



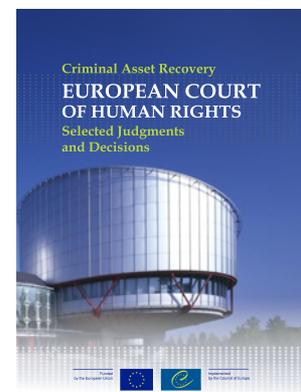
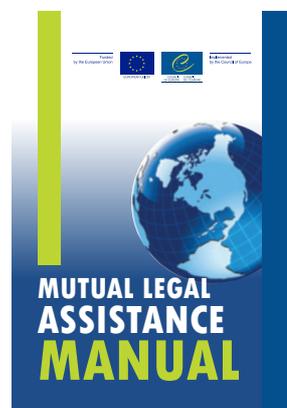
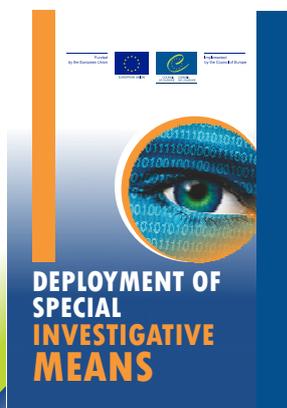
EUROPEAN UNION

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CONSEIL DE L'EUROPE

# Criminal Assets Recovery Project in Serbia (CAR)



**FINAL NARRATIVE REPORT**

**1 April 2010 – 30 April 2013**



Funded  
by the European Union



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COUNCIL OF EUROPE  
CONSEIL DE L'EUROPE

Implemented  
by the Council of Europe

## **Criminal Assets Recovery Project in Serbia (CAR)**

### **FINAL NARRATIVE REPORT**

|                       |  |
|-----------------------|--|
| Project title         | Capacity Building of the Directorate for Management of Seized and Confiscated Assets and Improving the System for Criminal Asset Confiscation (Criminal Assets Recovery project in Serbia - CAR) |
| Reference number      | IPA 2009 - Contract 2010/232-748   |
| Project starting date | 1 April 2010   |
| Project duration      | 1 April 2010 -30 April 2013 (37 months)  |
| Implementation        | Economic Crime Cooperation Unit,<br>Action against Crime Department,<br>DG I - Directorate General of Human Rights and Rule of Law,<br>Council of Europe   |
| Project budget        | 2,140,000,00 Euros   |
| Date of report        | August 2013  |

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## ABBREVIATIONS

|          |   |
|----------|---|
| AML/CFT  | Anti-Money Laundering/Combating the Financing of Terrorism  |
| CC       | Criminal Code   |
| CoE      | Council of Europe   |
| CPC      | Criminal Procedure Code   |
| DMSCA    | Directorate for the management of Seized and Confiscated Assets   |
| EU       | European Union  |
| FATF     | Financial Action Task Force   |
| FIU      | Financial Investigation Unit (within MoI)   |
| GRECO    | Group of States against Corruption  |
| JA       | Judicial Academy  |
| LPO      | Local Project Officer   |
| LTA      | Long Term Adviser   |
| MER      | Mutual Evaluation Report (in relation to MONEYVAL proceedings)  |
| MIPD     | Multi-annual Indicative Planning Document   |
| MoI      | Ministry of Interior  |
| MoJ      | Ministry of Justice and State Administration  |
| MONEYVAL | Council of Europe's Committee of Experts on the Evaluation of Anti-Money laundering Measures and the Financing of Terrorism |
| MoU      | Memorandum of Understanding   |
| OSCE     | Organisation for Security and Cooperation in Europe   |
| OVI      | Objectively Verifiable Indicator  |
| SBPOK    | Secretariat for the Fight against Organized Crime (MoI)   |

## **1 DESCRIPTION**

### **1.1 Contact person**

Ivan Koedjikov  
Head of Action against Crime Department  
Information Society and Action against Crime Directorate  
Directorate General I - Human Rights and Rule of Law  
Council of Europe.

### **1.2 Name of Partners in the Action**

Council of Europe and European Union.

### **1.3 Title of the Action**

Capacity Building of the Directorate for the Management of Seized and Confiscated Assets and Support to the Development of the System for Search, Seizure and Confiscation of the Proceeds from Crime and its Key Institutions, namely Criminal Assets Recovery Project (CAR).

### **1.4 Contract number**

2010/232-748

### **1.5 Start Date and End Date of the Reporting Period**

1 April 2010 – 30 April 2013

### **1.6 Target country:**

Serbia

### **1.7 Final beneficiaries**

The project beneficiaries were:

- Directorate for the Management of Seized and Confiscated Assets (DMSCA), within the Ministry of Justice and State Administration (MoJ);

- Financial Investigation Unit (FIU), within the Ministry of Interior (MoI);
- Prosecutors: Republic Public Prosecutor's Office and representatives from the jurisdiction of four Appellate Prosecutor's Offices; deputy prosecutors from the Organized Crime Office and War Crimes Office
- Judges: Supreme Court of Cassation judges; judges from the jurisdiction of four Appellate Courts; judges from the Organized Crime Department within Belgrade Higher Court.
- Judicial Academy (JA)
- Ministry of Justice and State Administration (MoJ)
- Ministry of Interior (MoI)

## 2 EXECUTIVE SUMMARY

Criminal assets recovery has been in the focus of the Council of Europe and European Union for the last two decades with the rising importance of efforts to search, seize and confiscate the growing volume of funds generated and appropriated through criminal activity. The Council of Europe with its standard setting, monitoring and technical assistance is the key instrument in providing governments with appropriate and sustainable tools in this area with far reaching beneficial impact. For the EU the priority attached to this issue is reflected in the recent development of a draft Directive on the freezing and confiscation of proceeds of crime in the European Union tabled for negotiations among member-states in 2012.

The joint European Union/Council of Europe Criminal Asset Recovery Project in Serbia was a comprehensive effort to assist the Serbian authorities to enhance the rule of law through the prevention and control of economic crime, by developing a criminal asset recovery system in accordance with European and international standards. The project was implemented within a timeframe of 37 months (from 1 April 2010 to 30 April 2013) and the total cost of the intervention was 2,140,000.00 Euro. During that period more than a hundred actions have been undertaken in line with the Project's objectives and expected results (see Annex 1).

The relevance of the action not only remained valid but grew in the course of Project implementation. The project relied on Serbian policy documents; the reports of the Council of Europe Group of States against Corruption (GRECO); the reports of the Council of Europe Expert Committee on Money-laundering and Terrorism Financing (MONEYVAL); and the EU Framework decisions and other relevant European and international interventions. The project had a twofold objective – it sought to assist the Directorate for the Management of Seized and Confiscated Assets (DMSCA) to fulfil its tasks and further develop its capacity as an asset management entity, at the same time supporting the development of the system for search, seizure and confiscation of the proceeds from crime in Serbia, addressing the priorities identified and concerns formulated in the assessment reports on MONEYVAL and GRECO with regard to Serbia. Consequently, through numerous interventions, the project assisted Serbia in developing a system that is compatible with the European standards and at the same time fully relevant to the Serbian context. Its interventions were primarily focused on addressing the gaps and deficiencies in the existing asset recovery system.

The project's objective/s were pursued through assessment missions, legislative and institutional reviews round-tables, seminars, tailor made trainings, study visits and workshops. The project team undertook constant efforts to promote the Project's visibility, not only through direct visibility activities but through all actions taken. The project has been implemented on time, within the allocated budget and with a rational use of resources.

The work was carried out through regular / continuous consultations with the various partners, stakeholders on the part of the Serbian authorities and related programs of international organizations so as to deliver tangible and sustainable results to enhance the asset recovery system at all its levels. The project advocated a balanced and comprehensive approach towards asset recovery as an activity aimed at tackling the threat posed by the funds generated from crime

with the need to fully respect human rights in applying the necessary law enforcement and judicial mechanisms.

The Project interventions enabled improvements of the legal, regulatory and operational set-up of the key beneficiaries, enhanced their capacity and raised public awareness that “the crime does not / should not pay”.

More specifically, the project:

- contributed to the revision of the legislative framework, namely the Law on the Recovery of the Proceeds from Crime and related laws and regulations;
- enhanced the operational efficiency of the Directorate for the Management of Seized and Confiscated Assets through preparation of a new systematization, revising the organisational structure of the Directorate, and creating new operational procedures;
- improved the quality of financial investigations by introducing new techniques and methodologies for key investigating authorities, such as the Financial Investigation Unit (within Ministry of Interior), as well as the Prosecutorial services, and substantially enhancing their capacity, skills and know-how in the detection, investigation, prosecution and adjudication of the assets-generating criminal offences through tailor-made, highly specialized trainings;
- had a major impact on inter-agency cooperation of Serbian authorities and their international cooperation with counterparts;
- significantly increased the knowledge of the Serbian judiciary in relation to the ECtHR jurisprudence related to criminal asset recovery;
- substantially raised public awareness on the issue of asset recovery through a comprehensive awareness-raising campaign;
- produced a range of publications used for and/or resulting from workshops and trainings;
- upgraded the data collection, analysis and case management capabilities of the Directorate for the Management of Seized and Confiscated Assets and the Financial Investigation Unit of the Ministry of Interior through the provision and customization of specialized software.

The present report provides a detailed description of the Project’s interventions, analyses the main achievements and their overall impact. It identifies the major challenges the Project encountered and the lessons learnt, and concludes with recommendations for follow-up action, ranging from general (policy/strategic) to specific ones related to particular areas and institutions.

### 3 DESCRIPTION OF ACTION

#### 3.1 Approach

Economic and organised crime, corruption and money laundering are serious threats to economies, democracy and the rule of law across the world. Criminal activity generates proceeds the amount of which is difficult to assess. Development of systems to search, seize and confiscate criminally gained assets is a matter of urgency in Europe in particular within the last few years, being one of the most effective ways not only to recover the assets (that can be used to fund public expenditures and compensate the victims of crime), but also to satisfy the sense of justice and practically apply the principle that “crime should not pay”. South-Eastern Europe is particularly vulnerable to these threats due to geographical, political and historic reasons.

In numerous country reports presented in the last few years Serbia stated that financial crime is particularly harmful to the country, constituting a major treat to the economy and society as a whole. Although statistical data is too “fluid” (there is no uniform statistical methodology at the State level), the overall picture, based on country reports, signifies that the amount of proceeds from criminal activity cumulated during recent years is more than significant and that a very little proportion of it has been retrieved. In 2009 Serbia introduced a major legislative change by adopting the Law on Recovery of Proceeds from Crime<sup>1</sup> establishing the asset recovery framework and shifting the focus from predicate criminal activity to criminal proceeds. However assistance was needed to make the system fully operational. The Council of Europe was designated as the implementing organization for the Criminal Assets Recovery Project with the funds provided mainly by the European Union (93.46%) and a portion by the Council of Europe (6.54%). The Project Team in Belgrade supported by the Economic Crime Cooperation Unit in Strasbourg was tasked with day-to-day implementation of the project.

The Project was designed so as to enhance the institutional capacity and efficient functioning of the Directorate for the Management of Seized and Confiscated Assets (DMSCA) - an independent body within the Ministry of Justice<sup>2</sup> (MoJ), and to support the development of the system for search, seizure and confiscation of the proceeds from crime through support to the Financial Investigation Unit (FIU) of the Ministry of Interior as well as other key institutions involved in the search, seizure, management and confiscation of the proceeds from crime, i.e. the criminal asset recovery system in Serbia.

It was envisaged that the project shall:

- |  |
|--|
| 1. address the relevant legislation to ensure its internal coherence and completeness, its conformity with international standards and to facilitate its practical implementation; |
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<sup>1</sup> It should be noted that the same law has been translated with different titles in different documents, e.g. the Law on the Confiscation of the Proceeds from Crime, the Law on the Seizure and Confiscation of the Proceeds from Crime, however, all of these refer to the same piece of legislation adopted by the Serbian Government in 2008 (see Official Gazette of the Republic of Serbia No. 97/08 from October 2008).

<sup>2</sup> In the last few months of the Project implementation, after the elections in 2012, the Ministry of Justice changed its name into the Ministry of Justice and State Administration.

2. provide comprehensive training, including train-the-trainers activities and curricula, to all key agencies involved in financial investigations, search, seizure and confiscation of criminal assets and their management;
3. support further development of interagency and international co-operation in matters relating to, search, seizure and confiscation of criminal assets;
4. raise professional and public awareness of the importance of criminal assets recovery for securing public interest and the interest of crime victims, for development of democracy and the rule of law and enhancing the public support to those efforts;
5. facilitate introducing the new software that will provide financial investigators and asset management staff with necessary technical tools.

The activities selected for inclusion in the CAR Workplan were developed based on the priorities identified by the Serbian Government, issues identified and recommendations given by the monitoring mechanisms of the Council of Europe (specifically the Group of States against Corruption - GRECO, and the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures - MONEYVAL) and by the European Union (through its regular progress reports on Serbia).

All actions were designed and implemented so as to contribute to the operationalization and full functioning of the asset recovery system in Serbia.

### 3.2 Project content

The Project structure was designed to include interventions of a strategic as well as operational nature, aiming at the maximum achievable impact. Strong links between expected results, project purpose and overall objective were created.

The final, **overall objective** of the Project is “to contribute to democracy and the rule of law through the prevention and control of economic crime by development of criminal asset recovery system”, based on the realization of the **[dual] project purpose**:

- ✓ to build the capacity of the Directorate for the Management of Seized and Confiscated Assets; and
- ✓ to support the development of the criminal asset recovery system in Serbia.

The Expected Results and the activities planned to achieve them and consequently project purpose/s and overall objective were as follows:

**Expected Result 1 (ER 1): Legal framework developed in cooperation with relevant partner institutions, and in line with international standards**

Enactment in 2008 of the Law on the Recovery of Proceeds from Crime opened a new chapter in Serbia's response to serious crime, in particular corruption and money laundering. However, improvements to this legislation were required in order to bring its provisions in accordance with international standards. Therefore Expected Result one (ER 1) was designed to focus on the need to develop an operational, efficient legislative framework that will provide necessary tools to law enforcement, prosecutors and judges in searching, seizing, freezing and confiscating criminal assets and, at the same time enabling the newly created state institution with tools to properly manage those assets.

Consequently three main activities were devised within Expected Result 1 (ER 1):

- 1.1 Comprehensive impact analysis
- 1.2 Support to the drafting process based on the results of the review
- 1.3 Multi-agency workshops dealing with implementation issues of both existing and proposed legislative solutions

It was expected that by the end of the Project, based on the comprehensive research/analysis of existing legislative solutions from the operational efficiency point of view, international compliance and internal consistency, all existing gaps would be identified, prioritized and measures defined to address them.

Legal opinions and expert advice would be provided to policy makers, advocating creation of the working group composed of national and international experts that will ensure completeness and coherence of the relevant legislation and its conformity with international standards. Close cooperation between national drafters and Council of Europe experts would be ensured.

Best practice examples, ECtHR jurisprudence pertinent to [criminal] asset recovery and consultancy would be provided through workshops focused on practical implications/issues involving representatives of all relevant institutions.

**Expected result 2 (ER 2): The Directorate for the Management of Seized and Confiscated Assets (DMSCA) and other key institutions use proven methodologies for financial investigations, search, seizure, confiscation and management of criminal assets**

The MONEYVAL 2nd horizontal review of evaluation reports of member-states, was concluded with the statement "...we still have to travel [far] in order to *create and entrench* a culture within national systems as a whole in which going after criminal proceeds is appropriately expressed as a priority and facilitated in practice.<sup>3</sup>" Although steps have been taken by member-states and improvements have been noted, the 3<sup>rd</sup> horizontal review was concluded with a similar statement – "*more still needs to be done to create and entrench a culture which proactively goes after criminal proceeds.*"<sup>4</sup>

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<sup>3</sup> Horizontal Review of MONEYVAL's 2<sup>nd</sup> Round of Mutual Evaluation Reports, December 2007, p.18.

