judicial office.¹⁷ The Council is also responsible for the transfer of judges and disciplinary proceedings. Within the KJC, the **Office of the Disciplinary Council** is the body responsible for addressing allegations of corruption and misconduct in the judiciary.¹⁸ In August 2009, EULEX charged a Pristina district

¹⁴ Law No. 03/L-159 on the Anti-corruption Agency of Kosovo, decreed on 19 January 2010.

¹⁵ Art. 5 par. 1.3 Law on KAA (above note 14).

¹⁶ www.eulex-kosovo.eu/en/news/000218.php.

¹⁷ www.kgjk-ks.org/?cid=2,1.

¹⁸ www.kgjk-ks.org/?cid=2%2C152.

court judge with accepting a bribe consisting of € 123,000 and a vehicle in exchange for the release of two murder suspects.¹⁹ However, proper investigation in this domain has reportedly been lacking.²⁰ An equivalent body, the **Kosovo Prosecutorial Council** (KPC), exists for prosecutors. The KPC is an independent institution ensuring equal access to justice as well as independent, professional, and impartial performance of prosecutors.²¹

30 investigators of the **Kosovo Police** (KP) are part of the SPRK's Task Force on Anti-Corruption. Furthermore, KP has established a Directorate against economic crime and corruption. The newly founded Directorate is still challenged by a lack of proper equipment and staffing. Complaints have arisen also on the internal restructuring and promotions of KP, which allegedly as reported have been based on political preferences and not on professional experience or performances.²² Capacity in intelligence-lead investigations, proactive investigations and covert operations seem to remain limited.²³ Co-ordination between the judiciary and the KP has been described as "problematic".²⁴ EULEX Police Component is assisting KP through monitoring, mentoring and advising. EULEX police officers are co-located with their KP counterparts, but EULEX police officers act mainly in a supportive role, with KP being operationally in the lead.²⁵

The KP is overseen by the **Ministry of Internal Affairs** (MIA). Within the MIA, the Police Inspectorate of Kosovo is established as an executive body. The Police Inspectorate consists of the executive head and inspection officers, who are civilian officials and independent of the Kosovo Police Service. They are mandated with inspection of police units, interviewing police officers, collecting data on task accomplishment, and investigating misconduct, including corruption allegations. The executive head of the Inspectorate is responsible to the MIA.²⁶ Besides overseeing the KP, the MIA is in charge of internal security in Kosovo in general, and thus of combating organized crime and corruption.

The **Agency for Managing Seized and Confiscated Assets** (AMSCA) has been established in June 2010 as a part of the Ministry of Justice, following the promulgation of the Law on Management of Sequestered and Confiscated Assets. AMSCA's mandate is purely administrative and involves among other responsibilities: managing, administering, and/or selling seized or confiscated assets. Although, AMSCA has been in operation for more than year now, and has been staffed out of 15 staff members out of 17 which is the full organigramme, being new as such in doubt represents a structure which needs specialised capacities and skills to handle and manage cases of confiscated and/or seized assets and fostering cooperation with other institutions of relevance to their work.. For instance, since its establishment and until today, AMSCA has managed to handle only one case of seized property (livestock), which resulted to be very difficult by its own nature of the case and of lack of tools for such cases. In June 2011, EULEX has started a 12-month training and workshop program for Kosovo and EULEX judges, prosecutors and investigators on confiscation of criminal assets.²⁷ The annual budget of AMSCA

¹⁹ Freedom House, Nations in Transit 2010, p. 283, www.freedomhouse.org/images/File/nit/2010/NIT-2010-Kosovo-final.pdf.

²⁰ Freedom House, *ibid.*

²¹ www.md-ks.org/?page=2,83,320.

²² KIPRED, *ibid.*

²³ KIPRED, *ibid.*

²⁴ www.sigmaweb.org/dataoecd/28/41/46401972.pdf, at p. 3.

²⁵ www.eulex-kosovo.eu/en/police/.

²⁶ www.mpb-ks.org/?page=2,12.

²⁷ www.eulex-kosovo.eu/en/news/000304.php.

as an agency which is responsible to the Ministry of Justice is 90.000 Euro²⁸ where 60.000 Euros are allocated for human resources while 30.000 Euros are allocated to operations.

International mutual legal assistance remains problematic due to Kosovo's status situation: Kosovo is not party to the European Convention on Mutual Assistance in Criminal Matters (ETS 30). Several European states co-operate with Kosovo on an *ad hoc* basis, several others do not. Outside Europe, co-operation with law enforcement and judiciary is scarce. The lack of international co-operation by foreign states is damaging prosecution of crimes in Kosovo and other states.

2.2.2 Anti-money-laundering/combating terrorism financing

The **Financial Intelligence Centre (FIC)** serves as financial intelligence unit of Kosovo. It is an independent unit in charge to collect and analyse data and information for the prevention of money laundering (and related offences) and of terrorist financing. The FIC keeps databases of all cash transaction reports and suspicious activity reports and of all the data and information gathered whilst performing the analysis of such reports. Furthermore, the FIC disseminates intelligence data and information to the law enforcement agencies of Kosovo (Police, Tax Administration, Customs, Central Bank, etc.), to the international bodies and entities in Kosovo (EULEX, KFOR, etc.) and to other FIUs abroad. The FIC does not conduct own investigations, but rather provides other investigative bodies with intelligence/information to be used to initiate or proceed with investigations.²⁹ However, the FIC does not receive any feedback on the outcome of investigations.

The FIC has concluded memoranda of understanding (MoU) with neighbouring countries. Co-operation with other countries is – due to the status situation of Kosovo – uneven at best: Several foreign European FIUs have to date not responded to either intelligence on suspicious transactions provided for by the FIC or to requests for information. This lack of co-operation is probably seriously hampering law enforcement in Kosovo as well as in European countries.

The FIC is currently in transition from EULEX management to full local ownership. It is staffed with 8 local and 4 international employees; the latter shall be replaced by 4 analysts and one IT-specialists to be hired after budget approval. The FIC is constantly training financial institutions on their obligations, but has no capacity at all for on-site visits on compliance.

The **Central Bank of Kosovo (CBK)**³⁰ is the supervisor and regulator of financial institutions in Kosovo. There is no capital market in Kosovo. All banks are primarily retail banks and 80% of them are owned by foreign financial institutions. Even though Kosovo is predominantly a cash economy, the confidence in the banking system is systematically increasing by around 20% per year.

Reportedly, all banks have compliance officers and apply a risk-based approach against money laundering and financing of terrorism. In addition to this, CBK has a MoU with the FIC on exchange of information for any suspicious activities within financial institutions. This MoU has been enforced in many cases when suspicious activities were detected.

²⁸ Meeting Notes the Acting Head of the AMSCA, 5 July 2011.

²⁹ <http://fic-ks.org/>; www.eulex-kosovo.eu/en/news/000237.php.

³⁰ There are 74 institutions in total, including 8 banks, 11 insurance companies, 2 pension funds and 15 micro financial institutions.

Insurance companies have no compliance officers. The insurance market is primarily oriented on motor insurances (around 74% of all insurance policies are car insurances) with insignificant amounts of money transferred. Even though the money-laundering risk is regarded as very low, all transactions are dealt through the banking system (motor insurance policies can only be paid by bank transfers through online systems; there are no cash transactions). Pension funds have been affected by the financial crisis (10.4% drop at the value of the total assets) as they mainly invest in international markets (95%), however the value of the total assets has been picking up as markets are recuperating. According to the CBK, the main money laundering risks should be sought in the informal sector. International donors organised training activities for the CBK staff and compliance officers, some of them together with the FIC staff and/or the police.

With regard to **legislation** on anti-money laundering and combating financing of terrorism (AML/CFT), the system, including the FIC, has been based on an UNMIK³¹ regulation until 2010. A new AML/CFT law has been passed by the Assembly on 30 September 2010 and promulgated by Decree No. DL-055-2010 of the President on 18 October 2010. Earlier drafts of the law have been strongly supported by technical advice from EULEX, and reviewed twice by the Council of Europe in order to ensure its compliance with European standards. However, the law, in its different, adopted version has been criticised as flawed by all stakeholders involved in financial investigations. Besides, a "Law on Amendments to the Law on Games of Chance" is currently finalised by the Ministry of Economy and Finance.

Kosovo is a member of the **World Bank** and the **International Monetary Fund** (IMF) since June 2009, but neither of the Egmont Group of Financial Intelligence Units with its total of 106 members, nor the Financial Action Task Force (FATF) with its total of 36 members.

2.2.3 Conclusion

Several issues remain still a challenge for institutions in Kosovo:

- **Competences** for regulating and enforcing anti-corruption;
- Lack of **co-ordination** with regards to implementation of the anti-corruption action plan/strategy and to law enforcement;
- Lack or high turnover of **staff**;
- Strong need for **capacity** building in key areas such as prosecution, asset recovery or mutual legal assistance;
- Whereas **legislation** in some areas is comprehensive and quite up to date, some of the authorities have pointed out substantial need for improvement of legislation in key areas, such as the criminal code, criminal procedure, anti-money laundering law etc.;
- Lack of comprehensive **data** and information for assessing risks and measures.

In addition, a serious external factor aggravates the situation: In the area of anti-corruption as well as anti-money laundering, **international co-operation** is hampered by a failure of many foreign jurisdictions to respond to requests for legal assistance or for financial intelligence; some jurisdictions do not even react to criminal or financial intelligence being shared by the Prosecutor's Office or by the FIC (the classical FIU) in Kosovo.

³¹ UNMIK Regulation No. 2005/42 30 August 2005, amending UNMIK Regulation No. 2004/2, as amended, on the deterrence of Money Laundering and Related Criminal Offences.

2.3 International policy

2.3.1 European Partnership (EP)

Kosovo is participating in the Stabilisation and Association Process and its dialogue. As an instrument of the Stabilisation and Association Process, the European Partnership, and thus the inclusion of Kosovo as defined by United Nations Security Council Resolution 1244, is intended to provide additional, tailored support to the authorities in order to realise the European aspirations of the Western Balkan countries.³² Its aim is to identify priority areas in which further efforts and reforms are needed, and it calls for national legislation to be brought in line with European standards. It also provides a reference framework for financial assistance from Community funds. In order to guarantee a secure, democratic and multi-ethnic Kosovo, its short- and long-term priorities are based on the standards laid down by Resolution 1244 of the United Nations Security Council. They fall into certain key priorities involving political, economical and legislative criteria.

The short-term key priorities as defined in the European Partnership³³ relate to respecting the rule of law, human rights, and guaranteeing democratic governance and the provision of public services; setting up a transparent and accountable public administration and continuing the fight against corruption, organised crime and terrorism. Other criteria relate to the need to focus on the fight against organised crime, terrorism and corruption; the parliament and elections; public administration; and the judicial system.

2.3.2 Multi-annual Indicative Planning Document (MIPD)

The Multi-annual Indicative Planning Document (MIPD) for 2011-2013³⁴ gives the first priority for EC assistance, among other, to the prevention and the fight against corruption, money laundering, and organised crime. The MIPD calls for the relevant legislative framework to be completed and aligned with European standards and its implementation to be monitored. At the same time, increased legislative compliance with European standards and *acquis* is one of the indicators to measure developments towards IPA assistance objectives.

2.3.3 National Development Plan

The Council's Decision (EC) No. 533/2004 on the establishment of European Partnership for Kosovo, in the context of the Stabilisation Association Process, contains a special annex with priorities and actions for Kosovo that should be undertaken for the approximation of Kosovo to EC/EU. The European Partnership clearly states that implementation of standards in Kosovo is, among others, a general short-term priority.

2.3.4 European Commission's Progress Report

In its "Communication to the Council and the European Parliament" on the "Enlargement Strategy and Main Challenges 2010-2011" the European Commission comes to the following conclusions:

"The legal framework on anti-corruption has improved with the adoption of laws on the anticorruption agency and on declaration and origin of the property and

³² http://europa.eu/legislation_summaries/enlargement/western_balkans/r18015_en.htm.

³³ Decision 2008/213/EC, 21 March 2008, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32008D0213:EN:HTML>.

³⁴ http://ec.europa.eu/enlargement/pdf/mipd_kosovo_2011_2013_en.pdf.

gifts to senior public officials. The law on preventing conflict of interest in exercising public functions has been amended. The law on financing political parties is not fully in line with European standards. However, results in the fight against corruption are limited. The main areas of concern continue to be the procurement process and the judicial and law enforcement systems. EULEX has had to continue exercising its executive mandate in high profile cases. There are a number of ongoing anti-corruption investigations. In April, searches were undertaken at the ministry of transport; in July, the Kosovo Police arrested the central bank governor in co-operation with EULEX. The government has co-operated with these investigations. Corruption remains prevalent in Kosovo and is a very serious problem. The legal framework remains incomplete and does not fully comply with European standards.”³⁵

³⁵http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/conclusions_kosovo_en.pdf. COM (2010)660 final, p. 2. For a detailed account see “Kosovo 2010 Progress Report”, 9 November 2010, SEC(2010)1329, p. 13.

As for money laundering, the Report (p. 6) comes to the following assessment:

"Money-laundering remains an issue of serious concern. Kosovo has adopted a law against money-laundering and financing of terrorism. Co-operation between the Customs Service and the Financial Intelligence Centre has improved. The Centre has also improved its co-operation with banks. However, Kosovo is still at an early stage in adopting and implementing European standards in this area. Capacity to investigate and prosecute money-laundering cases is still weak. Kosovo authorities do not have sufficient capacity to assume responsibility for the management of money-laundering cases. Overall, limited progress has been made in addressing economic and financial crime."

2.4 Need for structured evaluation

CoE Member States (including here also some non-member States) are being evaluated, among others, by the following monitoring mechanisms:

GRECO – Group of States against Corruption - a monitoring body of the Council of Europe which aims to improve its members' capacity to fight corruption by monitoring the compliance of States with their undertakings in this field. In this way, it will contribute to identifying deficiencies and insufficiencies of national mechanisms against corruption, and to prompting the necessary legislative, institutional and practical reforms in order to better prevent and combat corruption. GRECO is responsible, in particular, for monitoring observance of the Guiding Principles for the Fight against Corruption and implementation of the international legal instruments adopted in pursuit of the Programme of Action against Corruption. Since the Criminal Law Convention on corruption also incorporates provisions concerning the confiscation of proceeds from crime, GRECO monitors also this field. Its findings, conclusions and recommendations can be an important source of information on the deficiency of confiscation measures in a given country.³⁶

MONEYVAL - The Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures was established in 1997. This evaluation and peer pressure mechanism reviews the anti-money laundering measures (including confiscation measures) and measures to counter the financing of terrorism in Council of Europe member States (and Council of Europe applicants and other non-member states which apply to join the terms of reference) which are not members of the Financial Action Task Force (FATF). The evaluation is conducted based on the common AML/CFT methodology, agreed between MONEYVAL and the IMF and the World Bank. In the evaluation reports, the efficiency of the measures in place is evaluated and recommendations are made for improvement.³⁷

Due to its status situation, Kosovo is subject to neither evaluation mechanism.³⁸ While reforms related to corruption and money laundering have been underway for several years, there has been no structured, longer-term process to assess their progress and impact. Several isolated assessment exercises were carried out in Kosovo by various international and national

³⁶ www.coe.int/greco.

³⁷ www.coe.int/moneyval.

³⁸ See: www.coe.int/greco and www.coe.int/moneyval.

stakeholders,³⁹ without a structured involvement of the beneficiaries, though. There was also no compliance procedure available, nor were there coherent and comprehensive standards as assessment criteria.

In this context, Kosovo is in an obvious need of a comprehensive and structured assessment process, as is done by Council of Europe monitoring bodies. Even though Kosovo cannot participate in, and benefit from, GRECO and MONEYVAL directly, the experience and criteria used by both monitoring bodies would be useful if specifically tailored to Kosovo. These monitoring bodies could be the indirect reference framework for assessing measures against corruption and money laundering in Kosovo, and preparing recommendations for reform. In this context, the following European standards would allow the assessments to be based on a comprehensive and unified set of regulations as of today:

- Corruption
 - Twenty Guiding Principles for the Fight against Corruption (Resolution (97) 24);
 - Criminal Law Convention on Corruption (ETS⁴⁰ No. 173) and its Additional Protocol (ETS No. 191);
 - Civil Law Convention on Corruption (ETS No. 174);
 - Recommendation on Codes of Conduct for Public Officials (CM Recommendation No. R (2000) 10);
 - Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns (CM Rec(2003)4);
- Money laundering/terrorism financing
 - The 40 + 9 Financial Action Task Force (FATF) Recommendations;
 - The UN Convention on Illicit Traffic of Narcotic, Drugs and Psychotropic Substances (Vienna Convention);
 - United Nations Convention against Transnational Organised Crime (Palermo Convention);
 - The Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (Strasbourg Convention) CETS 141;
 - Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, (Warsaw Convention) CETS 198;
 - United Nations Convention for Suppression of the Financing of Terrorism, relevant UN Security Council Resolutions for the Freezing of terrorist assets;
 - Directive 2005/60/EC of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering and terrorism financing;
 - European Commission Directive 2006/70/EC "laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis".

³⁹ See e.g. above at notes 4, 5, 9, 10 and 12.

⁴⁰ European Treaty Series of the Council of Europe.

- Directive 2007/64/EC of the European Parliament and the Council on payment services in the internal market

Therefore, a structured and regular assessment and compliance procedure would allow for the following positive impact with regard to the beneficiaries' need:

- Government institutions would develop or enhance mechanisms of collection and processing of data necessary for the reporting on anti-corruption reforms;
- Government institutions would strengthen their reporting capacities in line with assessment methodology on anti-corruption (as government institutions have not actively taken part in a comprehensive international assessment against international and European standards yet there is only very limited practical experience up to date for such exercise, mainly based on few and far between contacts with experts for selective and short-termed assessments);
- Government institutions could place their policy and legislation decisions on a comprehensive and coherent assessment according to European and international standards;
- The involvement of government institutions in the assessment procedure would contribute to the clarification of competencies and to interagency co-operation;
- Specific recommendations would allow for immediate legislative or organisational actions;
- Progress of implementation of the recommendations could be followed;
- Assessments on money laundering would support Kosovo's membership with IMF and World Bank, which share MONEYVAL's methodology of evaluation;
- Increased public awareness through the assessment procedure;
- Increased confidence and familiarity with the anti-corruption and anti-money laundering systems in Kosovo by and of foreign investors as a result of assessments.

3 THE INTERVENTION

3.1 Overall objective

The overall objective of the Project is to contribute to democracy and the rule of law through the prevention and control of corruption, money laundering and the financing of terrorism in Kosovo.

3.2 Project purpose

The Project's purpose is to strengthen institutional capacities to counter corruption, money laundering and the financing of terrorism in Kosovo in accordance with European standards through thorough assessments and recommendations for improving and streamlining economic crime reforms.

3.3 Expected results and deliverables

3.3.1 Expected results

It is expected that by the end of the project, with regards to anti-corruption,

- 1.1 Assessment reports are available on the level of compliance of applicable regulations and practices with European standards (based on the experience and criteria used by GRECO and other relevant bodies of the Council of Europe);
- 1.2 Kosovo institutions are capable to support and apply peer assessments on anti-corruption measures based on European monitoring methodology;
- 1.3 Recommendations are available on regulatory, institutional, and policy related areas;
- 1.4 Assessment and progress reports (incl. compliance matrix) are published and disseminated in English, Albanian and Serbian.