<sup>4</sup> Horizontal Review of MONEYVAL's 3<sup>rd</sup> Round of Mutual Evaluation Reports, December 2010, p.9.

This priority was reflected in the Recommended Action Plan to Improve the AML/CFT System in Serbia<sup>5</sup>. A range of MONEYVAL recommendations stress the need to *enhance the capacity* of law enforcement, prosecutors and judges to conduct financial investigations and at the same time raise their *awareness on the importance of integrating financial investigations into investigations of proceeds generating offences, sensitising [investigators and prosecutors] to the importance of proceeds-generating cases*, as well as *ensuring that competent authorities are adequately trained to apply provisions of the new Law [on the Recovery of proceeds from Crime]*.

Four core activities were envisaged to implement this Expected Result (ER 2):

- 2.1 Analysis of the training needs followed by designing of training curricula
- 2.2 Training activities including the training of trainers in line with needs identified
- 2.3 Multi-agency study visits
- 2.4 Preparation/revision of training materials and/or methodological guidelines

Two separate categories of skills had to be developed for staff of relevant authorities involved in this work: the ones that are crucial for the good management of seized/confiscated assets, targeting staff of the Directorate for the Management of Seized and Confiscated Assets (DMSCA) and the ones that will substantially improve the capacity to conduct financial investigations and appropriately use data collected through sophisticated financial investigations in the court/criminal proceedings, targeting the representatives of law enforcement (primarily the newly established Financial Investigation Unit), prosecutors and judges. At the end of the Project, the DMSCA would be fully operational, efficiently fulfilling its obligations in accordance with the legislative provisions, professional standards and good international practice while representatives of the FIU and judiciary would, though enhanced capacity and know-how, perform their tasks more efficiently increasing the number of cases that involve financial investigations and (successful) seizure and confiscation of the proceeds of crime.

The first logical step foreseen in the Project synopsis was to identify training needs with respect to each of the groups to be trained based on the factual status quo, followed by piloted training activities and subsequently supplemented with appropriate training syllabuses and training material. The screening of the real needs was perceived as the crucial part of the successful completion of the ER 2, requiring *inter alia* taking stock of all/previous trainings held by different organisations/donors active in the field of criminal asset recovery in Serbia. Designing/revision of the training material required full cooperation of the targeted beneficiaries.

Study visits were designed so as to encompass all beneficiaries in mixed groups (multi-agency approach) and to provide them with good practice examples when selecting countries/institutions as well as to improve networking between Serbian and foreign partner institutions.

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<sup>5</sup> See 3<sup>rd</sup> Round Mutual Evaluation Report for Serbia, December 2009 at [http://www.coe.int/t/dghl/monitoring/moneyval/Evaluations/round3/MONEYVAL\(2009\)29Rep\\_SER3\\_en.pdf](http://www.coe.int/t/dghl/monitoring/moneyval/Evaluations/round3/MONEYVAL(2009)29Rep_SER3_en.pdf)

**Expected result 3 (ER 3): Effective mechanisms in place to ensure co-operation between the Directorate for the Management of Seized and Confiscated Assets (DMSCA) and other institutions of the asset recovery system in Serbia and international cooperation**

This expected result was aimed at remedying two noticeable deficiencies in the Serbian asset recovery system, which were also present in other parts of the criminal law system, namely cooperation and exchange of information both amongst the state authorities and with foreign authorities with the aim of ensuring efficient investigations, avoidance of unnecessary duplication of efforts, timely response, be it in domestic investigations or in investigations involving foreign jurisdictions.

The four activities below were designed to lead to Expected Result 3 (ER 3):

- 3.1 Analysis of the existing information exchange mechanism within the asset recovery system and creation of the standing coordination body
- 3.2 Recommendation of measures for the improvement of the cooperation/exchange of information within the asset recovery system
- 3.3 Elaboration of the diagnostic and monitoring tools to assess the efficiency of the asset recovery system
- 3.4 Promotion of the [appropriate] international cooperation mechanisms

The Council of Europe intervention, based on the lessons learnt through numerous projects in Serbia and the region as a whole, targeted the weakest parts of the system – internal and external coordination, exchange of information and cooperation. The focus was on improving primarily internal cooperation, which requires full participation of all the beneficiaries along with policy makers. Although, emphasis was on criminal asset recovery, realisation of this expected result was aimed to serve wider crime prevention/suppression purposes in the areas of economic crime, corruption, money laundering and organized crime.

Creation of the standing coordination body, composed of the members all relevant institutions having both the necessary subject-matter knowledge and capacity to take decisions, was perceived as the key prerequisite to achieve the final goal. The role of the Council of Europe was to conduct regular consultations, provide expert advice and formulate recommendations in order to facilitate the process.

Concurrently, international cooperation processes and procedures were to be analysed, coupled with identification/listing of gaps/*lacunae iuris* and proposed recommendations for improvement. That way Serbia would also contribute to the international/European efforts directed against criminals and their assets through an effective (and swift) exchange of information and data in line with applicable international standards.

**Expected result 4 (ER 4): Public opinion of Serbia is aware of the role of the [criminal] asset recovery system in ensuring that “crime must not pay”**

Public support to new “concepts/mechanisms” can have substantial impact on the results of the reform process. Public opinion is largely formed through media coverage/reporting. Consequently this expected result was conceptualized so as to raise the awareness of citizens and ensure their support to the newly introduced criminal asset recovery mechanism through, among other things, proper media reporting.

Three core activities were planned to accomplish this Expected Result (ER 4):

- 4.1 Enhancing the visibility and transparency of the [criminal] asset recovery system in general as well as that of the Directorate for the Management of Seized and Confiscated Assets (DMSCA)
- 4.2 Conducting public opinion surveys in relation to citizens’ awareness, support and satisfaction with the newly introduced methods/mechanism for the criminal asset recovery
- 4.3 Organization of the training events for journalist reporting on economic/organized crime

Different modalities for implementing those activities were foreseen –including press coverage of the main project events, public opinion surveys, training of journalist, with the final goal being to raise public support and understanding of the importance of depriving criminals of their assets. It is expected that the positive climate in society in relation to cracking down on crime profits would “*facilitate asset confiscation and hamper criminal activities/deter criminality*”<sup>6</sup>, clearly demonstrating that crime do not pay. That would additionally enhance the mid- and long- term efforts of the state authorities to further improve the system.

All three of the abovementioned activities are closely related: mobilization of the general public is linked with ensuring proper media reporting and proper media reporting requires training of journalists and analysis of the inadequacies of the current media coverage in order to remedy them. The Council of Europe would provide experts, consultations, training courses, and would ensure adequate visibility actions recognizing that the criminal asset recovery system needs both the visibility and transparency to warrant a positive response from society, that will on its part create an additional multiplier effect - increasing the number of cases in which prosecution and adjudication will be accompanied with confiscation of assets.

**Expected result 5 (ER 5): Technical infrastructure of the key institutions to run financial investigations and analyse data on criminal assets enhanced**

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<sup>6</sup> See European Commission, What’s new, News, 2012

The activities aimed to achieve this expected result had been divided between the European Union and the Council of Europe. It was decided that the European Union would conduct tendering procedures, in line with its regulations, for the acquiring of the needed hardware/software, while the Council of Europe would provide expert advice and assistance with the installation and operationalization through a consultation process with beneficiaries. The Council of Europe intervention included the preparation of the technical documentation that would serve as the basis for the tender.

Consequently only one activity was foreseen within this expected result (**ER 5**):

- 5.1 Support to key institutions in the assessment of their needs for specialized software and other equipment and tools, resulting in production of technical specification/inventory list

The Council of Europe would ensure that preparatory assessments have been done properly, namely that different (numerous) interventions already in place/on-going regarding software/hardware needs of the beneficiary institutions had been taken into account when drafting the technical specification. Expert advice would be provided from the first day and the Council of Europe experts would lead the process since it had to end with detailed technical specification that would enable tender procedures in line with international and national tendering requirements. The initiation of the consultation process was planned for the earliest possible moment so as to have enough time to successfully conclude the tender, provide the equipment/software and to test the provided equipment/ software.

### **3.3 Workplan/other modifications**

During the Project implementation a two-level planning system was followed, which included a general Workplan covering the entire life-span of the Project and six subsequent six-month Workplans, with a detailed breakdown of activities in the near-term. The six-month template was introduced at the request of the Donor in order to ensure the necessary flexibility and better respond to the needs of beneficiary institutions. Each of the Workplans had been discussed at the Steering Committee and Coordination Body meetings and implemented after being approved.

The composition of the Steering Committee and Coordination body was altered following changes in the beneficiary institutions after elections in 2012. However the mandate/tasks of both bodies remained unchanged<sup>7</sup>.

During the lifetime of the Project there was only one major change in the Contribution Agreement – replacement of the Long Term Consultant with the newly created position of

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<sup>7</sup> The Coordination Body (CB) consisted of 3 members, representatives of the DMSCA, MoJ and MoI and was tasked with strategic and political decisions. The CB was meeting every three months. The Steering Committee (SC) had representatives of the DMSCA, FIU (MoI), Republic Public Prosecutor's Office, OC Prosecutor's Office, Supreme Court of Cassation, Belgrade Appellate Court and Administration for Money Laundering Prevention. Meetings were held once in six months and primarily operational issues were discussed. The representatives of the EU and CoE participated in the Work of both bodies.

Project Advisor (Consultant) together with the increased number/profiles of the short-term experts. The change resulted from the regular review of the Project achievements in November 2011 and was formalized through an Addendum to the Contribution Agreement signed by both parties on 14 March 2012<sup>8</sup>, allowing the engagement of a more flexible number of short term experts based on the Project needs identified during its implementation. The scope and content of the Project activities clearly demonstrated that there is a demand for narrowly specialised experts in order to better respond to the beneficiaries' needs. This change – replacement of the Long term Consultant with the Project Adviser/Consultant and increase of the local and international short-term experts, was also reflected on the use of budgetary resources, causing the significant savings and resulting in a substantial unspent amount.

When the project was designed it was foreseen that majority of tasks will be entrusted to international short-term experts. However, local expertise was found to be at a higher level than expected initially and therefore indispensable in the implementation of the activities under:

ER 5 (Technical Infrastructure): This ER involved specifically, preparation of the technical documentation; follow up of the tender procedure, customization of the software. Furthermore,

ER 4 (Public awareness): Conducting surveys and trainings of journalists;

ER 2 (Use of methodologies law enforcement) with the highly specialized training program for prosecutors/deputy prosecutors designed and conducted; and

ER 1 (Development of legal framework): Preparation of an inventory, new systematisation of working places, IT procedures and internal operational procedures.

Thus, all those adjustments, resulted in the savings under the line 2.1. – International travel and 5.5.2 – interpretation cost, as well as under the line 1.2.3 – international short-term consultants due to the significant difference in fees.

Savings were also made under budget lines 5.3. and 5.4. - Evaluation and auditing costs. In accordance with the signed Contribution Agreement it was envisaged that “the external assessment reports can be commissioned based on the request of the Steering Committee and/or the EUD”. Both EUD and beneficiaries were regularly informed and consulted during the Project implementation and entirely satisfied with the way in which project was managed and executed, thus not requesting additional external assessment<sup>9</sup>.

### **3.5 Assumptions, risks and sustainability**

The key assumption made under the Project is the political commitment to establish a fully functional system of criminal asset recovery in accordance with international standards and best practices, formulated as “[continuous] political will to strengthen a system of combating economic crime and recovering criminal assets and [a will] to enforce the relevant regulations”. It was also assumed that effective cooperation of Project stakeholders/local partners with each other and project team, and understanding and support by policy/decision makers will exist. This was further elaborated concerning specific expected results.

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<sup>8</sup> D 2012/1642, Belgrade, March 14, 2012

<sup>9</sup> Two conducted ROMs (Result Oriented Monitoring) also confirmed that project was properly managed/implemented.

Expected Result 1 (Development of legal framework), Expected Result 2 (Usage of proven methodologies) and Expected Result 3 (Effective cooperation mechanisms) are all based on same two assumptions – willingness/commitment by Government and policy makers to take into account reviews and proposals of the Council of Europe experts and continuity of the (trained) staff and readiness to use/apply skills acquired during the Project implementation.

Expected Result 4 (Public awareness raising/support to the criminal asset recovery system) presupposed that Serbia did have specialized journalists and that their employers, namely editors and media owners, support their efforts and participation in the process.

Specificity/distinctiveness of the Expected Result 5 (Enhancement of the technical infrastructure) was reflected in its assumptions – existence of the minimum technical prerequisites so as to further build infrastructure and sufficiently qualified staff to undertake the tasks of preparing technical documentation.

All of those assumptions were weighed and the risk levels determined. Initial expectations were partially fulfilled as preliminary data was not entirely valid. It became apparent that more in-depth and wide-ranging legislative interventions were required. At the same time the support of state institutions was present but not at the sufficient level to initiate necessary reforms. Comprehensive judicial reform, in particular due to the re-election procedure of judges, was not finalized on time and was on-going almost throughout the entire life-span of the Project and with detrimental consequences. The change of Government in 2012 fortunately did not stall the Project implementation, and even served to provide a more positive climate for implementation, however this took place too late in the process to enable the Project to benefit fully from the new circumstances.

Sustainability was properly assessed, namely it was expected that given the on-going European integration process, flexibility and quality of intervention logic and upholding of the beneficiaries' ownership, further continuation of Governmental support would not be hard to maintain. It can be stated that the project has provided solid foundations for the further development of the [criminal] asset recovery system in Serbia.

### **3.6 Collaboration with other projects**

Criminal assets recovery was in the focus of international organisations' interventions in Serbia from 2009 when the new legislative framework was established. The CAR Project team, from the start-up of the Project in April 2010 made particular efforts to establish good cooperation and coordination with other actions/projects so as to avoid overlaps and/or duplication of efforts and funds.

Understandably, the Project team started with information-gathering in relation to undertaken and planned activities of main actors – Organization for Security and Cooperation in Europe (OSCE), U.S. Department of Justice – Criminal Justice reform program, United Nations Office on Drugs and Crime (UNODC), in particular their joint initiative with the World Bank (StAR<sup>10</sup>).

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<sup>10</sup> StAR i.e. Stolen Asset Recovery Initiative see <http://star.worldbank.org/star/>

The first series of the CAR project interventions, based on the collected data, focused on the awareness raising training seminars that revealed a lack of a unified approach to the [criminal] asset recovery up to that point and influenced the subsequent Project planning. It also led to the CAR project gaining of leading role in the process of coordinating international organisations active in the asset recovery area and resulted in the decrease of their interventions solely in the field of asset recovery as of the second-half of 2010. Coordination meetings were taking place once in six months or even once a month<sup>11</sup> depending on the dynamics of the [criminal] asset recovery system in Serbia, contributing to the good cooperation throughout the Project duration.

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<sup>11</sup> E.g. in 2011 meetings were held every month between January and April.

## 4 ASSESSMENT OF THE RESULTS OF THE ACTION

### 4.1 Achievements of the Expected Results (in general)

It can be stated that all of the Expected Results of the project were achieved in terms of the reaching the desired goals, however a range of specific/concrete issues had stalled some aspects of implementation, therefore the record of achievement is not consistent in all areas.

With regard to **Expected Result 1 - Legal framework developed in cooperation with relevant partner institutions, and in line with international standards**, the goals were fully achieved in terms of assistance to the DMSCA in drafting by-laws necessary for operational functioning, and regarding provision of analysis, expert opinions and recommendations on how to improve the existing legal framework. The assistance provided based on the continuous involvement of Serbian authorities in the process also raised their capacity for further undertakings in relation to the legislative review. Significant changes have been introduced into the amended legislation<sup>12</sup>, while others are still pending. Therefore it may be concluded that there is a limited degree of progress. Further improvements at the policy-making level are necessary to proceed further with this process.

**Expected Result 2 - The Directorate for the Management of Seized and Confiscated Assets (DMSCA) and other key institutions use proven methodologies for financial investigations, search, seizure, confiscation and management of criminal assets** - in some parts exceeded the anticipated impact, while in others (e.g. training of judges) it was implemented to a very limited extent due to the negative effects of the on-going judicial re-election procedure that ended shortly before the completion of the Project. Trainings were carefully designed, based on the prior assessment of the actual situation through an innovative approach. The best results have been attained in relation to prosecutors/deputy prosecutors and Financial Investigation Unit (MoI), to a limited extent regarding DMSCA, and at the basic level as regards judiciary. The unique approach to improving skills and know-how of law enforcement and judiciary, used by CAR, had a multiplier effect and created significant impact.

**Expected Result 3 - Effective mechanisms in place to ensure co-operation between the Directorate for the Management of Seized and Confiscated Assets (DMSCA) and other institutions of the asset recovery system in Serbia and international cooperation** - was fully achieved in terms of assistance to improve international cooperation by enhancing the understanding of the new modalities in mutual legal assistance [in criminal matters and criminal asset recovery in particular] through trainings, training material, workshops. The need for proper cooperation with foreign authorities – efficient and expeditious action in response to their requests without unnecessary bureaucracy in accordance with the FATF and MONEYVAL recommendations, was constantly reiterated and measures to facilitate it were provided through numerous expert interventions. Elaboration of the tools for assessing efficiency of the criminal asset recovery system and improvement of the domestic inter-agency cooperation could not be achieved at the desired level, being directly dependant on the state authorities' actions that were

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<sup>12</sup> Amendments to the Law on the Recovery of Proceeds from Crime were adopted in April 2013, immediately after Project completion.

not deployed. Partial success was achieved through two different sets of measures: the establishment of a specialized Task Force which can serve as the model for future state interventions in improving internal coordination and through measures within Expected result 5, namely delivery of the software that can be used to a certain extent for the assessment of the efficiency of the criminal asset recovery system. A full revision of the methodology for collection and analysis of data, namely ensuring integrated statistics containing comprehensive and precise information that can easily be compared and subsequently used for improving the overall system has yet to be undertaken by Serbian authorities.

**Expected Result 4 - Public opinion of Serbia is aware of the role of the [criminal] asset recovery system in ensuring that “crime must not pay”** - while a number of productive events were organised and a representative sample of journalist trained, media reporting is yet difficult to improve being dependant on a broader range of factors, such as media companies’ policies. Media reform in Serbia is currently one of the most disputable topics with unresolved issues of media funding, adoption/revision of crucial legislation, respect of the freedom of speech and its balancing with respect for the presumption of innocence; media reform has been high on the EU list of Serbia’s obligations for further EU accession talks. The CAR project provided additional actions facilitating the communication between the DMSCA and journalists; taking into account all of the factors listed above the CAR project fulfilled this expected result.

Regarding **Expected Result 5 - Technical infrastructure of the key institutions to run financial investigations and analyse data on criminal assets enhanced**, it can be concluded that it was fully achieved in terms of assistance provided; of particular importance was the support that the Project provided after the delivery of software programmes, during the customization process. Additional impact is related to the enhancement of the beneficiaries’ capacity to define the needs and propose solutions, working in close cooperation and under the guidance of the Project. A CAR expert also supervised trainings of the staff and worked with other CAR experts in analysing business processes and helping them redefining the procedures/software that where required by the DMSCA.

### **Overall objective**

On the whole, a model for a successful asset recovery system in Serbia has been designed/ established with the assistance from the Project, and according to the latest data of the Republican Prosecutor Office an increase in the number of cases has been recorded.<sup>13</sup> However, the rate of cases completed in the courts is still very low, one of the reasons being the on-going (during the Project life-time) judicial reform with the highly negative impact on the judges, another factor being the still very conservative attitude of judges towards the asset recovery. It should also be noted, that as criminals will become more cautious and versed in hiding assets requiring additional efforts from the police and prosecutors, in successfully tracing assets, the skills and knowledge provided by the Project in relation to international cooperation will gain in importance. Regrettably, it was not possible to assess if the time needed for the completion of successful cases was reduced, compared to the initial period of the Law’s implementation, since

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<sup>13</sup> In 2011 there were 146 requests; in 2012 – 178 requests; in the first three months of 2013 (January-March) there was already 55 requests.

unified and streamlined base-line data did not, and still do not exist. State authorities should initiate measures for improving the methodology and quality of statistical data collection. That will enable for an objective evaluation of results, and consequently lead to undertaking the most effective strategic/policy measures that will refine the system so as to achieve the ultimate goal - continuous increase of assets identified, traced, seized and confiscated.

The FATF, based on its Recommendations 4 and 38, outlined the framework for on-going work on asset recovery<sup>14</sup>, that should enable states to establish a *robust system of measures...preventing criminal property from being laundered or reinvested*. The *successful framework for confiscation covers:*

- *Tracing and investigation*
- *International co-ordination*
- *Provisional measures (freezing/seizure)*
- *Non-conviction based confiscation*

It also touches upon *management of the seized, frozen and confiscated property, awareness raising, participation in relevant networks*.

When all the actions taken within the scope of Project are combined it is fair to say that thanks to the proposed legislative changes, trainings, recommended modalities of information exchange (internationally and domestically) and awareness raising measures the CAR project has provided a solid foundation for an efficient and effective criminal asset recovery system as well as suggested feasible measures for its further refinement and operationalization. The actual use of the tools, skills and knowledge provided is primarily dependent on the proactive approach of state authorities.

#### **4.2 Achievements as per each Expected Result versus Objectively Verifiable Indicators (OVIs)**

The achievements relating to the Project's expected results are assessed below based on the Objectively-verifiable indicators (OVIs) for each of the Expected Results. All defined OVIs are primarily "impact" OVIs (indicators of whether the activities led to specific actions by the authorities or had other demonstrable impact) and not "output" OVIs (essentially, implementation of the activities envisaged).

##### **Expected Result 1: Legal framework developed in cooperation with relevant partner institutions, and in line with international standards**

This Expected result (ER 1) is to be valued against three objectively verifiable indicators (OVIs):

- *Draft laws available for submission to the Government and Parliament*
- *80% of MONEYVAL and GRECO recommendations concerning asset recovery taken on board by the prepared drafts*
- *Multi agency implementation, monitoring and evaluation mechanisms and rules of procedure developed and adopted*

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<sup>14</sup> See Best Practice Paper: Best Practices on Confiscation and a Framework for on-going Work on Asset Recovery, October, 2012.

The CAR Project significantly contributed to the legislative reform, providing in-depth analysis, comparative overviews of European and international standards, targeted consultations, organising workshops and round tables, delivering to Serbian authorities an over-arching review of the state of affairs and desired future steps. Two different types of the legal framework had to be developed: one dealing with criminal asset recovery system in general, and the other providing/revising internal procedures regulating the work of the Directorate for the Management of Seized and Confiscated Assets (DMSCA). This Expected result is closely linked with Expected result 2 and 3 due to the inseparable ties between the legal foundations, operational work and inter-agency and international cooperation; specific project deliverables will be discussed in the respective parts depending on which of those three elements – legislative, institutional, operational prevails.

Almost immediately after the commencement of the Project, it emerged that some changes of the Law on the Recovery of the Proceeds from Crime (the Law) are needed in order to enhance its effectiveness. The Project started with an analysis of the existing solutions, comparative overviews of European good practices and international standards, providing recommendations as necessary. Special emphasis was given to the ECtHR jurisprudence, that was used as an instrument in explaining *pros and cons* of different legislative proposals and dilemmas countries are facing in seeking to reconcile [criminal] asset recovery and human rights protection, where Articles 6, 7 and Article 1 of the Protocol No.1 are of particular relevance. Consequently, the project decided to translate into Serbian, some of the related ECtHR judgments (and decisions) in their integral version, promoting further informed debates. Judgments were accessible on-line at the CoE website and before the end of the project the book with those judgements was published.

In all of the abovementioned activities the Project ensured the active involvement of beneficiaries. Their inputs were collated and discussed at experts meetings and Round Tables. The focus was on practical repercussions of the existing solutions and possible improvements. That significantly contributed to the beneficiaries' capacity building. The CAR Long term consultant drafted two papers outlining the implications of the existing legal solutions on the status and functioning of the two newly created services – Directorate for the Management of Seized and Confiscated Assets (DMSCA) (within the MoJ) and the Financial Investigation Unit (within MoI). Also, deficiencies as to the by-laws supposed to regulate/operationalize the work of the DMSCA were discussed, in particular having in mind the MONEYVAL recommendation that suggested to Serbian authorities to *speed up the implementing measures required in relation to the Law on the Recovery of the Proceeds of crime in particular inter alia through the adoption of internal acts.*<sup>15</sup> The same was applicable to the FIU – *take all necessary legislative [and other measures] to ensure that FIU within the MoI ...will become operational as soon as possible*<sup>16</sup>. In their Second Progress Report submitted to MONEYVAL in December 2012, Serbian authorities specified that *existing legal solutions concerning this recommendation will be revised within the CAR project*<sup>17</sup>.

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<sup>15</sup> The LTC also presented the G8 Best practice on the administration of seized assets (2005) to the DMSCA.

<sup>16</sup> See recommended action for Serbia under item 7.1 linked with FATF Recommendation 30.

<sup>17</sup> See Chapter 2.3 Other Recommendations, Recommendation 3.

Based on the above outlined preparatory work the Project advocated setting up a multi-agency Working Group. The Working Group was finally established in June 2011, but being comprised of high-ranking officials (Minister of Justice herself, President of the Supreme Court of Cassation, etc.) could not convene regularly. The Project requested, and obtained the approval of the Coordination Body (CB), to establish, as a complementary body to the WG, a more operational Task Force. The Task Force assembled solely of practitioners whose daily duties were related to the implementation of the Law on the Recovery of Proceeds from Crime – FIU (MoI) staff, prosecutors, judges, lawyers from the DMSCA, and commenced working in January 2012. The Task Force specified that changes should take place in two stages: amending/correcting existing shortcomings/*lacunae iuris*, enabling smooth implementation of the Law and reaching strategic decisions on the further development/improvement of the criminal asset recovery system in Serbia. The second phase, requiring substantive interventions demanded the involvement of the policy making bodies, a clear vision based on informed choice/s, as well as full commitment. The Task Force touched upon numerous issues, all of which were also listed in the MONEYVAL recommendations for improvement, among others *importance of integrating (better) financial investigations into investigations of proceeds generating offences; providing competent authorities with the legal basis to use a wide range of special investigative techniques; to improve international cooperation and exchange of information.*

In September 2012, a new Working Group was established by the (new) Minister of Justice and State Administration following May 2012 elections tasked with revising the Criminal Code, Criminal Procedure Code in their asset recovery provisions. The Project was invited to provide expert and technical support to the WG based on the results achieved to that date. The WG used the legislative drafting work done by the Task Force as a starting point. To further support this work the Project:

- prepared a comprehensive paper on the Serbian confiscation framework with proposed future steps;
- prepared a study on the deployment of Special Investigative Measures, published and widely disseminated later on;
- elaborated once again the necessity of thoroughly revising provisions on mutual legal assistance (MLA) in both the Law on the Recovery of Proceeds of Crime and the Law on Mutual Legal Assistance in Criminal Matters suggesting adopting a dedicated law on MLA.

The functioning of the WG was constrained by the short deadline set by the Minister, as well as its mandate, which was too vaguely determined to allow in-depth revisions; as a result only a limited number of issues was addressed. The draft amendments to the Law on the Recovery of the Proceeds of Crime were sent to Parliament, however CoE experts alerted policymakers as regards several inconsistencies, e.g. with the Criminal Code and last minute changes were introduced as a result. At the same time, other revisions undertaken by Parliament withdrew some important provisions, for example on the division of property.

The Project provided solid grounds for steering Serbia towards an up-to-standard legal framework. The completion of this process, however, is directly dependant on the proactive,

committed action by state authorities. The entire process of legislative review should be questioned and a completely new approach taken if serious, thorough reforms are to be achieved.

In relation to the DMSCA, a major breakthrough was achieved with the actions taken by the new Director in September 2012 following elections (held in May the same year). Relying profoundly on Project expertise, the new Director expedited the reform process. CAR experts were requested to additionally prepare an assessment of the internal organization of the Directorate and recommendations for improvement. This action resulted in the new systematization act of the DMSCA sent to the Minister (of Justice and State Administration) for adoption. The CAR Project also designed the procedure for an extraordinary inventory and coding system based on the solutions contained in the new software (provided under the auspice of the Project through additional EU funding) as well as operational procedures related to the key functions/tasks of the Directorate. Drafts of these documents were submitted to the Directorate and their subsequent adoption is pending.

Difficulties still remain in ensuring efficient cooperation between the DMSCA and other state institutions, in particular the Agency for Privatization, Ministry of Finance, Ministry of Economy and Regional Development. Another area where difficulties persist is the process of taking over of companies/enterprises, in particular insolvent ones.

Nevertheless, the Directorate proved to be truly committed to fulfilling its tasks at a high standard, sending the clear message that crime does not/should not pay and that seizing criminal assets if done properly is more than beneficial for the society as a whole, thus leaving no doubts as to the deep impact the actions undertaken within the CAR Project had and will continue to produce.

| Activity   | Actions/Deliverables   | Status                        | Progress/ Issues of concern   |
|--|--|-------------------------------|---|
| <b>Activity 1.1:</b> Conduct comprehensive impact analysis of existing legislation and identify gaps and recommend improvements in line with applicable international standards and MONEYVAL and GRECO recommendations | <b>Actions:</b> Review of existing legal framework undertaken through collation of comments, comparative studies, experts' opinions and RT discussions.<br><br><b>Deliverables:</b> in total 6 technical papers prepared | Fulfilled                     | <b>Progress:</b> Existing legislation was analysed from different angles; expert opinions submitted to beneficiaries and SC and CB members; findings were also discussed with EU experts preparing Serbia Progress reports.<br>In the process analytical capacity of beneficiaries was improved.<br><br><b>Issues of concern:</b> Lack of the institutions capacity to identify contentious issues and suggest solutions; consequently, assistance provided by CAR highly beneficial in terms of providing a forum for discussion and way to improve in the long run the capacity of beneficiary institutions. There should be a regular mechanism for legislative reviews, replacing the current <i>ad hoc</i> approach. |
| <b>Activity 1.2:</b> Support the drafting of the necessary legislative instruments based on the  | <b>Actions:</b> expert and technical support to both Working Groups that dealt with the  | Fulfilled to a limited extent | <b>Progress:</b> Amendments to the Law on the Recovery of Proceeds from Crime (the Law) adopted shortly after the Project ending.<br>Publication on the deployment of the Special   |

| Activity  | Actions/Deliverables  | Status                               | Progress/ Issues of concern   |
|---|---|--------------------------------------|---|
| <p>results of the review</p>  | <p>revision of the Law on the Recovery of Proceeds from Crime. In addition and as a separate set of measures, expert support was provided to the DMSCA in drafting operational procedures/by-laws.</p> <p><b>Deliverables:</b> Experts provided oral and written opinions on specific topics; 4 technical papers drafted; draft act on systematization for the DMSCA; guidelines for the extraordinary inventory and key operational procedures.</p>  |                                      | <p>Investigative Measures prepared on the request of the WG. Some experts' recommendations accepted but many questions left open. Significant steps forward in relation to the DMSCA, creating the necessary ground for the full operationalization of the Directorate.</p> <p><b>Issues of concern:</b> There were two WG involved in legislative drafting, undertaken with significant methodological shortcomings : insufficient involvement of the operational structures in the decision making process; unsatisfactory level of the transparency of the work; tight deadlines; lack of strategic approach. The process did not include genuine data collection on the factual situation, a review of comparative solution and international standards, which should have preceded the actual drafting.</p>  |
| <p><b>Activity 1.3:</b> Organize multi-agency workshops on practical issues with regard to the implementation of the current and possible future legislative instruments; facilitate their endorsement/adoption by relevant bodies and to contribute to further implementation of Brijuni Strategy by Serbia.</p> | <p><b>Actions:</b> Round Tables, expert meetings; establishment of the informal multi-agency group (Task Force (TF)); expert assistance provided in relation to possible future useful legislative instruments.</p> <p><b>Deliverables:</b> Minutes from the Task Force meetings; Impact study on the civil forfeiture; experts' analysis of the interrelation between the Law on the Recovery of the Proceeds from Crime and other related laws e.g. Law on privatization, Law on business entities etc.</p> | <p>Fulfilled to a limited extent</p> | <p><b>Progress:</b> Project continuously provided consultancy, in particular good practice and expert advice on selected topics with the focus on operational issues; all legislative proposals were discussed within the Task Force; in addition, experts provided insight into the civil forfeiture concept and potential implications of its launching in Serbia. Numerous recommendations from the Brijuni strategy were endorsed as a result of Project interventions, but shortcomings in the system still remain.</p> <p><b>Issues of concern:</b> Although Serbia committed itself to implement the Brijuni strategy in September 2005 there are still some strategic measures to be taken. Criminal law reform is on-going for almost a decade but lack of vision and clear perception of what is the aim and how best to achieve it is still missing, creating difficulties in implementation of practical steps, including in the field of asset recovery.</p> |