With regards to money laundering and terrorism financing:

- 2.1 Assessment reports are available on the level of compliance of applicable regulations and practices with European standards (based on the experience and criteria used by MONEYVAL and other relevant international bodies);
- 2.2 Kosovo institutions are capable to support and apply peer assessments on money laundering and financing of terrorism measures based on the European methodology of other international assessment mechanisms;
- 2.3 Recommendations are available on regulatory, institutional, and policy related areas;
- 2.4 Assessment and progress reports (incl. compliance matrix) are published and disseminated in English, Albanian and Serbian.

3.3.2 Deliverables

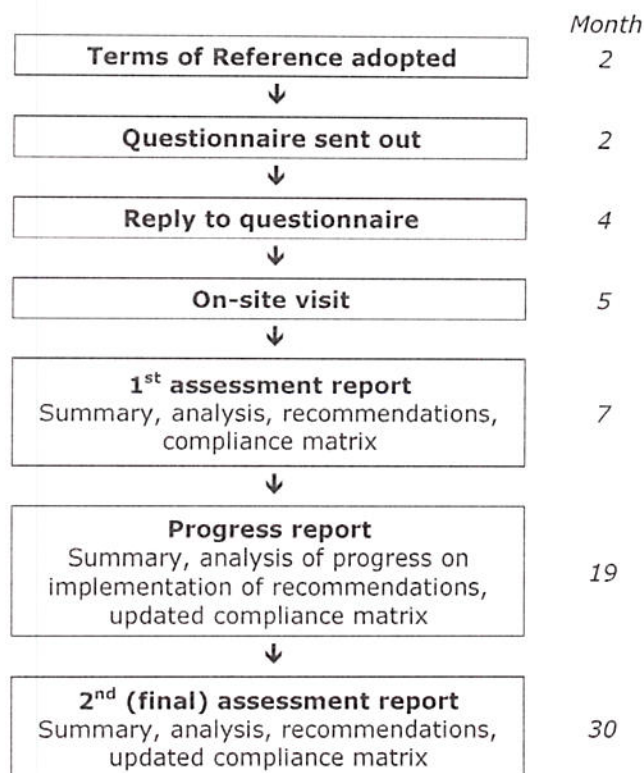
Under Result 1 and 2 the deliverables will include:

- Terms of Reference on the assessment methodology and procedure;
- Assessment and progress reports, and compliance matrixes;
- Trainings on international assessment exercises;
- Workshops and conferences.

3.4 Activities

3.4.1 Overview

The activities under Component 1 (anti-corruption) and Component 2 (money laundering/terrorism financing) would each follow a similar sequence:



The Terms of Reference (ToR) will set out the guiding procedures for the assessment methodology, timelines and modalities for each component. Each assessment report will be adopted in plenary sessions of the evaluation teams and beneficiaries, and will be published in agreement with the beneficiaries.

For each component, a team of international experts will be formed to work with the relevant institutions in Kosovo and in coordination with EULEX. The independent Anti-corruption Agency and Financial Intelligence Centre will be the co-ordinating institutions for each of the two components respectively. The Prime Minister's Office of Good Governance will ensure high level political support and communication:



Component 1:

Undertake two periodic assessments in line with existing standards in order to assess the level and quality of measures against corruption according to the following:

- Twenty Guiding Principles for the Fight against Corruption (Resolution (97) 24);
- Criminal Law Convention on Corruption (ETS No. 173) and its Additional Protocol (ETS No. 191);
- Civil Law Convention on Corruption (ETS No. 174);
- Recommendation on Codes of Conduct for Public Officials (CM Recommendation No. R (2000) 10);
- Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns (CM Rec(2003)4).

Component 2:

Undertake two periodic assessments (each 12 month) in line with existing standards in order to assess the level and quality of measures against money laundering and terrorism financing according to the following:

- The 40 + 9 Financial Action Task Force (FATF) Recommendations;
- The UN Convention on Illicit Traffic of Narcotic, Drugs and Psychotropic Substances (Vienna Convention);
- United Nations Convention against Transnational Organised Crime (Palermo Convention);
- The Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (Strasbourg Convention);
- Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, (Warsaw Convention) CETS 198;
- United Nations Convention for Suppression of the Financing of Terrorism, relevant UN Security Council Resolutions for the Freezing of terrorist assets;
- Directive 2005/60/EC of the European Parliament and of the Council "on the prevention of the use of the financial system for the purpose of money laundering and terrorism financing";
- European Commission Directive 2006/70/EC "laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis".
- Directive 2007/64/EC of the European Parliament and the Council on payment services in the internal market

3.4.2 Detailed description

Inception	Description	Specific Inputs/Mean
0.1	Start up activities/workshops/meetings with counterparts to draft and finalise Terms of Reference (ToRs) for assessments concerning the two components, review and finalise the Workplan of activities in line with the Project Logframe, and update on information/needs	Project Co-ordinator - Kosovo Local Project Officer - Kosovo Project Officer/Assistant (HQ) Key Expert (AC) Key Expert (AML/CTF) 6 w/days of STC (local + int) Cost of 3 (1 day) workshops
0.2	Recruitment of Local and international Staff in Pristina and establishing support structure in Strasbourg. 3-5 weeks of announcement/interview and recruitment procedures within the DGHL of the Council of Europe and in line with Council of Europe human resources and tender board procedures.	Corruption and Money Laundering Unit Recruitment Procedure for: Project Manager (Kosovo) Local Project Officer (Kosovo) Project Officer/Assistant (HQ)
0.3	Set up project infrastructure and initiate procurement of office equipment	1 Office space at CoE- Project's Office 2 Desktop computers 2 Laptop; 1 Laser Printer, 1 scanner/ photocopy machine 1 Fax machine / 2 Office Telephones Office furniture (desk and chairs)
0.4	Finalisation of start-up activities, preparation of detailed Workplan and Inception Report	Project Manager - Kosovo Project Officer/Assistant (HQ) Key Expert (AC) Key Expert (AML/CTF) 6 w/days of STC (local or int)
0.5	Organisation of the Start-up Conference/ Launching Conference (approval of workplan of activities/ time table/ list of experts/consultants to carry out assessments)	Project Manager - Kosovo Local Project Officer - Kosovo Project Officer/Assistant (HQ) Key Expert (AC) Key Expert (AML/CTF) Cost of 1 day Conference in Pristina Interpretation/translation costs
1	Assessment of anti-corruption measures	
1.1	Initiate proceedings that will support the launching of the periodical assessments on measures against corruption: preparation and finalisation of TORs for the two components and of the questionnaires in coordination and consultation with EULEX	Project Manager - Kosovo Local Project Officer - Kosovo Key Expert (AC) 45 w/days of STCs (int and local) Cost of 3 (1 day) workshops Translation/interpretation

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1.2	Organise two consecutive assessments (initial and final) on measures against corruption including one progress report in between the assessments in coordination with EULEX.	Project Manager - Kosovo Local Project Officer - Kosovo Key Expert (AC) 90 w/days of STC (int+local) Cost of 9 (1 day) workshops Cost of 3 (1 day) conferences Translation/interpretation Publication and dissemination cost 1 Study Research 2 Visibility Events
1.3	Prepare a compliance matrix and set priorities with regard to corruption assessments	Project Manager - Kosovo Local Project Officer - Kosovo Key Expert (AC) 24 w/days of STC (int+local) Translation/interpretation
1.4	Support the Kosovo institutions in enhancing their reporting capacities in line with assessment methodology on anti-corruption measures/reforms	Project Manager - Kosovo Local Project Officer - Kosovo Key Expert (AC) 21 w/days of STC (int+local) Cost of 3 (1 day) workshops Translation/interpretation
1.5	Support the Kosovo institutions in developing mechanisms of collecting and processing of data necessary for the reporting on anti-corruption measures/reforms	Project Manager - Kosovo Local Project Officer - Kosovo 20 w/days of STC (int+local) Cost of 3 (1 day) workshops Translation/interpretation
1.6	Prepare and introduce recommendations based on the assessments and ensure a unified understanding of the proposed reforms in coordination with EULEX	Project Manager - Kosovo Local Project Officer - Kosovo 6 w/days of STC (int+local) Cost of 3 (1 day) workshops Translation/interpretation Publication and Dissemination Cost
1.7	Publish, translate, disseminate and make awareness of the assessment and progress reports (incl. compliance matrix) in English, Albanian, and Serbian languages	Project Manager - Kosovo Local Project Officer - Kosovo Cost of 3 (1 day) Conferences Translation/interpretation Publication and Dissemination Cost
2	Assessment of AML and CFT measures	
2.1	Organise two consecutive assessments on measures against money laundering and	Project Manager - Kosovo