**Expected Result 2: The Directorate for the Management of Seized and Confiscated Assets (DMSCA) and other key institutions use proven methodologies for financial investigations, search, seizure, confiscation and management of criminal assets**

For this Expected Result (ER 2) five objectively verifiable indicators (OVIs) were postulated:

- Modern methods of work in use by the end of Project
- At least two trainers trained in each key institution by the end of the Project
- At least 60% of relevant staff in the institutions trained by the end of the Project (on average)
- At least 60% of the regions in Serbia covered
- At least 70% of participants are satisfied with the quality of training activities

The Project design and Expected Results were formulated to take into account GRECO and MONEYVAL recommendations to Serbia pertaining to training and capacity building. The initial Joint First and Second Round Evaluation Reports of GRECO and subsequent compliance reports<sup>18</sup>, included recommendations on *ensuring adequate implementation of the enacted legislation, through inter alia, appropriate training of the competent agencies* so as to ensure their efficiency in practice. MONEYVAL recommendations pointed to the need of *sensitisation of the investigating and prosecuting bodies to the importance of the financial aspects of ML, TF and proceeds-generating cases [in general]; undertaking of appropriate initiatives to raise awareness on the importance of integrating financial investigations into investigations of proceeds generating offences; developing of appropriate skills of the law enforcement, prosecution and other competent authorities*<sup>19</sup>.

The CAR Project began with detailed scoping missions to assess the capacities and training requirements in different agencies, particularly the Directorate for the Management of Seized and Confiscated Assets (DMSCA), Financial Investigation Unit (FIU), prosecutors and judges.

As a result initial multi-agency training activities – Awareness raising and case study Workshops were organized with a two-fold purpose: to obtain an initial picture of the level of the target audiences and to assess the capability of the potential local trainers. They were organised in order to cover all of Serbia's regions by targeting law enforcement, prosecutors and judges within the jurisdiction of four Appellations – Belgrade, Kragujevac, Nis and Novi Sad. The level of understanding of the new provisions (of the Law on Recovery of Proceeds from Crime) demonstrated during the Workshops was far below expected. The CAR project designed and carried out a series of highly specialized, tailor-made trainings directly related to the responsibilities/scope of work of each of the institutions involved in the [criminal] asset recovery, with a view to provide long-term sustainable training benefit to the recipient institutions and to support their operational aims and objectives.

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<sup>18</sup> See Greco RC-I/II (2008) 1 E Addendum, June 2010, Strasbourg.

<sup>19</sup> See 3<sup>rd</sup> Round Mutual Evaluation Report for Serbia, 2009, Rec. 28, 1, 3 and Second 3<sup>rd</sup> Written Progress Report, December 2012, 2.3 Other Recommendations.

The courses incorporated academic and practical knowledge, best practice techniques and were relying on the international and local experts. Certain trainings were multi-agency in nature, while others were focused on the specific group/s:

- In April 2011, a Workshop on forensic accounting was organized for financial investigators (from the Financial Investigation Unit of the Ministry of Interior), prosecutors and judges, providing an overview of forensic accounting best practices and training on some aspects of forensic accounting through practical exercises. The workshop also addressed the presentation of financial information in court proceedings and touched upon the use of offshore instruments to hide criminal assets.
- In October 2011, the FIU staff (mainly) and prosecutors, received the training on financial instruments. Comprehensive overview of the topic, from both economic and legal aspects, was provided: concept and modalities of trusts, responsibility of legal entities, piercing the corporate veil, attorney – client privilege, all of which were followed by case studies/practical examples. Through access to original documentation provided in relation to off-shore companies and ‘tax heavens’, participants were also trained to analyse the documentation in order to be able to better follow the trail of money and trace assets abroad.
- From November 2011 till November 2012, based on the needs assessment and subsequent approval of the Republican Prosecutor, a series of specialized trainings was organized targeting prosecutors only. The training included representatives from the basic, higher and appellate prosecutors’ offices, from all Appellations<sup>20</sup>. The training program was divided into a series of seminars supplemented by ‘off-site’ sessions (conducted through email after the daily activity). This continuous training exercise (in the time span of up to a month for each separate group of trainees) maximised the effect of the information received and knowledge exchanged; evaluation forms given to the participants confirmed the added value of this approach. As a result the participants significantly increased their capacity to successfully deal with complicated financial investigations related to economic crime and asset recovery. A certain degree of continuity will be provided through other two joint EU/CoE projects still running in Serbia – MOLI and PACS.
- In March 2013, an Advanced Asset Recovery Course for the FIU and several prosecutors (selected among those trained in prior CAR sessions on financial investigations) was organized. The training was focused on asset tracing and the use of the internet as a vital tool in financial investigations; specific attention was given to the means and methods of concealing and moving criminal assets to, from and within offshore jurisdictions as well as training on financial intelligence sharing through international co-operation frameworks, mechanisms and organisations such as CARIN, EGMONT, Asset Recovery Offices (AROs) and Interpol. The training programme for judges was comprised of two training sessions for the Supreme Court of Cassation and Appellate Court, focusing on ECtHR jurisprudence pertinent to criminal asset recovery. The training involved CoE and ECtHR lawyers who outlined the challenges for asset recovery from the point of view of ECtHR case law in the context of relevant provisions in Serbian jurisprudence. As a

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<sup>20</sup> i.e. Belgrade, Kragujevac, Nis and Novi Sad Appellations.

result of the trainings the reluctance of judges to implement and apply the provisions of the new asset recovery law has significantly decreased.

- In March 2013 a Workshop on Special Investigative Means (SIMs) was organized with the aim to facilitate and foster the dialogue among law enforcement officers, prosecutors and judges on contentious issues in the application of SIMs. The selection of this topic, for the Workshop was a reflection of the debates at the WG session on the acceptable extent of the use of SIMs.
- The training programme organized for the Directorate for the Management of Seized and Confiscated Assets (DMSCA) included several specialized trainings, however the effect was significantly limited by the absorption capacity of the Directorate resulting from a lack of proper structuring and specialization of staff within the institution. This complication was addressed under Expected Result 1<sup>21</sup>, but had repercussions on the trainings organized during the entire course of the Project. In order to raise capacity of DMSCA staff in the valuation of assets the CAR project enrolled 3 staff members on the valuation of property course organized by National Association of Valuers. Later on, a leading UK agency for assets management - Grand Thornton, was contracted to conduct an intensive training seminar for selected DMSCA staff. More than 30 members of the DMSCA took part in the training. Among other issues, the role of the so called 'receivers' in the UK asset management system was explained in detail through presentations and case studies. Participants were actively involved in the discussion and highly praised the training.

Additional work was being undertaken on designing *training and methodological material* in order to ensure sustainability and provide a multiplier effect to the training effort.

A study on the deployment of special investigative means was prepared by the Project based on the demands of the beneficiaries. Containing all kinds of useful data (explanations of the various SIMs; ECtHR jurisprudence related to the use of SIMs; international case law) it was published to be used for the future trainings at the Judicial Academy and in the programs for the police. The same is applicable for the compilation of ECtHR judgements directly related to criminal asset recovery.

The Project has also developed training curricula for the FIU and on a more general level for the Ministry of Interior, which have been tested through trainings, and discussed with relevant MoI authorities. A decision on the use of these curricula by Serbian authorities in their training programs is still pending. These curricula include outlines for five courses:

- An initial financial investigation course that all FIU staff should undergo and that will be regularly updated following new trends and developments;
- An advanced financial investigation course;
- A course for mid-level managers;
- A financial investigation awareness course for all police officers that are subjected to regular basic training;

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<sup>21</sup> CAR experts provided an analytical review of the DMSCA structure and proposed a new systematization and approach..

- A financial investigation mentorship course.

The Project has also engaged with Serbian authorities to ensure that these training curricula become a part of strategic frameworks related to combating economic and organized crime, particularly –the Strategy of Development of the Ministry of Interior, its related Action Plan and the National AML/CFT Strategy.

A financial investigations training program designed for prosecutors and subsequently tested (through the abovementioned trainings), was delivered to the Republican Prosecutor Office, with all accompanying material, and is expected to become a part of the regular Judicial Academy curricula for prosecutors. The Project has significant concerns as regards the capacity of judges, which continue to remain the most problematic link in the asset recovery chain, thus contributing to a very weak overall result in numbers and amounts of funds confiscated. This trend could not be reversed in the course of the project due to the overall passivism of judges and overall reluctance of but a few to systemically participate in Project activities and undertake specialized training.

The design of training curricula for the DMSCA was hampered by the lack of proper organizational structuring of the Department, lack of specialization, no system of staff profiles necessary to cover the full range of functions in the asset management cycle (e.g. no experts for insolvency issues, while the Directorate's key concern is the management of enterprises and valuation of property). While the new DMSCA management started taking the necessary steps to reorganize with the assistance of CoE experts, the new systems could not be fully operational until the end of the Project. Nevertheless, with a view to provide a stepping stone and to stir the future DMSCA endeavours in the right direction CoE experts provided an outline of training activities that should be organised for the staff, including record keeping, asset tracking, accounting procedures and valuation of property.

*Study visits* are a useful tool for improving international cooperation among colleagues and increasing the knowledge through the exchange of experience. The selection of destinations was undertaken with a view to accommodate the specific thematic needs of beneficiary institutions vis-à-vis their foreign homologues. The study visits were used both to influence legislative revision (that was on-going in Serbia at the time), build capacity and assist Serbian agencies with establishing and developing professional networks and relationships with their foreign partners. Representatives of all beneficiaries – Directorate for the Management of Seized and Confiscated assets (DMSCA), Financial Investigation Unit (FIU), judges, prosecutors and Ministry of Justice, took part in the study visits organized by the Project.

A visit to UK/Ireland was organized in order to leverage the experience of these countries in the area of *in rem* confiscation. Introducing non-conviction based forfeiture into the Serbian legal system would require legislative as well as operational changes, and consequently host institutions were selected so as to provide the comprehensive overview of the systems existing in UK and Ireland. The program included visits to the Serious and Organized Crime Agency (SOCA), the Proceeds of Crime Unit within the Crown Prosecution Service, Chambers of Andrew Mitchell (office with extensive practice in asset recovery cases), Kingston Crown Court and accountants firm Grand Thornton. In Dublin the delegation visited the Criminal Assets

Bureau (CAB) and the High Court to discuss legal challenges raised in Irish courts in the relation to *in rem* confiscation.

A second follow up visit was organized to the UK shortly thereafter for the staff of the FIU in order to draw on the experience of SOCA and the Serious Fraud Office (SFO) in “life-style analysis” and UK proceedings in the context of on-going reforms of procedural legislation in Serbia.

Another visit was organized to France, which had recently introduced number of legislative changes to improve its asset recovery system and better respond to the organised crime threat through a set of measures using the legal parameters of civil law, providing an experience highly useful to Serbia given the structural and historical influences of the legal tradition. In France, participants met with representatives of various institutions active in the asset recovery field: French Agency for the Recovery and Management of Seized and Confiscated Assets (AGRSC), Inter-regional specialized body (JIRS) and Ministry of Justice and Liberties.

It is undeniable that these study visits contributed to the better understanding of criminal asset recovery mechanisms in other jurisdictions and helped forge working relationships with counterparts in those countries. With the increase in trans-national organised crime activities and swift fluctuation of illegal assets across borders, with criminals expecting to benefit from differences of legal regimes and “poor” inter-agency cooperation ensuing from misunderstandings and differences in approach, the impact this improved cooperation will have on suppressing organised crime by depriving it of funds, is more than significant.

The project provided indispensable trainings to the project beneficiaries, introduced completely new concepts of training, prepared publications (SIMs, ECtHR jurisprudence, in rem confiscation and MLA Manual) to be used in future trainings and outlined the desired model of training curricula together with more detailed training blueprints. All activities were conducted in close cooperation with project beneficiaries – commencing from an initial needs assessment, through to piloting of training programs and delivering trainings, as well as developing the beneficiaries’ capabilities to sustain and institutionalize the results in order to guarantee a lasting multiplier effect. Important recommendations have been made to develop a comprehensive strategic framework covering existing training institutions/mechanisms and initiatives to ensure a streamlined and coordinated approach among all actors of the asset recovery chain, including police, prosecution and judiciary in order to maximize their efficiency coordination and ultimate outputs.

| Activity  | Actions/Deliverables   | Status              | Progress/issues of concern   |
|---|--|---------------------|--|
| <b>Activity 2.1:</b> Conduct Training Needs Analysis (TNA) and design training curricula for the DMSCA, Financial Investigation Unit, other law enforcement agencies, prosecutors and judges on seizure and management of | <b>Actions:</b> Fact finding missions, expert meetings and awareness raising seminars in order to determine actual training needs and the level of skills/knowledge of different actors; drafting of training curricula. | Partially fulfilled | <b>Progress:</b> Considering numerous interventions of other actors in the area of [criminal] asset recovery prior to the project commencement, CAR team commenced with awareness raising trainings through a practical approach to identifying training needs of different actors; the assessment was followed by recommendations for future action.<br>Training curricula was designed for the FIU and prosecutors. Official adoption is |

| Activity  | Actions/Deliverables   | Status    | Progress/issues of concern   |
|---|--|-----------|--|
| criminal assets.  | <p><b>Deliverables:</b> experts opinions and recommendations, in total 4 technical papers on state of the affairs and desired future steps prepared; training curricula for prosecutors on conducting financial investigations drafted and piloted through training activities; different training curricula for the FIU designed – initial and advanced financial investigation and asset recovery training courses, courses for mid- and high- level managers. No curricula proposed for judges; training program for the DMSCA exists only in a preliminary form.</p> |           | <p>pending.</p> <p><b>Issues of concern:</b> For more than a decade, trainings for all key bodies – law enforcement, prosecutors and judges were held as <i>ad hoc</i>, non-formalized activities, often subject to the available funds. There is a lack of strategic approach. Experts recommended adoption of a comprehensive training strategy on criminal asset recovery that may/should be a part of the overall policy document on tackling criminal finance and the proceeds of crime. Reform of the system of training requires a number of structural changes; changes within the MoI in relation to the department/s in charge of continuous/in-service training and changes pertinent to the Judicial Academy – its budget, structure, premises, as well as a general conceptual approach to designing comprehensive training strategies.</p>   |
| <p><b>Activity 2.2:</b> Organise AR and FI training activities, including the training of trainers for DMSCA, financial investigators, law enforcement, prosecutors and judges in line with needs identified.</p> | <p><b>Actions:</b> Specialized, tailor-made trainings for the FIU, DMSCA, prosecutors and judges; some multi-agency, some solely for one of the institutions e.g. management of assets for the DMSCA’ staff. CAR experts designed and delivered trainings.</p> <p><b>Deliverables:</b> More than 20 training activities were organized, including in the regions of Serbia: participants were selected from jurisdiction of all 4 Appellate court districts.</p>   | Fulfilled | <p><b>Progress:</b> CAR project provided unique approach to the training requirements of agencies. Consequently knowledge and know-how of the beneficiaries are extensively enhanced. Format of the trainings, their methodology and concept are adopted by other joint EU/CoE projects currently on-going in Serbia (MOLI and PACS) further upgrading the skills necessary for the efficient eradication of corruption and economic crime.</p> <p><b>Issues of concern:</b> Continuation of the training activities at all levels and in relation to different actors is indispensable to achieve the change of the mind-set and in-depth structural improvements required by the newly introduced asset recovery system. Keeping the momentum and finding modalities to mobilize professionals to actively participate in the trainings and forums remains a challenge, in particular in relation to judges.</p> |
| <p><b>Activity 2.3:</b> Organize multi-agency study visits aimed at exchange of experience with other countries in</p>  | <p><b>Actions:</b> expert and technical support in designing and realisation of the study visits; visits conceived based on the</p>  | Fulfilled | <p><b>Progress:</b> Study visits fulfilled two desired outcomes – they increased the knowledge on best practices used in other European countries selected based on the needs of Serbian institutions and improved</p>   |

| Activity  | Actions/Deliverables  | Status                               | Progress/issues of concern   |
|---|---|--------------------------------------|--|
| <p>the area of financial investigations and asset recovery.</p>   | <p>needs assessment of the beneficiary institutions.</p> <p><b>Deliverables:</b> 3 study visits were organized; two of them as multi-agency ones and one only for the staff of the FIU.</p>   |                                      | <p>cooperation/networking with colleagues from abroad.</p> <p><b>Issues of concern:</b> Language barrier remains an issue in particular in the light of the recent efforts at the EU level to strengthen the informal/operational cooperation that as a rule requires direct contact among different authorities.</p> <p>Also, extended training on the existing models/solutions/developments pertinent to criminal asset recovery Europe-wide is a necessity for increasing the number of successfully adjudicated cases and amounts confiscated.</p>  |
| <p><b>Activity 2.4:</b> Produce and/or update training materials and methodological guidelines on AR and FI and promote their introduction.</p> | <p><b>Actions:</b> Workshops, round tables, expert meetings organized to discuss the format of training material and to develop it.</p> <p><b>Deliverables:</b> CAR Project LTA outlined Standard Operations Procedure for the DMSCA staff (remained a working draft/document); brief study on the Deployment of SIMs was published and widely disseminated; compilation of relevant ECtHR judgements in the area of criminal asset recovery was prepared, translated into Serbian, printed and disseminated.</p> | <p>Fulfilled to a limited extent</p> | <p><b>Progress:</b> Published compilation of the ECtHR judgements and study on the SIMs deployment, as well as training material delivered during various training activities increased the knowledge of the judiciary and law enforcement authorities and has been used as a reference point; they also contributed to making informed choices on operational issues in debates among professionals (see also ER 1, activity 1.2).</p> <p><b>Issues of concern:</b> Manual for the DMSCA staff should be prepared in the near future; draft submitted by the CAR expert is just a working/initial paper that needs further improvements. Prior to its adoption a new systematization has to be in place and supplied software (within ER 5) used to its full extent.</p> <p>Developing guidelines and easy-to-use training manuals and on-line material should be the focus of training institutions in the coming period to come; this is closely linked with the need to establish formalized training curricula in the system of training in relevant departments.</p> |

**Expected Result 3: Effective mechanisms in place to ensure co-operation between the DMSCA and other institutions of the AR system in Serbia and international co-operation**

This Expected result (ER 3) is to be appraised in relation to four objectively verifiable indicators (OVIs):

- Operational protocols in daily usage by the end of the Project
- Reduced time necessary for completion of financial crime cases compared to previous three years
- The number of financial investigations and cases brought to the court increased
- International cooperation improved (increased amount of information exchanged, joint investigations)

The CAR Project had a major impact on improving international-cooperation, and to a certain degree on improving internal cooperation/coordination of the asset recovery institutions in Serbia. The Project commenced with an in-depth analysis of existing mechanisms of information exchange (both domestic and international), from a legislative and operational point of view followed by expert meetings, round tables and workshops.

Analysing and improving mechanisms of information exchange inevitably requires examining the legal framework so as to identify gaps and recommend improvements. In view of that, expert opinions were prepared providing:

- A review of the relevant provisions of the Law on the Recovery of Proceeds from Crime and the Mutual Legal Assistance (MLA) in Criminal Matters Act;
- An assessment of the compliance of those provisions with the European Convention on Mutual Legal Assistance in Criminal Matters, other international standards and good practices in the following areas:
  - (a) Investigative techniques for the tracing of assets;
  - (b) The seizing and freezing of assets;
  - (c) The registering of confiscation orders;
  - (d) The enforcement of confiscation orders; and
  - (e) The sharing of assets.
- Concrete recommendations for amendment of the aforementioned Serbian laws specifying the particular amendments/draft provisions required in order to ensure that the two laws are compliant with the European Convention on Mutual Legal Assistance in Criminal Matters and best European/international practices.

Consequently expert opinions dealing with improving legislative solutions pertinent to international cooperation were submitted to and used by the state-established Working Groups to revise the Law on the Recovery of Proceeds from Crime. The Project also suggested adopting a dedicated law on the mutual legal assistance so as to further facilitate and streamline international cooperation practices. As a result the Ministry of Justice and State Administration (MoJ) formed a Working Group to deal with the revision of the general Law on Mutual Legal Assistance (MLA) in criminal matters and provisions on MLA in the Law on the Recovery of Proceeds from Crime based on the expertise prepared and model law drafted by the Project. The results of this exercise are not yet available, as the initiative was undertaken only shortly before the end of the Project.

A second measure aimed at improving the exchange of information and coordination within the asset recovery institutions in Serbia and with their partners/colleagues from abroad, was the establishment of a Task Force involving a range of expert-level representatives from key

agencies involved in the asset recovery system of Serbia. Initially planned as a body dealing merely with coordination/cooperation issues, it was subsequently tasked with additional issues, such as legislative review and elaboration of draft amendments. Being comprised of the asset recovery practitioners it provided the necessary input by merging legal knowledge and understanding of the need for strategic decisions with operational experience. The Task Force pinpointed legal lacunae and shortcomings but also everyday/real-life obstacles in the implementation of the Law with the specific focus on international and domestic cooperation; it also improved the networking among state bodies dealing with asset recovery.

One of the key deliverables under this Expected Result has been the Manual on Mutual Legal Assistance (MLA) in criminal matters for prosecutors, judges and police, prepared by the Project in close cooperation with the abovementioned Task Force and individual agencies involved in MLA. The Manual addresses general issues of mutual legal assistance in criminal matters and specificities of mutual legal assistance in asset recovery area. It also contains templates of various types of MLA requests and relevant conventions and bilateral treaties to which Serbia is a party. The Manual was recognized by Serbian authorities as a key tool in enhancing the capacity of law enforcements agencies and judiciary to successfully pursue asset recovery cases. It was tested during several workshops organised for prosecutors and police officers enabling them to face the challenges posed by transnational criminal activity through the practical application of the solutions proposed in the Manual. Other trainings with the use of the MLA Manual as training material were subsequently organized by the Republican Prosecutor Office beyond the lifetime of the Project

Technical and expert support to build international cooperation capacities was provided through other modalities as well. Knowing that international cooperation is the weakest link in the asset recovery system in Serbia, the Project used every opportunity to raise the awareness and knowledge of practitioners and politicians/decision makers alike. It used regular Regional Ministerial Conferences of the Ministers of Interior and Justice dedicated to the fight against organised crime through law enforcement and judicial cooperation, to highlight key issues specific for asset recovery. CAR experts held separate sessions during such conferences organized consecutively in 2010 and 2011. For the second one, in 2011, the CoE Project Advisor prepared a technical paper on “MLA in the region: challenges and possible solutions with particular reference to asset recovery”, which served as a basis for discussion during the special session on MLA and assets recovery. Due to the wide attendance rate from the region (SEE) and other European countries, the impact of the Project contribution in this discussion went beyond Serbian context, initiating follow-up meetings and debates on international cooperation in the region as a whole. The importance of exchanging experience and better cooperation motivated regional participants to request a regional experts meeting dedicated to asset management and its challenges. As a result in 2012, the Project jointly with the OSCE organised a meeting designed to be a platform for discussion, sharing of experience and finding of solutions for agencies engaged in asset management in the region including the Serbian DMSCA. Legal, institutional and operational settings were addressed during two-day sessions based on a questionnaire developed by the Project to facilitate debates and consider means for further improvements in cooperation.

The system of mutual legal assistance in Serbia requires further enhancement. Even though the Project has been instrumental in detecting its weak points, identifying necessary measures and building capacity of key agencies involved, further measures are needed on a systemic level, which would ultimately lead towards shortening the time needed for data collection, gathering of evidence thus increasing the potential for successful financial investigations. Another aspect that also requires considerable amelioration is cooperation among different national institutions. During its life-time, the Project was used as a forum for discussion and exchange of ideas, which proved to be a highly efficient tool for increasing the efficiency of the system. Mechanisms/methodology for enabling such cooperation in the future ought to be put in place to guarantee sustainable development. As noted above, improvements in domestic coordination and exchange of information will inevitably lead to more successful and swifter financial investigations and higher number of cases handled.

| Activity   | Actions/Deliverables   | Status                                   | Progress/issues of concern   |
|--|--|--|--|
| <p><b>Activity 3.1:</b> Analyse current mechanisms of information exchange between relevant institutions in the AR system and support the creation of a standing coordination body for AR and FI.</p>              | <p><b>Actions:</b> Expert meetings; consultations; revision of the existing framework; establishment of the Task Force.</p> <p><b>Deliverables:</b> 2 technical papers prepared; the Task Force’s ToR drafted; minutes from the Task Force meetings.</p> | <p>Fulfilled to a significant extent</p> | <p><b>Progress:</b> Experts conducted a comprehensive analysis of the existing legislative framework for the exchange of information and of the operational capacity; A coordination body was created comprising all agencies at the level of practitioners.</p> <p><b>Issues of concern:</b> So far Serbia had numerous bodies tasked with various coordinating roles so as to better respond to the requests/obligations emanating from properly implementing MONEYVAL and GRECO recommendations, with various degrees of operationalization. A significant step forward would be the creation of a body composed in a manner that will combine subject-matter knowledge with the capacity to take decisions in the AR sector, as problems identified in the course of daily work require undertaking policy/strategic decisions swiftly and with the potential for flexibility.</p> |
| <p><b>Activity 3.2:</b> Recommend measures for improvement of coordination and exchange of information within the AR system, including MOUs and working protocols as necessary, and facilitate their adoption.</p> | <p><b>Actions:</b> Round Tables; Workshops; expert support to drafting MOUs</p> <p><b>Deliverables:</b> experts’ oral and written opinions; template MOU dedicated to sharing of confiscated criminal assets.</p>  | <p>Fulfilled to a limited extent</p>     | <p><b>Progress:</b> Experts recommended measures for improving the information exchange system, starting with legislative changes followed by increased know-how and skills of the relevant state authorities. Tête-à-tête meetings between different state bodies were organised to determine obstacles and find feasible solutions. A template [criminal] asset sharing MOU for the DMSCA and MoJ was prepared. Through on-going consultations, CoE experts familiarized beneficiaries with the existing modalities of the international</p>   |

| Activity   | Actions/Deliverables   | Status               | Progress/issues of concern  |
|--|--|----------------------|---|
|  |  |                      | <p>cooperation and MOU drafting techniques.</p> <p><b>Issues of concern:</b> Better coordination/communication among different state bodies is required.</p>  |
| <p><b>Activity 3.3:</b> Elaborate effective diagnostic and monitoring tools and mechanisms to assess in regular intervals the efficiency of the AR system.</p> | <p><b>Actions:</b> Experts meetings and consultations;</p> <p><b>Deliverables:</b> experts' recommendations; questionnaire for the collection/exchange of data on asset management among European/regional bodies with the similar tasks.</p>            | <p>Not fulfilled</p> | <p><b>Progress:</b> Diagnostic and monitoring tools were not set up. Experts proposed measures for improvement; also, expert meeting to compare and exchange good practices in asset management in the region and beyond was organised followed by the preparation of a questionnaire to further facilitate exchanges on how challenges have been met in various jurisdictions. Partial success in this regard has been achieved through ER 5, namely through delivery of the software that can help assess the efficiency of the system to a certain extent.</p> <p><b>Issues of concern:</b> Significant shift in the right direction under this activity can be achieved only through concerted state authorities' intervention/action. Complete revision of the methodology for collection, comparison and data analysis has to be undertaken. Serbia is still lacking the system of integrated statistics. There is no collation of comprehensive and precise data that can be easily compared and subsequently used for improving the overall system by making obvious its pitfalls and shortcomings.</p> |
| <p><b>Activity 3.4:</b> Promote international co-operation mechanisms for DMSCA and Financial Investigation Unit.</p>  | <p><b>Actions:</b> Workshops; expert meetings; expert and technical support to the drafting of the MLA Manual; conferences; trainings.</p> <p><b>Deliverables:</b> reports from the conferences; publication of the MLA Manual; 2 training sessions.</p> | <p>Fulfilled</p>     | <p><b>Progress:</b> International co-operation has been significantly improved through enhanced understanding of the mutual legal assistance – in criminal matters in general and asset recovery in particular. Drafting exercises (Manual, MOUs), trainings and exchange of experience with foreign colleagues enriched the capacity of the stakeholders and prompted their proactive engagement in the contentious issues related to international cooperation well after closure of the Project. Consequently core group of potential future trainers was formed ensuring sustainability of the Project's training program. For example the Republican Prosecutor Office continued with the trainings on MLA initiated by the Project experts, using published MLA Manual as key training material.</p>  |

| Activity | Actions/Deliverables | Status | Progress/issues of concern  |
|----------|----------------------|--------|---|
|          |                      |        | <p>The authorities have also ensured further follow-up to the work carried out by the Project to draft a dedicated Mutual Legal Assistance Law. Shortly after Project closure a dedicated working group was created by the government to discuss and prepare such legislation, based on the draft supplied by the Project.</p> <p><b>Issues of concern:</b> Deeper understanding of the current state of affairs in international cooperation in criminal matters by all stakeholders involved in requesting/rendering assistance is indispensable and should be further pursued through specialized trainings. Serbia must introduce a more permissive approach in particular with regard to rendering assistance in cases involving <i>in rem</i> and value based confiscation. The first step should include the proper revision of legislation dealing with MLA. Focal points in charge of handling international cooperation requests should be determined at all Judicial Appellations.</p> |

**Expected Result 4: Public opinion of Serbia is aware of the role of Asset Recovery system in ensuring that crime must not pay**

For this Expected result (ER 4) three objectively verifiable indicators (OVIs) were devised:

- Results of 2 surveys organised on a representative sample by month 12 and 33 show increase in awareness
- At least 10 journalists are trained
- Number and quality of articles on economic crime written by trained journalists increase by the end of the project

In order to increase awareness and mobilize public support in Serbia for efforts pertaining to asset recovery the Project developed a comprehensive strategy subsequently implemented through a public campaign, aimed at clarifying the concept of asset recovery, explaining its benefits for society as well as the human rights safeguards. The campaign was also targeting specific professional groups in order to explain, clarify the novelties introduced by the concept (and new Serbian law on asset recovery). For these reasons the Project started with awareness raising workshops for judiciary and law enforcement that had media coverage, providing the additional benefit and impact on both target groups.