Project against Economic Crime in Kosovo (PECK)

	financing of terrorism in coordination with EULEX.	Local Project Officer - Kosovo Key Expert (AML/CTF) 90 w/days of STC (int+local) Cost of 9 (1 day) workshops Cost of 3 (1 day) conferences Translation/interpretation Publication and dissemination cost 1 Study Research 2 Visibility Events
2.2	Prepare a compliance matrix and set priorities with regard to money laundering and financing of terrorism assessments	Project Manager - Kosovo Local Project Officer - Kosovo Key Expert (AML/CTF) 24 w/days of STC (int+local) Translation/interpretation
2.3	Support the Kosovo institutions in enhancing their reporting capacities in line with assessment methodology	Project Manager - Kosovo Local Project Officer - Kosovo Key Expert (AML/CTF) 21 w/days of STC (int+local) Cost of 3 (1 day) workshops Translation/interpretation
2.4	Support the Kosovo institutions in developing mechanisms of collection and processing of data necessary for reporting on AML/CTF reforms	Project Manager - Kosovo Local Project Officer - Kosovo 20 w/days of STC (int+local) Cost of 3 (1 day) workshops Translation/interpretation
2.5	Prepare and introduce recommendations based on the assessments	Project Manager - Kosovo Local Project Officer - Kosovo 6 w/days of STC (int+local) Cost of 3 (1 day) workshops Translation/interpretation Publication and Dissemination Cost
2.6	Support and promote conclusion of the necessary bilateral or multilateral MoUs or participation of key institutions in relevant international networks. Additionally, enhance international legal cooperation in economic crime including corruption and AML/CTF aspects)	Project Manager - Kosovo Local Project Officer - Kosovo Cost of 3 study visits to foreign FIUs Cost of 2 (1 day) international conferences (each 1 day) on international cooperation (between FIUs, prosecutors/law enforcement and int'l organisations) Cost of travel and accommodation Translation/interpretation

Project against Economic Crime in Kosovo (PECK)

2.7	Publish, translate, disseminate and make awareness of the assessment and progress reports (incl. compliance matrix) in English, Albanian, and Serbian languages	Project Manager - Kosovo Local Project Officer - Kosovo Cost of 3 (1 day) Conferences Translation/interpretation Publication and Dissemination Cost
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The Conference Participation = approx 60/70 participants

The Workshop Participation = approx 20/30 participants

Visibility events: There are 9 visibility events foreseen for all actions related to the two types of the assessments and their frequency (AC and AML/CFT) as well as those related to the inception phase component and the international cooperation component that horizontally touch the both projects' assessments/chapters. The visibility events would take place through different actions that will be clearly designed and presented at the Inception Phase according to the workplan of activities and the Indicative Calendar of Actions. whereas the later conference would concentrate on the findings and a discussion of resulting actions.

4 ASSUMPTIONS AND RISKS

4.1 Assumptions

Political commitment to further strengthening of the capacities to prevent, detect, investigate, prosecute and adjudicate corruption and money laundering cases in accordance with European standards and best practices is the key assumption made under this Project. That means Kosovo will maintain this priority in spite of possible political instability. This assumption has been supported by official anti-corruption policy documents adopted by the Kosovo authorities and through the recent adoption of relevant legislation.

It is assumed that Project stakeholders, and in particular the key institutions of Kosovo, shall be committed to the achievement of this Project's results, are willing and able to enhance co-operation and co-ordination with each other and nominate suitable persons to the Steering Committee. This is based on the two sessions that took place within a year time during the design and preparations of this Description of Action. Furthermore, almost all institutions, and especially such the Anti-Corruption Agency and the Financial Intelligence Unit as main beneficiary institutions have expressed agreement and readiness to undertake actions as per this programme. Other major institutions as listed in the Beneficiary List have also endorsed the documents in its preliminary stage and during its finalisation stage (May 2010 and July 2011).

These assumptions appear to be reasonable in the light of the positive previous experience and the endorsement of this Project by the beneficiaries. However, on a more cautious note, not all institutions seem to have the same level of understanding with regards to the rationale of the Project since its nature is quite different with the classical technical assistance projects and its expected results are connected to assessments and recommendations based on the model of monitoring mechanisms and structures of the Council of Europe. Therefore, the Project will have to invest more effort for some institutions especially during the inception phase.

4.2 Risks

The risk of this Project is that one of the assumptions does not hold true. Based on previous experience, the risk is however not considered to be high. More particularly:

- Lack of political stability

Proposed response: Presidential elections were held in Kosovo as recent as April 2011, parliamentary elections in December 2011. Without early elections, the project could run until 2014 without change of government. Besides, political instability would not be likely to influence the results. If it materialises it may delay certain processes within the project or make its work more difficult but within the scope of flexibility built in the Project and through ensuring professional management the Project Team shall be able to cope with any negative influence. The Project addressing one of the policy priorities of Kosovo on its way to European standards guarantees that any adverse effects would only be of temporary and manageable nature.

- Lack of co-ordination and of co-operative approach by stakeholders

Proposed response: Experience from previous projects⁴¹ allows perceiving this risk as moderate and unlikely to prevent the project from achieving its results. Co-operation of stakeholders under other projects in this field was pretty good. The clear procedure and structure of the project and the focal responsibility of KAA and FIC as well as OGG will ensure the sustainability of the co-ordination process. In case any state institution should show a lack of co-ordinated action within the project, an intervention by the Prime Ministry's Office (OGG) and/or the Council of Europe's office in Pristina should lead to adequate co-operation.

- Lack of government financial resources to consolidate achievements of the Project

Proposed response: The focus of the project is on the assessment of necessary legislative, policy and institutional reforms, and on identifying needs trainings and where capacity building requires enhancement, hence, the expected results do not all require any substantial investments by Government, rather than maintain the sustainable budgetary resources as allocated to the institutions in charge of operating under the improved policy/institutional and legislative reforms. Furthermore, all state institutions co-operating with and benefitting from the projects are established and operational.

4.3 Sustainability

Sustainability of the Project's outcomes will be supported by the following factors:

- The assessments will be consulted and shared with **international bodies** (Council of Europe, the World Bank, the IMF, the European Union, the EULEX, UN, UNDP and national development agencies) and thus form a streamlined basis for all technical assistance in the area of economic crime in Kosovo in line with European and international standards.
- The Project will support and enhance the institutional **capacities** of the relevant Kosovo structures.
- As a result of the Project's recommendations achieved under GRECO and MONEYVAL modelled mechanisms, lasting **legislative** and organisational improvements are expected to follow.
- It is expected that the assessment exercise itself (information collection and replies to questionnaires) will lay ground for **clarifications** of competences and needs of co-ordination.
- The Project would allow **peer** dialogue and good practice exchanged among professionals, practitioners and equivalent institutions in other countries.
- Additionally, it would include a cross border approach increasing **networking** and regional co-operation on criminal matters and especially those related to economic crime.

⁴¹ Project on Implementation of anti-corruption plans in South-Eastern Europe "PACO Impact" (2004-2006) www.coe.int/t/dghl/cooperation/economiccrime/corruption/Projects/PACO%20Impact/PacoImpact_en.asp; advise by Council of Europe outside projects on anti-corruption policies, laws, and institutions (2008), www.coe.int/t/dghl/cooperation/economiccrime/corruption/technicalpaperscorruption_en.asp.

5 IMPLEMENTATION

5.1 Methods of implementation and reasons for the proposed methodology

The progress made and solutions to difficulties encountered under the project will be discussed on a regular basis by the Steering Committee. The Project Manager, the Project Implementation Team (see below) and the two National Project Co-ordinators from the Government of Kosovo will be responsible for delivering the results and the implementation of activities in Kosovo.

Many of the activities will result in recommendations or lines of action. It is important that these results are documented, and the Steering Committee will assess the follow up given to these recommendations.

The methodology of implementation of these activities, and thus of the project itself is evident in the above description of activities.

At all stages, the Project Management Team and the Assessment Teams should ensure close co-ordination and information sharing with EULEX. This includes particularly the selection of national experts for the assessment teams and the selection of interviewees for the questionnaires and on-site interviews, the consideration of legal and organisational aspects relevant for the questionnaires and on-site visits, and the discussion of preliminary and final findings.

The following types of inputs are proposed:

- Expert advice – provided partly for by the Project Manager within his/her competence/ experience or, as necessary, and mainly by Key experts selected according to their specific field of competence, through direct conversation with individual officials or groups of officials on the issues specified in the Workplan and wherever necessary.
- Expert opinions – will be provided in writing, as necessary, to comment on the pieces of legislation or their drafts or other documents, by independent experts from the Council of Europe Member States via the CoE Secretariat.
- Roundtables and seminars – allowing stakeholders/professional groups and individuals to look at ways in which their own policies can be reformed. They will also be used to contribute specialist knowledge to a broader debate on a given issue.
- Research – a way to get a comprehensive overview of a given issue to serve a basis for further analysis.
- Translations – make important texts and information accessible in local languages and can be used as a tool in training activities and seminars.
- Publication and dissemination of texts and/or audiovisual CD-ROMs – ensure that certain expertise or knowledge is made available to the widest possible audience.
- Press coverage and visibility actions – to increase public awareness of the subject matter of the Project and to ensure the visibility of the Project, the donor and the implementation agency.

5.2 Physical and non-physical means

To ensure the proper implementation of the Project throughout the period of 30 months, the following means will be made available:

5.2.1 Premises and office equipment

The Council of Europe will make offices available for the Project Team in Strasbourg and in Pristina. A monthly lump sum will be allocated under the budget direct costs to cover the cost of the Project office running and maintenance in Pristina.

5.2.2 Personnel/Project Team

The following staff will be funded under the Project:

- A Project Manager (international recruitment of the Council of Europe in Pristina full-time);
- A Project Officer (local staff of Council of Europe, in Pristina);
- Project management in Strasbourg (includes a 50% of time of Project Officer and a 75% of time of Project Assistant and 25% of time of Accountant).

The project management team (which will include recruitment under fixed term temporary contracts), will be recruited in line with Council of Europe rules which require that all staff, paid even partly under the Project, are covered by the Human Resources chapter and not as Overhead Cost.

The Project's Consultants/Experts will be selected by the Council of Europe in a transparent procedure based on the consultancy contracts and procurement procedures of the Council of Europe an open call for tender and in consultation with the EU Delegation and the National Project Co-ordinator.

No permanent staff of the Council of Europe will be funded under this Project.