In designing media events and trainings for journalists the Project undertook a comprehensive background analysis on media reporting and coverage of asset recovery cases from 2009 (enactment of the new Law on the Recovery of Proceeds from Crime) until 2011. The media analysis covered all printed media and television reports that concerned the implementation of the Law on Recovery of Proceeds from Crime (the Law) itself and concrete judiciary actions related to the confiscation of proceeds for the period March 2009 - March 2011. The method of analysis included the examination of the press archive and the television news programs archive. Their preliminary examination of the archive revealed more than 2,000 articles mentioning confiscation of proceeds from crime, and around 400 television stories on the topic. The analysis contained:

- graphic presentation of the quantitative representation of the topic in the media;
- topic relevancy in the media publications, i.e. whether confiscation of proceeds was the main topic or only mentioned in passing;
- analysis of the articles and news reports content and journalist's familiarity with the topic, as well as the language used and to what extent it was understandable to the lay person;
- classification of the media "genre" – whether it was solely agency news that were conveyed or whether journalists addressed the issue seriously, in the form of analytical articles, commentaries, thematic contributions etc.; journalists' position - positive, neutral or negative;
- delineation of good and bad examples of writing and reporting on the topic.

The analysis served as a baseline for the design of training curricula for journalist and selection of participants of subsequent media trainings (targeting those who were the most active in covering asset recovery cases).

In 2011 the Project also conducted a public opinion survey on the level of awareness, support and satisfaction with both the implementation of the Law and performance of key institutions engaged in asset recovery - judiciary, police and DMSCA. The questionnaire was developed in close cooperation with the beneficiaries and the research focused on:

- Awareness on the Law on Recovery of Proceeds from Crime (the Law);
- Perception of motives leading to the adoption of the Law;
- Perception of purpose and benefits deriving from the enforcement of the Law - expected/foreseen impact;
- Awareness on and perception of institutions responsible for the enforcement of the Law;
- Awareness on and perception of the activities undertaken during the enforcement of the Law;
- Perception of impact of the enforcement of the Law;
- Perception of challenges to the enforcement of the Law including the perception of the origin of those challenges;
- Expectation regarding the success of the enforcement of the Law.

The results of the study demonstrated that the initial workshops, seminars and expert's debates organised by the CAR Project made the Law more visible to the general public. However, the perception remained that the enactment of the Law and its initial results are a direct consequence

of EU pressure on Serbia. Furthermore, the average Serbian citizen was cautious about the Law and whether it will become a serious and efficient tool for the fight against organised crime. Public confidence in the ability and willingness of State authorities to address asset recovery in a meaningful way remained low, but they showed good will in relation to DMSCA. The majority of those interviewed, confirmed that they were willing to wait and see if DMSCA will fulfil expectations in months to come.

The abovementioned study and subsequent press-conferences also demonstrated existing misconceptions by the public and even in the expert community about the role of the DMSCA within the asset recovery system. In order to equip the DMSCA and MoJ staff to better communicate with journalists providing timely and accurate information and consequently raising the awareness of the general public and increasing transparency of the asset recovery system, the Project prepared an Internal Protocol on Communication with Media Representatives for the DMSCA employees and other relevant Ministry of Justice staff, including a list of frequently asked questions with possible answers, to facilitate the process, and conducted two trainings on the use of this Protocol by communications officers of the two agencies. As a result the DMSCA and MoJ staff media skills were improved, and work of the DMSCA made more transparent.

Training events for journalists were designed with the use of the Public Opinion Survey and the Report on Media Coverage mentioned above. The trainings were focused on examples of media reporting, contentious issues, and consequences of unprofessional media coverage, followed by case studies and group sessions. They were held in several cities of Serbia and included journalists from electronic and print media with national, regional and local levels of coverage. As shown by the second analysis of media reporting (this time for the period 2011-2013) the trainings significantly improved the quality of articles/media coverage, there was a significant drop in sensationalistic reporting, but also in the quantity of articles/clips on the topic.

Although the Project has made achievements regarding visibility and better/improved understanding of the [criminal] asset recovery of all targeted groups – general public, journalists, professionals, the fact remains that Serbia is still lacking real investigative journalism, whereas proper media reform is yet to be launched. This has direct implications on the quality of reporting and possible impact in mobilizing general public and engendering public support for stirring decision makers in the right direction.

| Activity  | Actions/Deliverables  | Status           | Progress/issues of concern  |
|---|---|------------------|---|
| <p><b>Activity 4.1:</b> Ensure and enhance the visibility and transparency of the AR system and in particular that of DMSCA through awareness raising events and distribution of information materials.</p> | <p><b>Actions:</b> Expert support to devising the concept/format of the media events; regular updating of the project website promoting the key asset recovery concept – “crime does not pay”. Expert assistance provided to DMSCA to improve</p> | <p>Fulfilled</p> | <p><b>Progress:</b> Special attention was paid to visibility issues and ensured through various actions. Press conferences were designed so as to combine visibility with the need for transparency of the DMSCA and public support to the asset recovery concepts. DMSCA Director took part in each of the events, additionally contributing to achieving the desired goal/s. Results of the public survey and analysis of media reporting were presented and the public was invited to take part in</p> |

| Activity   | Actions/Deliverables   | Status  | Progress/issues of concern  |
|--|--|---|---|
|  | <p>their visibility and transparency of their work.</p> <p><b>Deliverables:</b> in total 3 press conferences were organised in major cities covering all the regions of Serbia; Protocol on communication with media representatives together with list of FAQs was drafted for the DMSCA; training curricula for the DMSCA staff designed; 2 trainings for the DMSCA staff held; regular inputs for the project website; press clippings from major project events accessible on the Project website.</p> |   | <p>the debate. The actions listed above had significant impact on public perception and understanding of asset recovery issues. Additional assistance was provided to the DMSCA regarding its transparency and better visibility. The Project prepared a Protocol on media communication, that coupled with the list of FAQs enabled the DMSCA to respond to journalist requests professionally and without undue delay. Subsequently two trainings were held for the DMSCA staff.</p> <p>The Project ensured wide media coverage of the major project events and through the website maintained regular information flow on activities undertaken within the Project, contributing to both better Project/donor visibility and increased public awareness of the criminal asset recovery concept.</p> <p>Publications printed under different project expected results were distributed throughout Serbia and also made available in libraries and faculties targeting specific readers' population creating additional impact.</p> <p><b>Issues of concern:</b> The DMSCA should continue to increase the transparency of its work. It is recommended to create and regularly update the website with the data that are /may be publicly available, namely without jeopardizing data protection. Also, Protocol on communication with media representatives should be made available/disseminated to all new staff and regularly updated.</p> |
| <p><b>Activity 4.2:</b> Organize up to 2 public opinion surveys to identify levels of awareness, support and satisfaction of citizens of new methods in fight against organized crime.</p> | <p><b>Actions:</b> Experts meetings and consultations to design questionnaires for the public surveys; research and analysis on media reporting/coverage of the implementation of the Law on the Recovery of Proceeds from Crime</p> <p><b>Deliverables:</b> 1 Public opinion survey prepared and made public; 2 reports on</p>  | <p>Partially fulfilled/partially modified</p> | <p><b>Progress:</b> One public opinion survey was conducted and its findings shared with beneficiaries and general public. The results of the research were used to design training of journalist, thus better targeting detected weaknesses.</p> <p><b>Issues of concern:</b> It is always advisable to closely monitor/follow public perception, but in order to obtain objective and valuable data, public opinion surveys, if/when conducted in the future, should be undertaken only by professional institutions and only when there is possibility to obtain usable data, that is, targeting specific/concrete issues and wishing to rely on data for further</p>  |

| Activity   | Actions/Deliverables   | Status    | Progress/issues of concern  |
|--|--|-----------|---|
|  | the Serbian media coverage of the implementation of the Law on the Recovery of Proceeds from Crime produced and placed on the Project website.   |           | improving the [asset recovery] system. Also, media coverage reports commissioned through the project proved to have an added value, particularly as a tool to assess trends/ shortcomings and deficiencies in reporting.  |
| <p><b>Activity 4.3:</b> Organise an awareness raising or training event for journalist specialised in economic/organised crime issues.</p> | <p><b>Actions:</b> Expert meetings organised to discuss the format of the trainings and to develop the training material for specialized, tailor-made trainings for journalists; CAR experts designed and delivered the trainings, and prepared the training material.</p> <p><b>Deliverables:</b> 4 training events delivered throughout Serbia; more than 40 journalists from national and regional media trained.</p> | Fulfilled | <p><b>Progress:</b> Training events for journalist were very successful. They targeted journalist from electronic and printed media at all levels –national, regional and local. They were carefully prepared by project experts, media professionals themselves, and used innovative methodology hence achieving the maximum results in a relatively short period of time. They were also used as a forum for debate on the important asset recovery issues from the media perspective.</p> <p><b>Issues of concern:</b> Trainings clearly demonstrated numerous problems/difficulties in media reporting. There is no investigative journalism, media owners/editors are not interested in developing quality and investing in research, the situation being additionally burdened with stalled media reform. Serious efforts are needed to create conditions/positive climate in which objective, human rights protection conscious journalism can flourish. Importance of high-quality media is often disregarded and insufficiently pursued.</p> |

**Expected Result 5: Technical infrastructure of the key institutions to run financial investigations and analyse data on criminal assets enhanced.**

This Expected result (ER 5) has three objectively verifiable indicators (OVIs) postulated:

- Procured software is in use by month 15
- Increased efficiency of data analysis
- Increased amount of assets identified as proceeds

This Expected result represents a very significant IT component, including hardware and software procurement/installation provided for by a separate EU grant (through IPA funds) for two main beneficiaries – the Directorate for the Management of Seized and Confiscated assets (the Ministry of Justice and State Administration) and the Financial Investigation Unit (the Ministry of Interior). Two different software packages, together with hardware components were provided to the FIU and the the DMSCA. The software for the FIU was aimed at improving their data base (storage, handling etc.) and case management resulting in enhanced data collection and analysis and better presentation of the financial investigation results in court proceedings. The DMSCA was the recipient of case management software that has led to a more efficient and transparent managing of assets.

The Project provided invaluable assistance that went beyond its initially planned scope of engagement. As requested by both donor and beneficiaries the Project engaged over a 2-year period in order to follow and guide the installation/customization process for the hardware and software for both beneficiaries.

This process included the following:

- Stocktaking exercise: gathering and analysing the existing working procedures of the beneficiaries that have direct impact/reflect on their IT infrastructure and needs;
- Analysing, advising and contributing to the preparation of the technical specifications for software and hardware procurement;
- Drafting of the ToR for the procurement procedure;
- Participation in the tender panel, reviewing and evaluating the tender bids and advising on the best valid offers;
- Ensuring the timely implementation of the hardware installation in line with the objectives agreed with the beneficiaries and the donor;
- Facilitating and overseeing the software customization;
- Providing assistance and helping in modifying the existing working procedures of the beneficiaries in order to maximize efficiency of the IT systems and meeting software requirements;
- Providing detailed instructions to service providers on business processes and software customization plans for the each beneficiary;
- Identifying possible risks and proposing appropriate solutions during the implementation of IT components;
- Assessing the software training needs of beneficiaries and providing training outlines and documentation
- Ensuring that trainings were organised as planned;
- Advising on future steps regarding potential upgrading of the software and training of the staff.

Through the abovementioned actions the project provided support and expertise that were instrumental for the fruitful completion of this result. Additional success is reflected in the enhanced capacity of the beneficiaries, in particular of the DMSCA, to articulate its needs, pinpoint deficiencies and obstacles. However, future substantial involvement of the beneficiaries and their concentrated efforts are needed to achieve the full use of the software. For the FIU this includes improved domestic and international data exchange and data analysis in order to

increase the success rate in tracing and confiscating assets; for the DMSCA this includes more transparent, accountable and efficient management of seized and/or confiscated assets.

| Activity   | Actions/Deliverables   | Status           | Progress/issues of concern   |
|--|--|------------------|--|
| <p><b>Activity 5.1:</b> Support the key institutions in the assessment of their needs for specialised software and other equipment and tools and production of technical specifications/inventory lists.</p> | <p><b>Actions:</b> Stocktaking missions to assess the status quo; expert meetings and consultations with beneficiaries; revision of the technical specification prepared by beneficiaries; regular consultations with the donor; participation in the Tender Board; facilitation of the process after successful completion of the tender.</p> <p><b>Deliverables:</b> The Project provided oral and written opinions on the conceptual design of the beneficiaries' IT systems; 1 technical paper on the software needs analysis prepared; ToR for the tender procedure drafted; regular monthly and <i>ad hoc</i> reports on the progress of installation/customization prepared and submitted to beneficiaries and donor (EU); oral inputs for the facilitation of the software harmonization and hardware installation provided the whole time until full operationalization was achieved.</p> | <p>Fulfilled</p> | <p><b>Progress:</b> Supporting beneficiaries in articulating their IT needs had a dual benefit: it enhanced their capacity and ensured sustainability of results. Two distinct software programs were provided: one that is pertinent to data analysis to FIU (MoI) and another related to case/asset management to the DMSCA. CAR expert lead the process and provided expert advice/support whenever needed, also streamlining the process. Consequently, by-laws prepared for the DMSCA under ER 1 were incorporated into the (DMSCA) software, while adequate customization of the (FIU) software enabled them to more swiftly browse through different databases shortening the time needed to complete financial investigations and contributing to the better outcome of ER 3.</p> <p><b>Issues of concern:</b> Provided software programs are not self-sustainable, they will need further adjustments and improvements, and above all they will have to be regularly “fed” with data. The Project provided solid basis in relation to beneficiaries’ skills and know-how but it remains to be seen if the dedication/commitment will persist particularly in ensuring the active use of the software by the relevant staff.</p> |

## 5 OVERALL ASSESSMENT OF THE ACTION

In terms of strategic assistance to developing a sustainable criminal asset recovery system, the CAR project provided the Serbian authorities with extensive policy documents and tools/mechanisms to create a more effective system for tracing, seizure, confiscation and management of criminal assets, which would facilitate asset recovery both domestically and internationally (by providing the required level of assistance to foreign authorities in this area). This was also noted and recognized in the Second 3<sup>rd</sup> Round Progress Report submitted to MONEYVAL by Serbia<sup>22</sup>. However, the process still faces potential complications. While the CAR Project provided solid foundation for future endeavors, their success/realization will depend on the willingness of state authorities, in particular at the decision/policy making level, to continue pursuing the goal of having fully operational asset recovery system compliant with EU, MONEYVAL and GRECO requirements.

In its latest version of the “Best practices on confiscation (Recommendations 4<sup>23</sup> and 38) and a framework for ongoing work on asset recovery”<sup>24</sup> (October 2012), FATF stated that a *successful framework for confiscation covers tracing and investigation, international co-ordination, provisional measures and non-conviction based confiscation measures*. All of these components have been addressed through the Project interventions but nevertheless require a further unremitting, concentrated effort if an efficient system is to be developed in Serbia.