During the Inception Phase, the Project Team will propose a Workplan detailing short-term consultants/experts that will be needed for the implementation of project activities. The Council of Europe will ensure the active participation of local professional skills where available, and a suitable mix of European and local experts in the project team. All local experts are to be independent and free from conflicts of interests. Civil servants and other staff of the public administration of Kosovo shall not be recruited as consultants within the project team. They may provide short-term inputs as necessary but in that case shall not be remunerated.

Project Manager - Pristina

The post-holder will be deployed in Pristina and shall be responsible for the successful accomplishment of the project's overall and specific objectives through ensuring, in co-operation with the counterparts and the lead beneficiary institution, the implementation of the measures and activities agreed upon in the Project Workplan.

This includes:

- Be part of the project-team and support the assessment teams/experts in their daily work;

- Ensure day-to-day implementation of the Workplan and liaison with the counterparts in the beneficiary institutions assigned to the project, with the Project Management, and with the donor;
- Assist the overall management and coherence of the project;
- Co-ordinate the project Workplan and its calendar of activities in co-operation with the Project Management and the National Project Co-ordinators;
- Assist Project Manager as well as Key Experts/consultants and short-term experts when carrying out tasks and missions in the field;
- Ensure office management and organise the work of assistants;
- Ensure relevant contribution to project reporting, including financial reports;
- Regularly report to and regularly co-ordinate with ECLO, as well as exchange information and co-ordinate with other donors and ensure dissemination of information, assessments and issuance of recommendations with EUD, EULEX and other organisations;
- Support and provide advice to the assessment teams on the relevant legal and institutional aspects of the assessments against the environment of legal system in Kosovo and the GRECO and MONEYVAL models.

Qualifications required:

- University degree (law degree preferred or equivalent to economic, political or finance);
- Not less than 3 years of professional experience at national or international levels in criminal justice/law enforcement-related fields, of which at least some experience in matters related to corruption, ethics, money laundering and economic crime;
- Administrative experience (including target setting and planning, administration, finance and reporting);
- Experience in the co-ordination of international technical co-operation projects;
- Proficiency of spoken and written English language and, ideally, knowledge of Albanian;
- Excellent knowledge of Excel and Microsoft programmes;
- Communication, and IT skills;
- Ability to work in an international environment.

Local Project Officer – Pristina

The Local Project Officer will be responsible for assuming the general secretarial and administrative support functions. S-/he will have at least university degree education, excellent knowledge of Albanian and Serbian as well as very good command of English. In addition, S/he, should have accounting and linguistic skills, and ideally at least 2-3 years experience in a similar position.

- Be part of the project-team and support the Project Manager in his/her daily work;
- Ensure day-to day implementation of the workplan and liaison with the counterparts in the beneficiary institutions assigned to the project, and with the Project Manager;
- Responsibility for overall coordination and any necessary advice concerning the management of the project;
- Assist the overall management and coherence of the project;

- Coordinate the project Workplan and its calendar of activities in cooperation and under the guidance of the Project Manager and Anti-corruption Agency, FIC and OGG;
- Assist Project management in Strasbourg as well as short-term and Key Experts (AC and AML/CTF) when carrying out tasks and missions in the field;
- Ensure relevant contribution to project reporting, including financial reports.

Qualifications required:

- University Law degree;
- Not less than 3 years of professional experience at national or international levels in criminal justice/law enforcement-related area;
- Administrative experience (including target setting and planning, administration, finance and reporting);
- Experience in the coordination of international technical cooperation projects;
- Excellent proficiency of Albanian and Serbian language, proficiency of spoken and written English language and, ideally, knowledge of French;
- Excellent knowledge of Excel and Microsoft programmes;
- Communication, and IT skills;
- Ability to work in an international environment.

Position of Project Officer – Strasbourg

- Assume responsibility for the delivery of Project's results;
- Assume responsibility for overall co-ordination of the project;
- Assume responsibility for the utilisation of the Project budget in line with Council of Europe financial rules and procedures;
- Officially represent the Council of Europe vis-à-vis the ECLO and project partners;
- Approve the Project Workplan and its calendar of activities prepared by the Project Team before it is presented to Steering Committee and ECLO;
- Manage and co-ordinate the necessary administrative processes within the Council of Europe;
- Ensure the quality and timeliness of the reporting, including financial;
- Ensure co-ordination and synergies with other projects implemented by the Council of Europe;
- Assure that CoE rules apply and initiate financial and administrative procedures for the approval of short term experts/consultants and other service providers and negotiate their contracts.

Qualifications required:

- University degree; ideally in law, administration or economics
- Not less than 4 years of professional experience at national or international levels in criminal justice/law enforcement-related fields;
- Administrative experience (including target setting and planning, administration, finance and reporting);

- Experience in the management or co-ordination of international technical co-operation projects;
- Proficiency of spoken and written English language;
- Communication, and IT skills;
- Ability to work in an international environment and under pressure;
- Ability to meet deadlines.

Positions of Project Assistant/Accountant – Strasbourg

The position holders will be members of the project-team and assist part-time the entire team in Pristina and in Strasbourg on their daily work on issues related to logistics and finances of the project management. The tasks of the Project Assistant and the Project Accountant will be:

- Provide logistical and secretarial assistance to the project team in the planning, organisation and time-sheet accuracy in accordance with the project Workplan and the financial and administrative rules of the Council of Europe
- Assist the organisation of events in Strasbourg and outside Strasbourg, including venue preparation, travel, accommodation of experts, trainers and trainees;
- Assist the project team in initiating all the purchase orders, entry of finance tools into the FIMS system, and follow up on the payment and reimbursement procedures;
- Prepare and submit the internal quarterly financial reports for the management and also progress and final finance reports to the Donor in cooperation with the Central Division and the Directorate of Finance;
- Follow up on any other financial information and documentation necessary to be submitted to Strasbourg Headquarter; and
- Provide secretarial and logistical assistance for international and local experts/consultants participating in the project activities.

5.2.3 Services

Given the nature of the activities undertaken, consultancy and interpretation services will constitute a major input into the Programme's implementation.

5.3 Organisation and implementation procedures

5.3.1 Contracts

The implementation of the Programme will be based on a Contribution agreement between the European Commission (the contracting authority) and the Council of Europe (the implementing partner). The Council of Europe will sign contracts with all consultants/experts, service providers and suppliers.

5.3.2 Roles and participation by various actors

The European Commission Liaison Office to Kosovo (ECLO)

ECLO will be responsible for:

- Providing funds for project implementation;
- Co-Chairing the Steering Committee;
- Exercise ex-post control over the expenditures on the contract;
- Approving inception, progress and final (narrative and financial) reports;
- Approving any budget modifications;
- Approving workplan and any modification in the course of the project implementation.

The Steering Committee

The Steering Committee of this project will consist of representatives of

- the Prime Minister's Office of Good Governance;
- the Kosovo Anti-corruption Agency;
- the Ministry of Justice;
- the Financial Intelligence Centre;
- the Ministry of Finance;
- the European Commission Liaison Office to Kosovo;
- and of the Corruption and Money Laundering Unit of the Council of Europe.

The Steering Committee meetings will also involve other relevant authorities related to project results and activities. Definite composition of the Steering Committee will be discussed in the inception phase and approved by the start-up conference. The Steering Committee will take strategic decisions and supervise the proper implementation of the Project. It will address major issues that the project might face. The Steering Committee shall be called to meet 4 times during the implementation of the project, and whenever such need arises. The responsibilities of the Steering Committee are the following:

- Monitoring the implementation of the project and discussing its achievements;
- Approving workplans and progress reports, including the inception and the final one;
- Assessing emerging issues for sound project implementation and approving the resulting guidelines for the Project Management;
- Approving the necessary departures from the original ToR or Workplan;
- Approving specifications for procurement and procurement plans.

The SC will be co-chaired by an ECLO and CoE representative.

National co-ordinators and counterparts

In the course of implementing this project, and especially at its inception phase and delivering the assessment/progress reports (including the recommendations), the CoE will address and communicate its actions and results to the office of the Prime Minister through its Office of Good Governance, Human Rights, Equal Opportunities and Gender Issues (OGG): Given the fact that this project will involve two components, which will entail many relevant institutions as beneficiaries, it will be of advantage to have an overall, high level focal point for co-ordination with the Kosovo authorities.

As far as the actual rollout of the assessment procedure is concerned, the project's assessment teams will be composed of: the Kosovo Anti-corruption Agency which will be the central co-ordinator for the anti-corruption component, and the Financial Intelligence Centre will be the co-ordinator for the anti-money laundering component.

Other beneficiary institutions include Ministry of Justice (legislative drafting and inspections), Ministry of Economy (as the future FIC hosting institution), Ministry of Interior (economic crime investigations), the Kosovo Judicial Council, the Prosecutorial Council, the Agency for Managing Sequestered and Confiscated Assets (AMSCA) as well as the Central Bank of Kosovo. Both those agencies will then coordinate with other institutions to designate 3 local experts for each component while the Council of Europe will designate 3 international experts/peers to each component (See organigram at 3.4.1). The experts in each team shall participate in the Project's assessments considering the role of each in policy making, legislative reforms as well as capacity building. The recommendations deriving from the assessment/progress reports would refer to each of these institutions and their progress in implementing measures against economic crime.

The national counterparts will be actively involved throughout the whole exercise: The 2 project assessment teams coordinated and support by the project team will be the main centers for each assessment chapter. They will initiate and carry out each respective assessment, follow up and recommendations through typical peers assessment exercises. Those include: from self-assessment of each relevant institutions through questionnaires, workshops/roundtables with experts to discuss the relevance of produced and outstanding information, co-ordination with other state institutions to bring information, answers and findings into cross-sector agreement. The compliance phase will ask institutions to develop ways of bringing legislation and organization in line with recommendations, bring proposed measures in agreement with experts and implement measures; develop criteria and collect data on the success of implementation. The composition of each assessment team with 50% local experts and 50 % international experts will be provide the great basis to allow for a full peers review of the anti-corruption and anti-money laundering system in Kosovo, thus create the realistic basis for recommendations to be issued to Kosovo institutions that come from joint teams of assessors.

The involvement of civil society and NGOs will be ensured in this project especially during the assessment plenary sessions and when recommendations are issued and disseminated to the public as agreed upon in the Terms of Reference.

The Council of Europe

The Council of Europe, through the Project Team will be responsible for the implementation of the project, its monitoring and assessment and for the use of the funds under a contract with the European Commission. The Council of Europe is expected to ensure the achievement of the project results as listed above. In order to achieve these results the Council of Europe may propose alternative or complementary project activities to those identified in this section, where it can clearly justify and finance them directly. Within the Council of Europe, the Corruption and Money Laundering Unit will be responsible for co-ordination and supervision of the project.

5.4 Timetable

The envisaged duration of the Project is 30 months. An indicative Project timetable appears in Annex II. It provides a tentative timeframe for all the activities planned under the Project. It will be updated in the Project's Inception Report and be used as a benchmark in the course of the implementation of the Project to assess the progress made.

5.5 Costs and financing plan

The total cost of the Project for the 30-month period is € 1,200.000, provided by the European Union (€ 1,000.000) and by Council of Europe (€ 200.000).

5.6 Lessons learnt

Previous experience of CoE technical assistance projects in Kosovo and in the region has been in overall satisfactory. However, certain good practices and lessons learned are worth of sharing and being kept under consideration for future actions in order to improve impact and quality of assistance. Those would include:

- Close co-ordination with ECLO;
- Local ownership through maximum involvement as possible throughout project implementation;
- Capacity building of local staff and involving of beneficiaries "on job" in project deliveries;
- Thorough consideration of the historical, cultural and ethnic values and circumstances in the field where the project is being involved;
- Ensure sufficient absorption of capacities available and avoid donor congestion when organising activities that may fall under the same theme umbrella with other donors and technical assistance providers;
- Sufficient financial planning of support and management time for project team (in Kosovo and in Strasbourg) in order to ensure smooth and quality oriented actions;
- Ensure follow up and information dissemination when delivering project results in order to maintain the momentum as well as ensure continuation of reforms.
- Sharing information and planning with other governmental and non-governmental organisations in Kosovo and in the region in order to avoid duplication, but also ensure joint partnerships and co-ordination of efforts.

5.7 Other interventions and linked activities

The project builds and expands the work of previous interventions through technical assistance and co-operation programmes of the Council of Europe that took place and were carried out in Kosovo and the region during the last 5-6 years in the field of economic and serious crime (corruption, money laundering, financing of terrorisms, trafficking in human being, cybercrime and international co-operation in criminal matters). More specifically, these activities that Council of Europe provided before through, PACO Impact, PACO Kosovo, CARDS, and PROSECO will be expanded and their sustainability will be ensured through the actions and interventions of this project. Further on, it will support the work and capacities of key ministries and structures in Kosovo (such the Office of Good Governance, Human Rights, Equal Opportunities and Gender Issues (OGG), Ministry of Justice, Ministry of Interior, Ministry of Finance, and Judiciary) to address issues of reform concerning measures against corruption and money laundering as well as terrorism financing based on the analysis and recommendations of the assessment reports.

This project will build on previous and current EU and other international organisations' assistance to rule of law and good governance:

Project against Economic Crime in Kosovo (PECK)

Name of project (budget € million)	Start/ End	Activities/Results
Support to the Anti-corruption institutions of Kosovo (IPA 2007) € 1.0 million	2009-2011	This project aims at the development and enforcement of anti-corruption policies and a legal framework, in line with EU standards, together with increased public awareness, to effectively and systematically combat corruption in Kosovo's institutions.
Support to the Anti-Corruption Agency (IPA 2007)	2008-2009	This project aimed at the development and enforcement of anti-corruption policies and a legal framework in line with EU standards, strengthening inter-agency cooperation together with increased public awareness, to effectively and systematically combat corruption in Kosovo's institutions.
Strengthening the Human resources and institutional capacity of the Kosovo Local Public Administration (IPA 2009) € 6.5 million	2010-2012	The Project will support the development of a professional administrative capacity for implementation of the European Partnership Action towards a more effective and efficient service delivery and dialogue with citizens.
Improvement of IT System in Taxation (IPA 2009) € 5.0 million	2010-2012	The project will improve the capacity of the IT system in Tax Administration and advance its transformation into a modern administration through delivering anew IT system which will bring the revenue collection mechanisms closer to EU and fostering good governance through the introduction of monitoring, evaluation and control mechanism, thus increase transparency and contribute to the fight against corruption.
Civil Registration Agency and unified address system (IPA 2009)	2009-2012	Introduction of a unified address system in Kosovo, which will allow the registration of citizens with a clearly identifiable address, thus improving the functionality of the civil registry, delivery of services to citizens and increasing the efficiency of the justice system.
Adequate working facilities for the Public Prosecution (IPA 2009)	2009-2012	Building new and adequate premises in order to increase the capacity and efficiency of public prosecution, leading to a better functioning of the criminal justice system.
Legal translators/ interpreters and legal linguists (IPA 2009)	2009-2012	Setting up of a training institution, development of curricula and accreditation mechanisms for legal translators, interpreters and legal linguists in order to increase the efficiency and credibility of both the administration and the justice systems.
Twining with Ministry of Justice (IPA 2009) € 2.4 million	2009-2011	Twinning project builds on the activities carried out under previous EAR projects. In addition to capacity building, this project also looks at developing mechanisms for arbitration, juvenile justice and the setting up of a bailiff system in

Project against Economic Crime in Kosovo (PECK)

		order to reduce the backlog of cases in courts.
Rule of Law Institutional Capacity Building Project Kosovo Justice Support Program/USAID, UNDP US\$ 300,000	2007-2010 2009-2011	1) Capacity building of Justice Institutions 2) Capacity building for improved judicial practices 3) Improved knowledge on access to justice in Kosovo 4) Increased knowledge on transitional justice amongst practitioners
Kosovo Civil Society Strengthening Program, USAID US\$ 4.5 million	2009-2010	Capacity building and advocacy; outreach and inclusion of Kosovo Serb and other minority NGOs; improving the NGO legal and regulatory framework
Access to justice/UNDP USD\$ 1.63 million	2009-2011	The project aims at improved access to justice through provision of legal aid, information and awareness at community level
CRINIS - Shining a light on money in politics TI/Norway Ministry of Foreign Affairs € 141,000	2010-2013	The project has two components which are: 1.: Assessment of the legal basis and practices related to transparency in the financing of political parties. 2.: Advocacy, on the basis of the results gained through the research, to stimulate reforms to improve the legal basis and practices in the financing of the political parties.
Advocacy for the Completion of Anti-Corruption Legal Package in Kosovo, TI/British Embassy £65,000.	2011-2012	Advocacy for the completion of anti-corruption legal package in Kosovo with aim to create additional legal mechanism to fight corruption and organised crime.
Regional Co-operation in Criminal Justice: Strengthening capacities in the fight against cybercrime (IPA Regional 2010) € 2,777,778	2010-2012	A joint regional project of EU/CoE on cooperation against cybercrime under the Instrument of Pre-Accession (CyberCrime@IPA) Regional participation includes: Albania, Bosnia and Herzegovina, Croatia, Montenegro, Serbia, "the former Yugoslav Republic of Macedonia", Turkey and Kosovo*. Through this regional project, the European Union and the Council of Europe provide support to the authorities by enhancing their ability to prevent and control cybercrime based on existing tools and instruments, including in particular the Budapest Convention on Cybercrime (CETS 185) and its Protocol on Xenophobia and Racism (CETS 189).

Numerous initiatives and permanent international advisory and monitoring mechanisms established in relation to the fight against corruption and money-laundering and counter terrorism financing, which will serve as models, networks, and initiatives in terms of delivery of this project:

FATF - Financial Action Task Force-an inter-governmental body with worldwide membership whose purpose is the development and promotion of national and international policies to combat

money laundering and terrorist financing. The FATF is a "policy-making body" created in 1989 working to generate the necessary political will to bring about legislative and regulatory reforms in these areas. The FATF has published the "Forty recommendations on money laundering" and "Nine special recommendations on financing of terrorism" in order to set the standards and to meet its objective. FATF has also produced the methodology for mutual evaluation process, which is used also by MONEYVAL.

MONEYVAL - The Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures - (formerly PC-R-EV) - was established in 1997. This evaluation and peer pressure mechanism reviews the anti-money laundering measures (including confiscation measures) and measures to counter the financing of terrorism in Council of Europe member States (and Council of Europe applicants which apply to join the terms of reference) which are not members of the Financial Action Task Force (FATF). The evaluation is conducted based on the common AML/CFT methodology, agreed between MONEYVAL and the IMF and the World Bank. In the evaluation reports the efficiency of the measures in place is evaluated and recommendations are made for the improvement.

GRECO - Group of States against Corruption - a monitoring body of the Council of Europe which aims to improve its members' capacity to fight corruption by monitoring the compliance of States with their undertakings in this field. In this way, it will contribute to identifying deficiencies and insufficiencies of national mechanisms against corruption, and to prompting the necessary legislative, institutional and practical reforms in order to better prevent and combat corruption. GRECO is responsible, in particular, for monitoring observance of the Guiding Principles for the Fight against Corruption and implementation of the international legal instruments adopted in pursuit of the Programme of Action against Corruption (PAC). Since the Criminal Law Convention on corruption also incorporates provisions concerning the confiscation of proceeds, GRECO monitors also this field. Its findings, conclusions and recommendations can be an important source of information on the deficiency of confiscation measures in a given country.