Wishing to address the impediments to the effective confiscation, thus contributing to the prevention and control of economic crime, the wide-ranging actions were undertaken within the scope of the Project, resulting in, *inter alia*:

- Complex legislation review process:
  - Collation of beneficiaries’ comments as to the difficulties in the implementation of existing provisions;
  - In-depth analysis and comparative overviews of the European and international standards related to asset recovery;
  - Expert meetings discussing contentious issues and potential solutions with beneficiaries;
  - Preparation of numerous expert opinions;
  - Drafting of operational procedures for the DMSCA;
  - Significant enhancement of the capacity of Serbian institutions through the legislation review process due to the active involvement in all the stages of the process;

<sup>22</sup> This Second report was adopted at MONEYVAL’S 40<sup>th</sup> plenary meeting held in December 2012, see at [http://www.coe.int/t/dghl/monitoring/moneyval/Evaluations/Progress%20reports%202y/MONEYVAL\(2012\)30\\_SERProgRep2\\_en.pdf](http://www.coe.int/t/dghl/monitoring/moneyval/Evaluations/Progress%20reports%202y/MONEYVAL(2012)30_SERProgRep2_en.pdf)

<sup>23</sup> It should be noted that this is former Recommendation 3, as of February 2012. Comparative chart of FATF Recommendations together with the explanation of the reasons for change can be found at <http://www.fatf-gafi.org/topics/fatfrecommendations/documents/internationalstandardsoncombatingmoneylaunderingandthefinancingofterrorismproliferation-thefatfrecommendations.html>

<sup>24</sup> See at <http://www.fatf-gafi.org/topics/fatfrecommendations/documents/bestpracticesonconfiscationrecommendations4and38andaframeworkforongoingworkonassetrecovery.html>

- Enhanced operational efficiency of the state authorities:
  - Assessment of the institutional and operational capacity of the key beneficiary institutions;
  - Targeted trainings increasing skills and know-how;
  - In-depth tuitions in handling complex financial investigations for the FIU (MoI) and prosecutors;
  - Lectures/workshops on the ECtHR jurisprudence for the Supreme Court of Cassation judges;
  
- Improved inter-agency and international cooperation:
  - Establishment of the Task Force, comprised of the representatives of all institutions involved in/engaged in the asset recovery process;
  - Better networking through study visits;
  - Enhanced understanding of the new modalities in MLA and establishment of the core group of future trainers in that area;
  
- Upgraded data collection and case management:
  - Two different software packages, in total worth 0.5 million Euro, provided – one to the FIU (MoI) and another to the Directorate (DMSCA);
  - Software customization facilitated and overseen by project experts;
  - Staff of both institutions trained on the use of software.

However, significant concerns still remain as regards further progress in the abovementioned areas of intervention:

Further revisions of the legislation are needed. CoE experts consider that the Law on the Recovery of the Proceeds from Crime is modern and human rights compliant, nevertheless additional interventions are required to reach an up-to-standard legal framework; unfortunately many of the suggestions of the CAR Project were disregarded during the review process. Additionally, the drafting exercise clearly indicated other related pieces of legislation that required changes; some in the ambit of criminal law legislation e.g. economic crime provisions, others outside it, e.g. the Law on privatization. The authorities should undertake a thorough review in order to create a system that is compatible (at the State level) and compliant with international standards. This requires policy decisions, based on the informed choices; proper planning resulting in action plan with short-, mid- and long-term measures and projections and the necessary resource allocation.

Adequate training of authorities dealing with criminal asset recovery is one of the key recommendations in the MONEYVAL Recommended Action Plan to improve AML/CFT system in Serbia (3<sup>rd</sup> Round MER), reiterated in the subsequent progress reports. Given that newly introduced systems always require a change of approach and in-depth structural improvements, the CAR project organized series of specialized, tailor-made training activities. State authorities should continue with targeted actions and follow good practice established during trainings – small groups, interactive trainings, top experts, focus on operational issues, evaluation of achievements at the end etc. The engagement of judges will remain a major challenge unless systemic measures are taken.

Mutual Legal Assistance requires further serious improvements. That area was identified as highly problematic from the beginning of Project implementation. While the Project has undertaken a comprehensive set of measures in this area, additional systemic efforts are required to remedy the situation given the current context. There remains a significant lack of understanding of the MLA concepts and process among competent authorities. Some institutions made significant advances (e.g. prosecutors) while others are lagging far behind. The extent to which CAR recommendations will be taken into account by all involved parties remains questionable.

Linked with that is the necessity to improve the domestic co-operation among different institutions. Measures taken in the past were formalistic, non-efficient, and rightfully deserved criticism. Consequently, *effective and functional cooperation, communication and coordination between competent services* was listed as one of the recommendations in the MONEYVAL 3<sup>rd</sup> Round Mutual Evaluation Report. During CAR implementation, meetings of the Task Force established at the beginning of the project, were used as a forum for discussion and exchange of ideas and proved to be the most efficient tool for increasing efficiency of the system. This format of cooperation should continue after the closing of the Project. Flow of data exchange should be unhindered and a mechanism/methodology for enabling operational level staff to influence strategic/policy decisions ought to be put in place in order to ensure sustainable progress.

The Project paved the way for a serious future reform process. It has also, according to data provided in different compliance and/or EU progress reports contributed to increased number of financial investigations and [criminal] assets seizure, thereby confirming that the Project has achieved its main purpose. However, if necessary follow-up by state authorities is not ensured in an efficient and effective way, the impact of Project results will gradually diminish.

## **6 CONCLUSIONS**

### **6.1 General**

The Project implementation started on time and the maximum possible results have been accomplished under existing circumstances. All planned activities have been implemented within the budget, with rational use of resources and careful and timely planning.

The Project has been tailored according to the real needs of the beneficiaries and its professional management and openness for the genuine necessities/constraints/dilemmas of the stakeholders got response in the willingness and efforts stakeholders invested in its realization. Nevertheless, it has to be noted that some stakeholders, namely judges, had to be pressured in order to become more actively and substantially involved in the process; regrettably, without desired results.

During Project implementation all weak points in the Serbian criminal asset recovery system were clearly demonstrated, in particular the negative impact that the lack of the involvement at the policy making level can create: uncertainty regarding measures (scope and selection) to be taken, slow pace of reform and lack of overarching strategic approach, to name just a few. The effective functioning of the criminal asset recovery system requires full co-operation and support

from all stakeholders in order to make/create real change. The pace of reform has definitely been accelerated, after the elections/change of Government, but the momentum should be kept and reform led into the right direction.

The overall role of the Council of Europe as one of the key actors in the fight against organized crime, corruption and money laundering and its being a pan-European platform for discussion and sharing of experience in that area, gave additional weight to the actions undertaken within the Project and led to the increased demand for the Project's assistance in terms of expertise and guidelines. That was also confirmed at the final stage of the Project implementation by the fact that stakeholders, realizing the benefit Project had for them, requested its extension and/or supplementary activities through other means available to international organizations operating in Serbia in this field. This, however, would require the firm commitment by the Government/state authorities on measures/initiatives to be taken.

The Project provided solid ground for the future reform of criminal asset recovery, creating through assistance and support, impetus for change. Through Project activities the knowledge of the stakeholders has been enhanced, networks with colleagues from abroad established, leading also to peer pressure when dealing with certain issues, and the ownership of the process created. Expert-advice and targeted assistance created a solid foundation for more substantive and comprehensive improvements. The Project activities, all together, mapped the road for the stakeholders to continue on.

All in all, the impact of the Project is considerable since it initiated re-thinking of the reform process in Serbia providing at the same time substantive level of expertise/know-how in order to allow the momentum to be kept once the Project ends. The CoE will continue providing at least some assistance as a part of its core mandate in the area of combatting/suppressing economic crime but a more comprehensive approach would be of a greater value. Possibility/ies for the new Project, should be explored, but would definitely depend on the prior/expressed commitment of the Serbian authorities. Also, given that [criminal] asset recovery reform is far from being completed in many countries this type of intervention (assistance related to criminal asset recovery) is even more relevant and signifies the potential for the wider (in other CoE member states) CoE intervention.

## **6.2 Major challenges**

Some of the challenges detected are purely technical while others extend beyond the current Project. Continuation of the serious reform process should be considered as the first priority. Any newly introduced system requires change of the mind-set and in-depth structural improvements, the process that is both time and effort consuming and thus requires unremitting drive from state authorities.

In order to go into right direction, it is highly recommendable for the state authorities to undertake a thorough assessment of the initiated legislative changes to be able to assess the impact of the reform up to a specified moment and if need be further revise regulations. The CoE

has been advocating, unconnectedly with this particular Project, improving the law drafting techniques as a prerequisite for the proper revision of the legislation coupled with assessment of the cost and designing of the action plan for the implementation of the new measures/regulations. In this case, the assessment should include numerous laws and should not be confined to the Law on the Recovery of the Proceeds from Crime, but encompass the Law on Police, Criminal Procedure Code, Criminal Code and other related legislation as well.

This endeavour is interconnected with the data collection, primarily the revision of the methodology for the collection and processing of data and statistics. The current process leads to inconclusive deductions. The complete statistical data collection system needs to be revised and a new, well-thought and well-selected methodology introduced. It ought to be linked with existing software programmes and should allow for cross-cutting data selection and analysis. Only then Serbian authorities would have comparable data and be able to properly measure/assess achievements/shortcomings. Insisting on finally linking different software programs (in different institutions/ministries) moving away from solutions that support dispersed, incompatible solutions, will undoubtedly increase the efficiency of the entire criminal justice system, criminal asset recovery included.

The CoE experts projected that considerable and sustained efforts will be needed in the future to keep the same level of success since criminals will also “master” the new legislation and will start looking for and exploiting loopholes. That will require further investment in increasing the capacity of the institutions, each of them, that are part of the criminal asset recovery process. One of the undertakings would be formalizing the curricula of the pilot trainings held under the auspices of the CAR Project, namely introducing those curricula into regular training programs of the Judicial Academy and the in-service training programs of the Ministry of Interior (their Education Department and Strategic Development Department).

Reinforcement of the judicial component of the criminal asset recovery system is an especially serious challenge for the new Government and its future success in suppressing economic crime. After the negative effects of the on-going (re)election procedure of judges, their mobilization to participate more actively in the process of acquiring new skills and expertise and enhancing of their capacity may pose a serious threat to the efforts of Serbian authorities to successfully address the problem of criminality and may be a major stumbling block if not properly addressed; in particular since Chapters 23 (Judiciary and human rights) and 24 (Justice, freedom and security) of the *acquis* will be the first ones to be opened in the forthcoming European integration process<sup>25</sup>.

State authorities should also ensure establishment or strengthening of the standing coordination body in charge of criminal asset recovery system in Serbia. Without fully operational coordination and monitoring mechanism that involves full-time staff or at least staff with enough time allocated explicitly to the task of criminal assets recovery from all related institutions, no notable change will be attained. The current situation, in which the cooperation depends on personal relations is not sufficient for this task and is far from being satisfactory.

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<sup>25</sup> “The establishment of an independent and efficient judiciary is of paramount importance. Impartiality, integrity and a high standard of adjudication by the courts are essential for safeguarding the rule of law and...human right”, see at <http://ec.europa.eu/enlargement/policy/conditions-membership/chapters-of-the-acquis/>.

All of the above can be summarized into one (conclusion/challenge) – ensuring the proper follow up, building on the foundations provided through the Project interventions/actions.

### **6.3 Lessons learnt**

If base-line data are unavailable and there are no prior (to the commencement of Project) factual assessments of the state of affairs, flexibility is the desired quality as it allows adapting the content to the actual circumstances and is instrumental for the capacity building of stakeholders, by compelling them to assess the (existing) situation, articulate their needs, perceive their role/s correctly and initiate the necessary change. That also serves as a motivating factor contributing to the more efficient implementation and in the long run creating greater impact. The value of this approach was confirmed in the Result Oriented Monitoring conducted twice during lifetime of the Project.<sup>26</sup> A separate issue is how state authorities may be obliged to initiate new projects only if they conducted proper assessments. Something that may help to better plan project activities and that would inevitably lead to the higher percentage of achieved (expected) results.

The Project team concluded that if Project design envisages trainings it is vital to estimate realistically the level of knowledge/expertise of the targeted groups to be able to conduct training activities optimally, in relation to both experts' selection and the preferred format of trainings. CAR project implementation demonstrated that a hands-on approach combined with highly specialized, tailor-made trainings is the best solution for the projects with specific subject-matter. Also, opting for pilot trainings and then subsequently adapting them to better suit the needs of beneficiaries proved to be a good choice. The need to diversify expertise led to the change in the composition of the Project team – substitution of the Long term expert with a pool of experts, where local ones played an important role. At the more general level it is worth considering, for projects with diverse expected results, using from the beginning instead of one Long Term Expert one key expert per expected result in combination with a pool of short term – local and international experts. Furthermore, in this particular Project a combination of local and foreign experts produced excellent results.

The last but not less vital lesson learnt is the problem of judges' capacity building. On-going re-election procedure (initiated in 2009) has had adverse effect on their involvement in the Project. That had an unforeseen negative effect on Project implementation. Efforts by Project team to address the passivism of judges and encourage them to take active part in the process did not have desired results. The strong impression of the project team is that significant change can be achieved only through true dedication and involvement of the policy/decision making body, in this case the High Court Council, in the capacity building process and by linking the judges' continuous education record and their promotion criteria.

Projects envisaging provision of software require a different approach regarding type of contract in the initial tender design – software should not be treated as goods but services; otherwise estimated implementation time and assistance are not correctly projected: software almost always needs to be customized, at least to a certain degree, and thus the timeframe is much

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<sup>26</sup> See below 6.4 Monitoring and evaluation.

longer than when goods are provided; there is also an issue of user trainings and subsequent adaptations after testing. Customization, as proved in CAR, is extremely important and cannot be by-passed; it represents transformation of beneficiary's business models into software programs, and incorporation of the existing “institutional knowledge” in the software reduces risk coming out of employee fluctuation, and reduce the cost of subsequent (of the newly hired staff) trainings.

It is worth mentioning that close cooperation of different projects implemented at the same time with related subject matter, in this case e.g. of CAR and MOLI projects, provides space for synergies with significant multiplying positive effects.

#### **6.4 Monitoring and evaluation**

The Project monitoring and evaluation were performed following standard Council of Europe and European Union procedures and evaluation methodologies. Project activities were closely monitored in accordance with the Council of Europe internal rules. Additional monitoring was done by the Project Steering Committee and Coordination Body. The CAR Project team and EU program Manager had regular monthly meetings and phone and e-mail briefings when need be.

The Description of Action has foreseen an assessment report by external experts if requested by the Steering Committee and/or European Union. None of the envisaged actors requested it given that two Result Oriented Monitoring (ROM) assessments has been undertaken during the Project lifetime and that both beneficiaries and donor were regularly consulted and briefed on the achievements and contentious issues.

**The first monitoring (ROM)** took place in October 2010, six months after the commencement of the Project, and was focused on the Project design and potential sustainability based on the implementation by then. Following key conclusions were drawn:

- *the Project Purpose and Overall Objective are supportive of Government policies;*
- *the project very accurately responds to the needs of the target groups by addressing both the Asset Recovery System (AR) and the Directorate for the Management of Seized and Confiscated Assets (DMSCA);*
- *the scheduled activities are implemented as planned which is reported by the Project team;*
- *the Project inputs are monitored in an accountable manner and according to the CoE procedures;*
- *the CoE management and reporting procedures are transparent and EUD is consulted;*
- *the quality of results is good;*
- *donor coordination is treated with due care and the Project team offered to coordinate international organisations active in the AR;*
- *beneficiaries are encouraged to identify weak points in the AR system and maintaining that approach should ensure long term impact;*
- *the OVIs are not sufficiently precise.*

It was recommended to: keep the flexible approach throughout the Project implementation; to revise the Log Frame so as to distinct precisely the results intended for the DMSCA and those for other institutions as well as to improve OVIs and to use the Log Frame Matrix as a reference in reporting.

**The second monitoring (ROM)** was conducted in July 2012 with the objective to “*learn about the Project's achievements, lessons learnt and challenges in implementation*”. Specifically, the monitor was tasked to look at the following parameters: relevance of the Project; efficiency and effectiveness; impact prospects; potential sustainability. The monitor’s conclusions were drawn based on the outcomes of the meetings with relevant partners and stakeholders and analysis of the Project documents.