CARIN - The Camden Asset Recovery Inter-Agency Network (CARIN) is an informal network of contacts dedicated to improving co-operation in all aspects of tackling the proceeds of crime. It aims to increase the effectiveness of members' efforts in depriving criminals of their illicit profits through co-operative inter-agency co-operation and information sharing. Membership is open in principle to the EU member states, but other states can have an observer status and take part in CARIN's work (in the Western Balkan region Slovenia is a member and Croatia has an observer status).

Egmont Group⁴² - established in 1995 as a group of Financial Intelligence Units (FIUs) that decided to establish an informal network whose goal was facilitate international co-operation. Now known as the Egmont Group, these FIUs meet regularly to find ways to co-operate, especially in the areas of information exchange, training and the sharing of expertise. More specifically: expanding and systematizing international co-operation in the reciprocal exchange of information; increasing the effectiveness of FIUs by offering training and promoting personnel exchanges to improve the expertise and capabilities of personnel employed by FIUs; fostering better and secure communication among FIUs through the application of technology, such as the Egmont Secure Web (ESW); fostering increased co-ordination and support among the operational divisions of member FIUs; promoting the operational autonomy of FIUs; and promoting the establishment of FIUs in conjunction with jurisdictions with an AML/CFT program in place, or in areas with a program in the early stages of development.

⁴² www.egmontgroup.org.

6 FACTORS ENSURING SUSTAINABILITY

6.1 Policy support

This Project is the continuation of a Council of Europe action implemented between 2005 and 2008 in full co-operation with the Kosovo authorities. It seeks to consolidate and strengthen the work carried out in areas agreed upon with the Project's key stakeholders, with a view to ensuring the full ownership by the national authorities at central and local level, of the initiatives undertaken within the framework of the Project. Furthermore, this project has the potential to unfold synergies with several other technical assistance projects (see above at 5.7).

6.2 Environmental protection measures

Environmental protection is an indirect benefit of the action. The links between corruption in relevant administrations and environmental harm are acknowledged as well as obvious.

6.3 Socio-cultural and gender issues

Equal opportunities, including respect for gender and minorities protection, are key values of the Council of Europe. They will be taken into account in all activities of the Project.

6.4 Institutional and management capacity (public and private)

The Council of Europe, an international organisation of 47 European member states has wide experience and expertise in managing co-operation Projects in the field of democratic institutional strengthening, including local self-government. It has a staff of more than 2,000 based in Strasbourg and in field offices in various European countries.

The Council of Europe has an office in Pristina which can provide support to the Project Team staff. Previous projects implemented by the CoE in the region were run successfully and achieved their expected results in spite of a difficult political situation, thanks to the support of and co-operation with all partners.

6.5 Economic and financial analysis

As discussed above (4.2), implementation of this project and maintaining its results does not require any substantial investments of the part of government. Ensuring the basic operations of the key institutions in terms of staffing, premises and equipment seems to be secured and this is sufficient for the project to run.

7 MONITORING AND EVALUATION

7.1 Definition of indicators

Indicators, sources of verification as well as related assumptions are provided in the logical framework, in Annex I.

7.2 Reports/evaluations

7.2.1 Reports

The daily implementation and reporting of specific activities of the project will be monitored by the Project Manager in Pristina and the Project Officer in Strasbourg. The former will ensure that reports are prepared and submitted as required, and provide all necessary support to the Project Team in Pristina. The latter will ensure timely feedback on behalf of Kosovo partners. All Reports must be approved by the Contracting Authority as stipulated in the applicable General Conditions or superseding provisions.

The Council of Europe will submit the following reports:

The Nature and Content	Type	Reporting Period	Recipients
Inception Report <i>English, Albanian and Serbian Versions</i>	<p>The inception report will contain an update on any relevant changes in the institutional framework in Kosovo, a detailed work plan and the names of the Project Team members. In its elaboration, the Logical Framework Approach shall be followed linking the project objectives to expected results and the activities needed in order to achieve the results. It will contain the proposed detailed composition of the Steering Committee. The inception report will outline the management structure of the project clearly describing the responsibilities of the main players as well as the decision-making process and information flow between the project participants. It will also cover the project activities and progress made in the inception phase. Final version should incorporate any comments of ECLO, OGG, KAA, FIC and members of the Steering Committee.</p>	<p>Following 3 months of the start up of the implementation.</p>	<p><u>Submitted to:</u> OGG, KAA, FIC ECLO</p> <p>Adopted at the Start-up Conference and by ECLO</p>
Annual Progress Reports <i>English Versions</i>	<p>These reports will list more in detail the activities undertaken and assess the progress toward achievement of project objectives. The update will stress particularly the achievement of results</p>	<p>To be submitted every 12 months not later than 30 days after the end of the reporting period in English. Accompanying</p>	<p><u>Submitted to:</u> OGG, KAA, FIC ECLO</p>

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	and identify also potential risks during the forehand implementation period. Update of the country situation will also be included, supported by case statistics.	further pre-financing payment request when and as foreseen under the Special Conditions.	
Final Report (Narrative and Financial) <i>English, Albanian and Serbian Versions</i>	The final report should follow the inception report format and include an in-depth assessment of project implementation results and the level of achievement of the objectives. The Final Report will contain lesson learnt and recommendations to be followed up by the beneficiary. The report will be finalised after incorporation of any comments from the ECLO, OGG, KAA, FIC, and members of the Steering Committee.	Not later than 6 months after the end of the project implementation period and accompanying final payment request.	<u>Submitted to:</u> OGG, KAA, FIC ECLO

Draft progress reports and deliverables must be submitted to the ECLO within 15 days following the end of each reporting period.

Monthly reports will be considered approved and final if within 15 days of their submission to each party when there have been no comments or objections/recommendations for changes. Progress and final reports will be considered if no comments are received within 15 days of the Steering Committee meeting.

Final versions of the inception, progress and final reports shall be countersigned by the National Project Co-ordinators upon consultation with other members and Head of the Corruption and Money Laundering Unit in the Council of Europe before submission to the ECLO for the final approval.

Financial reports shall be produced whenever payment is requested from the contracting authority and at the end of the project. Their structure shall be the same as that of the budget.

7.2.2 Evaluations

The contracting authority will monitor the project according to standard EU procedures. Project monitoring will be based on periodic assessment of progress on delivery of specified project results and towards achievement of project objectives.

8 APPENDIX

- Annex I:** Logical framework matrix
- Annex II:** Indicative Project timetable
- Annex III:** Detailed budget
- Annex III:** List of Acronyms
- Annex IV:** Interviews

8.1 Annex I - Logical Framework

Project against Economic Crime in Kosovo (PECK)				
Overall objective	Objectively verifiable indicators	Sources of verification		
To contribute to democracy and the rule of law through the prevention and control of corruption, money laundering and the financing of terrorism in Kosovo	<ul style="list-style-type: none"> - Level of anti-corruption and AML&CFT policies implemented - Level of corruption, money laundering and terrorist financing 	<ul style="list-style-type: none"> - EU Annual Progress Report - Official statistics of key institutions - Country reports/surveys on corruption and money laundering show improvement of situation 		
Project purpose	Objectively verifiable indicators	Sources of verification	Assumptions	
To strengthen institutional capacities to counter corruption, money laundering and the financing of terrorism in Kosovo in accordance with European standards through thorough assessments and recommendations for improving and streamlining economic crime reforms	<ul style="list-style-type: none"> - Extent to which legislation, policies, organisations and capacities are in line with European standards - Number and seriousness/diversity of reported, investigated, prosecuted and adjudicated cases - Number and extent of recommendations from risk analysis implemented - Number/extent and professional diversity of people trained to manage and follow up international assessment exercises 	<ul style="list-style-type: none"> - EU Annual Progress Report - Project progress and activity reports - Official statistics - Progress and 2nd (final) assessment report 	<ul style="list-style-type: none"> - Political will continues to exist to prevent corruption, money laundering and terrorism financing, if necessary through legislative means - Political will exists in all beneficiary institutions 	
Result 1	Objectively verifiable indicators	Sources of verification	Assumptions	
Assessment of anti-corruption measures	<ul style="list-style-type: none"> - Compliance matrix established and approved by the Steering Committee - Terms of reference on assessment prepared and approved by Steering Committee - 1st assessment report, Progress report, and 2nd (final) assessment report available - Amount and quality of data and information produced by Kosovo institutions - Number/extent and professional diversity of people trained to manage and follow up international assessment exercises - Number of reports published, translated and number of institutions reached 	<ul style="list-style-type: none"> - Project progress and activity reports - Assessment and progress reports - Standardized feedback forms from each training activity - Training statistics - Training reports 	<ul style="list-style-type: none"> - Co-operation with carrying out of assessment - Co-operation with implementing recommendations - Co-operation with training activities - Full reporting by beneficiaries on activities' effect 	

	Activities	Means
1.1	Initiate proceedings that will support the launching of the periodical assessments on measures against corruption	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost Inputs: PC daily advise, STA consulting, meetings
1.2	Organize two consecutive assessments on measures against corruption including one progress report in coordination with EULEX.	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost Inputs: PC daily advise, STA consulting, meetings
1.3	Prepare a compliance matrix and set priorities with regard to corruption assessments	Costs: Fees STA, per diems, international travel, translation/interpretation Inputs: PC daily advise, STA consulting, meetings
1.4	Support the Kosovo institutions in enhancing their reporting capacities in line with assessment methodology on anti-corruption	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost Inputs: PC daily advise, STA consulting, meetings
1.5	Support the Kosovo institutions in developing mechanisms of collecting and processing of data necessary for the reporting on anti-corruption reforms	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost Inputs: PC daily advise, STA consulting, meetings
1.6	Prepare and introduce recommendations based on the assessments and ensure a unified understanding of the proposed reforms	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost Inputs: PC daily advise, STA consulting, meetings
1.7	Publish, translate, disseminate and make awareness of the assessment and progress reports in English, Albanian, and Serbian languages	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost, publication cost Inputs: PC daily advise, STA consulting, meetings
Result 2	Objectively verifiable indicators	Sources of verification
Assessment of anti-money laundering and combating financing of terrorism measures	<ul style="list-style-type: none"> Compliance matrix established and approved by the Steering Committee by month 6 Terms of reference on assessment prepared and approved by Steering Committee 1st assessment report, Progress report, and 2nd (final) assessment report available Amount and quality of data and information produced by Kosovo institutions Number/extent and professional diversity of people trained to manage and follow up international assessment exercises Number of reports published, translated and 	<ul style="list-style-type: none"> Project progress and activity reports Assessment and progress reports Standardized feedback forms from each training activity Training statistics Training reports Statistics and information on international co-operation
		Assumptions <ul style="list-style-type: none"> Co-operation with carrying out of risk analysis Recommendations from risk analysis are implemented Co-operation with training activities Full reporting by beneficiaries on activities' effect Willingness of foreign

	number of institutions reached – Extent and quality of international co-operation, number of MoUs concluded		FIUs/judicial authorities to co-operate with Kosovo
	Activities	Means	
2.1	Organize two consecutive assessments on measures against money laundering and financing of terrorism in coordination with EULEX.	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost Inputs: PC daily advise, STA consulting, meetings	
2.2	Prepare a compliance matrix and set priorities with regard to money laundering and financing of terrorism assessments	Costs: Fees STA, per diems, international travel, translation/interpretation Inputs: PC daily advise, STA consulting, meetings	
2.3	Support the Kosovo institutions in enhancing their reporting capacities in line with assessment methodology on anti-money laundering and financing of terrorism	Costs: Fees STA, per diems, international travel, translation/interpretation Inputs: PC daily advise, STA consulting, meetings	
2.4	Support the Kosovo institutions in developing mechanisms of collecting and processing of data necessary for the reporting on anti-money laundering and financing of terrorism reforms	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost Inputs: PC daily advise, STA consulting, meetings	
2.5	Prepare and introduce recommendations based on the assessments	Costs: Fees STA, per diems, international travel, translation/interpretation, Inputs: PC daily advise, STA consulting, meetings	
2.6	Support and promote conclusion of the necessary bilateral or multilateral MoUs or participation of key institutions in relevant international networks (e.g., Egmont Group)	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost Inputs: PC daily advise, STA consulting, meetings	
2.7	Publish, translate, disseminate and make awareness of the assessment and progress reports in English, Albanian, and Serbian languages	Costs: Fees STA, per diems, international travel, translation/interpretation, conference cost, publication cost Inputs: PC daily advise, STA consulting, meetings	

8.2 Annex II – Indicative Timetable

Proposed Activities		2011		2012				2013				2014	
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Inception phase (3 months)													
0.1	Recruit project staff	X											
0.2	Equip project offices	X											
0.3	Prepare a detailed work-plan and an inception report	X											
0.4	Organise a start-up event	X											
Result 1 – Assessment of anti-corruption measures													
1.1	Initiate proceedings that will support the launching of the periodical assessments on measures against corruption	X											
1.2	Organize two consecutive assessments on measures against corruption and one progress report	X	X				X					X	
1.3	Prepare a compliance matrix and set priorities with regard to corruption assessments	X	X				X					X	
1.4	Support the Kosovo institutions in enhancing their reporting capacities in line with assessment methodology on anti-corruption	X	X			X	X					X	
1.5	Support the Kosovo institutions in developing mechanisms of collection and processing of data necessary for the reporting on anti-corruption reforms	X	X			X	X					X	
1.6	Prepare and introduce recommendations based on the assessments and ensure a unified understanding of the proposed reforms		X				X					X	
1.7	Publish, translate, disseminate and make awareness of the assessment and progress reports in English, Albanian, and Serbian languages		X				X					X	

Proposed Activities		2011		2012				2013				2014	
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		
Result 2 – Assessment of AML/CFT measures													
2.1	Organize two periodical assessments on measures against money laundering and financing of terrorism	X	X							X			X
2.2	Prepare a compliance matrix and set priorities with regard to money laundering and financing of terrorism assessments	X	X							X			X
2.3	Support the Kosovo institutions in enhancing their reporting capacities in line with assessment methodology on anti-money laundering and financing of terrorism	X	X							X			X
2.4	Support the Kosovo institutions in developing mechanisms of collection and processing of data necessary for the reporting on anti-money laundering and financing of terrorism reforms	X	X							X			X
2.5	Prepare and introduce recommendations based on the assessments		X							X			X
2.6	Support and promote conclusion of the necessary bilateral or multilateral MoUs or participation of key institutions in relevant international networks (e.g., Egmont Group)		X							X		X	X
2.7	Publish, translate, disseminate and make awareness of the assessment and progress reports in English, Albanian, and Serbian languages		X							X			X

8.3 Annex III – List of Acronyms

AC	Anti-corruption
AML	Anti-money laundering
AMSCA	Agency for Managing Sequestered and Confiscated Assets
CBK	Central Bank of Kosovo
CETS	Council of Europe Treaty Series
CFT	Combating financing of terrorism
CoE	Council of Europe
DGHL	Directorate General of Human Rights and Legal Affairs
ECLO	European Commission Liaison Office to Kosovo
ETS	European Treaty Series
EULEX	European Union Rule of Law Mission in Kosovo
FIC	Financial Intelligence Centre
FIU	Financial Intelligence Unit
GRECO	Group of States against Corruption
HQ	Headquarter
KAA	Kosovo Anti-corruption Agency
KFOR	NATO Kosovo Force
KIPRED	Kosovar Institute for Policy Research and Development
KJC	Kosovo Judicial Council
KP	Kosovo Police
KPC	Kosovo Prosecutorial Council
MIA	Ministry of Internal Affairs
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
MoU	Memorandum of Understanding
PACO	Implementation of Anti-corruption Plans in South-Eastern Europe (regional project)
OAG	Office of the Auditor General
OGG	Office of Good Governance, Human Rights, Equal Opportunities and Gender Issues
PC	Project Co-ordinator
Q	Quarter
SC	Steering Committee
SIGMA	Support for Improvement in Governance and Management
SPRK	Special Prosecution Office of the Republic of Kosovo

ST	Short Term
STC	Short Term Consultant
STA	Short Term Adviser
TI	Transparency International
ToR	Terms of Reference
w/days	working days

8.4 Annex IV – Interviews/Contacts/Communication

The following persons/institution representatives (May 2010-June 2011) have been met, interviewed, contacted/communicated in view of the preparation of the project from the very beginning and have been presented with the project's objectives and expected results, assessment of needs and consulted when designing the project's actions. In sum the DoA presents now a document which in general has been build through consultations with the beneficiaries of this project, and more detail has been consulted with the two main counterpart offices of this project (Kosovo Anti-Corruption Agency and the Financial Intelligence Centre).

July 2011

Ivonne Gogoll, Team Leader Rule of Law, Operations Section, EC Liaison Office to Kosovo
Mr Edouard Gueroff, EULEX Special Prosecutor (Head of the Financial Crime Section)
Mr Nazmi Mustafi, Kosovo Special Prosecutor (Co-Head of Financial Crime Section)
Mr Joachim Stollber, EULEX Special Prosecutor
Mr Hasan Preteni, Head of the Kosovo's Anti-Corruption Agency
Ms Trendeline Dreshaj, Office of Good Governance, Prime Minister's Office
Mr Tamas Markus, Director, Financial Intelligence Centre (FIU)
Mr Dardan Nuhiu, Director, Financial Intelligence Centre (FIU)
Mr Enver Peci, Head of Kosovo Judicial Council
Mr Gani Gerguri, Governor of the Central of Bank Kosovo
Mr Meridian Kukleci, Executive Director, Central Bank of Kosovo
Mr Atif Hoxha, Compliance Officer, Central Bank of Kosovo
Ms Sharon Hanson Cooper, Team Leader, DFID-UK Project on Confiscation of Assets
Mr Jim Fitzpatrick, Adviser, DFID UK- DFID-UK Project on Confiscation of Assets
Mr Elbasan Morina, Project Officer, DFID UK- DFID-UK Project on Confiscation of Assets
Mr Enver Krasniqi, Acting Head of Agency on Confiscation of Assets
Mr Xhelal Shaqiri, Ministry of Interior
Mr Artan Duraku, Ministry of interior

Intermediate (November-December 2010)

Ms Arberie Bucaj, Central Bank of Kosovo
Mr Habit Hajredini, Head, Office of Good Governance, Prime Minister's Office
Mr Silvio Bonfigli, Head of the Justice Sector, EULEX
Mr George Mills, Anti-corruption Adviser, EULEX

May 2010

Mr Lavdim Krasniqi, Kosovo Judicial Institute
Mr Sefer Goxhuli, Kosovo's Anti-Corruption Agency
Mr Burim Sadiku, Kosovo's Anti-Corruption Agency
Mr Berndt Messerschmidt, RTA Project on EU Standards Training for Ministry of Justice
Mr Massimo Nanni (Financial Investigation Unit) – EULEX
Mr Gazmend Kuqi, Kosovo Institute of Public Administration
Mr Hysni Veseli, Kosovo Institute of Public Administration
Mr Arber Gegaj, Ministry of Justice
Mr Lulezim Beqiri, Ministry of Justice