Main conclusions were:

- *The Project Purpose and Overall Objective remain relevant for the Government policies and the Project supports the commitment of Government to fight the organized crime. The Project is consistent with the EU standards and national policy documents. It builds on the results of previous projects funded by the EU and implemented by the CoE. The Project takes human rights and good governance as underlying principles within its efforts aimed at combatting organized crime and corruption. The Project also contributes to donor coordination as it supports and initiates coordination with other actors present in the sector.*
- *The Project Log Frame needs to be improved at the level of OVIs so as to support the better measurement of achievements.*
- *The Project is open and proactive in ensuring inclusive coordination and management process. All stakeholders are familiar with the Project and have communicated their expectations, needs and suggestions during the implementation process. The Project has been sequencing assistance in such a manner to respond to the needs of the beneficiaries and also to provide sufficient time for reflection and application of the new knowledge in practice. Careful selection of experts and training topics has been beneficial for the increase of stakeholders’ capacities.*
- *The Project implementation is smooth and with no significant delays. The Project has been proactive and flexible to adapting the activities to changing needs reflected in diversification of expertise and establishment of a Task Force. The activities provide capacity building to the actors in the AR system. Technical papers are useful and contribute to devising quality amendments to the legislation. The Project ensured that the software is compliant and responsive to the needs of the clients. The media campaign and awareness raising on the meaning and values of AR brings enhanced visibility to stakeholders, the Project and EU.*
- *The Project educational activities are leading to the introduction of new techniques and methodologies for investigation, seizure, confiscation and management of criminal assets. The capacity building is also instrumental for raising the level of knowledge and expertise of institutions. The Project opened opportunities for Serbian [criminal] asset recovery institutions to network, exchange experience and work together and these measures contributed to better inter-agency and international cooperation.*
- *There is strong evidence that investment in human and technical resources and the support to inter-agency and international cooperation and legislation will lead to an*

*increased number of investigations/cases. Analysis of the available data shows notable results and it is clear that Project significantly contributed to them.*

- *The Project is relevant and delivers high quality results. There is clear recognition and support to the Project's contribution to the asset recovery system. The Project supports development of its partners to be able to continue and build on results.*

Key recommendations were: to revise OVIs; to maintain strong focus on capacity building of judges; to ensure on-going work and advocacy with the new Government<sup>27</sup>; to consider a potential follow-up project to build on lessons learnt from the implementation of the Law [on Recovery of the Proceeds of Crime] and the Project.

## 7 VISIBILITY

Through its entire implementation period, the project paid special attention to visibility of its actions. In accordance with the European Union Visibility Guidelines<sup>28</sup>, the Project ensured the visibility of the EU's contribution at all stages of its activities. The EU logo and disclaimer that actions are carried out "with funding from the European Union" were appropriately displayed and acknowledged during the activities, on printing materials and information sharing occasions.

At the separate section of the Council of Europe Economic Crime Unit website ([www.coe.int/corruption](http://www.coe.int/corruption)), there is a segment exclusively dedicated to the CAR project<sup>29</sup>. Moreover, the project has its own web-page as a part of the web site of the Council of Europe Office in Belgrade<sup>30</sup>. Project news, events (upcoming and past), and relevant project deliverables (e.g. expert opinions on legislative and other draft regulations and policy advice papers), whose public display has been agreed with stakeholders, were regularly uploaded on the website sections of both sites. Sites also have links to other related/relevant sites.

The European Court on Human Rights (ECtHR) judgements compilation pertinent to the criminal asset recovery has been translated immediately after Project start-up, end of 2010, and made available through the CoE Belgrade Office website. Recently, the Court (ECtHR) has added those judgements into its case-law database - HUDOC<sup>31</sup>, with the distinct reference that translation/s has been provided through the Joint EU/CoE Criminal Assets Recovery Project. That will make the Project visible Europe-wide knowing the frequency of the site's daily visits by professionals and general public.

Publications printed under the Project's auspice (prepared in the framework of different Project expected results) were disseminated throughout the country, and not only to the participating

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<sup>27</sup> In July 2012, general elections (Presidential, Parliamentary and at the local level) were just finalized.

<sup>28</sup> Contained in the "Communication and Visibility Manual for EU External Action", see

<http://ec.europa.eu/europeaid/work/visibility/>

<sup>29</sup> [http://www.coe.int/t/dghl/cooperation/economiccrime/corruption/Projects/CAR\\_Serbia/CARSerbia\\_en.asp](http://www.coe.int/t/dghl/cooperation/economiccrime/corruption/Projects/CAR_Serbia/CARSerbia_en.asp)

<sup>30</sup> See [http://coe.org.rs/eng/tdoc\\_sr/coe\\_office\\_in\\_belgrade/projects\\_sr/?conid=1779](http://coe.org.rs/eng/tdoc_sr/coe_office_in_belgrade/projects_sr/?conid=1779)

<sup>31</sup> See <http://hudoc.echr.coe.int> ; if "EC/COE CAR project" is typed into the search column all Serbian versions with the reference note are displayed. The reference to the project is also displayed at the cover page of each of the judgements translated.

stakeholder institutions but to the law faculties and national libraries as well. Each publication contains the required disclaimer. There are four major publications:

- a compilation of relevant, translated judgements and decisions of the European Court on Human Rights; Serbian and version in original language of the judgement/decision<sup>32</sup> are published.
- a Manual dedicated to mutual legal assistance in criminal matters with essential templates; it is published in two languages – Serbian and English so as to cover wider (non-Serbian speaking) audience. It was quoted as a good example of an informative and practical publication in the field, at the meeting of the “Committee of experts on the operation of European conventions and on co-operation in criminal matters (PC-OC)”, held in Strasbourg in May 2013, under the separate agenda item - “Special session on Mutual Assistance in Criminal Matters”.
- a brief study on the Deployment of Special Investigative Means (SIMs) containing explanation of meaning and various types of SIMs; SIMs and ECtHR framework; international case law, mutual legal assistance in relation to SIMs etc.; also published in two languages – Serbian and English;
- an overview of the connotation and significance of the confiscation *in rem* “Impact study on civil forfeiture”; Serbian and English versions.

The Project supported twice the regular annual conference organized by the Interior and Justice Ministers of Serbia, in 2010 and 2011, which is a forum where Ministers from across the Balkans, but also the wider region, discuss and exchange experiences in the area of combating organized crime, corruption and international judicial and police cooperation. Consequently it is widely covered by Serbian, regional and European media. Of particular relevance for the project visibility is the Conference held in 2011 given that the Commissioner responsible for the Home Affairs portfolio in the European Commission - Cecilia Maldstrom took part in the event and even announced the tabling of the new EU Directive on asset recovery<sup>33</sup>. The Project was given an opportunity to host a separate session on criminal asset recovery and mutual legal assistance challenges and solutions.

Visibility of the Project was additionally increased through participation of the Project team at different correlated press and prominent events e.g. press conference of the Serbian National Association of Valuers where the Project contribution to enhancing DMSCA staff capacity was emphasized; press event hosted by the UK Embassy in Belgrade after successful completion of the study visit to UK; Round Table on “Applied diplomacy” organized by faculties of Law and Political Science dedicated to the technical cooperation projects in Serbia etc.

The Project was also notably promoted through numerous activities organized within the scope of the Expected result 4 – Raising professional and public awareness of the importance of criminal assets recovery, as well as after activities attended by high-level officials that always had considerable media coverage.

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<sup>32</sup> The Court delivers judgments and decisions in English and/or French, its two official languages.

<sup>33</sup> Clip with her statement and photos from the event can be seen at [http://coe.org.rs/eng/activities\\_sr/?conid=2269](http://coe.org.rs/eng/activities_sr/?conid=2269).

## **8 RECOMMENDATIONS FOR FUTURE ACTIONS**

### ***Recommendation 1***

Serbian authorities are recommended to address the issue of asset recovery through constructing an integrated strategic framework involving measures to combat organized crime, money laundering/terrorism financing and corruption. Existing strategic documents, as well as those under development should be amalgamated through identification of common objectives, including asset recovery as a key cross-cutting priority.

### ***Recommendation 2***

Serbia should complete a comprehensive review and revision of its legislation focused and related to asset recovery, including the harmonization of its criminal and criminal-procedural norms with the specialized asset recovery Law, as well as borderline areas (e.g. Laws on Privatization, Business Entities, etc.) including the level of secondary legislation.

### ***Recommendation 3***

Serbia should create universal structures and processes for the collection and maintenance of comprehensive and unified statistics on the functioning of the asset recovery system. Such quantitative data should be integrated into the overarching framework for maintenance of criminal law statistics (including the dimension of international cooperation) and be aligned with the statistical data covering anti-money laundering measures. Serbian authorities should on a periodic basis review statistical results in order to assess the effectiveness of the asset recovery regime.

### ***Recommendation 4***

An integrated training strategy for law enforcement, prosecutorial and judicial authorities should be designed including targeted as well as interdisciplinary curricula and incorporating on a permanent basis the training programs and blueprints designed and delivered by the CAR Project. Such training programmes should include components pertaining to international cooperation.

### ***Recommendation 5***

The DMSCA should consider and decide on the outsourcing/licensing of the asset management function. The DMSCA should develop a permanent training program for its staff and/or licensed external asset managers.

### ***Recommendation 6***

Authorities should take measures to streamline domestic cooperation and information-sharing between agencies, including through the adoption of bilateral and multilateral MoUs, particularly

at the level of sharing operational criminal and financial intelligence at the pre-investigation phase.

***Recommendation 7***

Authorities should take measures to streamline international cooperation by adopting a unified mutual legal assistance law and the necessary secondary legislation and procedures for all participating agencies. Such norms should stipulate the turnaround times for processing international cooperation requests.

***Recommendation 8***

Serbian authorities should allocate a significant component of the on-going media reform to developing high-quality investigative journalism through training and promotion of standards.

***Recommendation 9***

Serbian authorities should streamline efforts to integrate existing software solutions on case management and statistical maintenance through an inter-agency platform/approach.

**9 ANNEXES**

**Annex 1** – List of undertaken activities per year (April 2010 – March 2013)

**Annex 2** – List of Technical Papers

**Annex 3** – Endorsement letters from the DMSCA Director and the Republic Public Prosecutor's Office

**Name of the contact person for the Action:** Ivan Koedjikov

**Signature:**

**Location:** Strasbourg

**Date report due:** 31 October 2013

**Date report sent:** 29 October 2013

**PROJECT ON CRIMINAL ASSETS RECOVERY IN SERBIA  
(CAR SERBIA)**

**LIST OF THE KEY UNDERTAKEN ACTIONS\***

**1st YEAR OF IMPLEMENTATION  
(1 April 2010 - 31 March 2011)**

| Action No | Logframe activity No | Expected Result 1 : Legal Framework in line with International Standards  | 2010        |     |      |      |     |      |     |     |     |     | 2011        |       |   |   |
|-----------|----------------------|---|-------------|-----|------|------|-----|------|-----|-----|-----|-----|-------------|-------|---|---|
|           |                      |   | April       | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb         | March |   |   |
|           |                      | Description of actions  |             |     |      |      |     |      |     |     |     |     |             |       |   |   |
| 1         | 1.1                  | TP: Comparative analysis and country profiles on assets management prepared by Basel Institute  |             |     |      | X    |     |      |     |     |     |     |             |       |   |   |
| 2         | 1.1                  | TP: Survey of practical problems in the application of the Law on the Recovery of Proceeds from Crime   |             |     |      |      |     | X    | X   | X   |     |     |             |       |   |   |
| 3         | 1.2                  | Scoping mission to the DMSCA to review the management of seized assets and TP: Overview of the DMSCA role   |             |     |      |      |     |      |     |     |     |     | X           | X     | X |   |
| 4         | 1.1                  | Scoping mission to the FIU to review their role and TP: Overview of the current situation and legislative framework   |             |     |      |      |     |      |     |     |     | X   | X           | X     |   |   |
| 5         | 1.1                  | Assessment of the by-law regulating the DMSCA records keeping and TP: Review of the DMSCA by-law on records keeping   |             |     |      |      |     |      |     |     |     |     | X           | X     | X |   |
| 6         | 1.1                  | Reviewing of Serbian legislation and comparative study with United Kingdom legislation and ECHR and judgments of the European Court of Human Rights   |             |     |      |      |     |      |     |     |     |     | X           | X     | X |   |
| 7         | 1.1                  | Round Table on Serbian Law on Recovery of Proceeds from Crime, 21 March 2011, Belgrade  |             |     |      |      |     |      |     |     |     |     |             |       |   | X |
|           |                      | <b>Expected Result 2 : Key institutions use proven methodologies</b>  | <b>2010</b> |     |      |      |     |      |     |     |     |     | <b>2011</b> |       |   |   |
|           |                      | Description of actions  | April       | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb         | March |   |   |
| 8         | 2.1                  | Scoping missions to DMSCA (MoJ), FIU (MoI), prosecutors and judges to identify training needs   |             |     |      |      |     | X    |     |     |     |     |             |       |   |   |
| 9         | 2.2                  | Training of trainers on assets recovery, 16 November 2010, Belgrade   |             |     |      |      |     |      |     | X   |     |     |             |       |   |   |
| 10        | 2.2                  | Workshop on Awareness raising and case study for police officers, prosecutors and judges, 26-27 November 2010, Novi Sad   |             |     |      |      |     |      |     | X   |     |     |             |       |   |   |
| 11        | 2.2                  | Workshop on Awareness raising and case study for police officers, prosecutors and judges, 22-23 March 2011, Kragujevac  |             |     |      |      |     |      |     |     |     |     |             |       |   | X |
| 12        | 2.2                  | Workshop on Awareness raising and case study for police officers, prosecutors and judges, 24-25 March 2011, Niš   |             |     |      |      |     |      |     |     |     |     |             |       |   | X |
|           |                      | <b>Expected Result 3 : Effective mechanisms in place to ensure cooperation between key institutions and International Cooperation</b>   | <b>2010</b> |     |      |      |     |      |     |     |     |     | <b>2011</b> |       |   |   |
|           |                      | Description of actions  | April       | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb         | March |   |   |
| 13        | 3.4                  | Contribution to the Regional Ministerial Conference dedicated to "Strengthening regional and transnational co-operation as a precondition for successful fight against OC in SEE", 4-5 October 2010, Belgrade |             |     |      |      |     |      | X   |     |     |     |             |       |   |   |
| 14        | 3.4                  | Contribution to the Regional Conference "Fight Against Corruption - Integrative Feedback on domestic and international activities", 15-16 October 2010, Ohrid, the FYROM                                      |             |     |      |      |     |      | X   |     |     |     |             |       |   |   |
| 15        | 3.4                  | Contribution to the Joint OSCE and CoE conference "Combating THB with focus on compensation for victims from seized assets", 18 October 2010, Belgrade  |             |     |      |      |     |      | X   |     |     |     |             |       |   |   |
| 16        | 3.2                  | Workshop on Mutual Legal Assistance, 25-27 January 2011, Belgrade   |             |     |      |      |     |      |     |     |     | X   |             |       |   |   |
| 17        | 3.4                  | Concept paper for the Mutual Legal Assistance Manual for Serbia submitted   |             |     |      |      |     |      |     |     |     |     |             |       |   | X |
|           |                      | <b>Expected Result 5 : Technical infrastructure of the key institutions enhanced</b>  | <b>2010</b> |     |      |      |     |      |     |     |     |     | <b>2011</b> |       |   |   |
|           |                      | Description of actions  | April       | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb         | March |   |   |
| 18        | 5.1                  | Scoping missions by CAR project team to FIU and DMSCA to identify their software needs  |             |     |      |      |     | X    | X   |     |     |     |             |       |   |   |
| 19        | 5.1                  | Stocktaking of software needs of the DMSCA and TP: Conceptual design of the DMSCA IT system   |             |     |      |      |     |      |     | X   | X   |     |             |       |   |   |
| 20        | 5.1                  | Stocktaking of software needs of the FIU and TP: Conceptual design of the FIU IT system   |             |     |      |      |     |      |     | X   | X   |     |             |       |   |   |
| 21        | 5.1                  | Scoping mission by 2 international experts to define final software requirements for the FIU and the DMSCA and TP: Software needs analysis  |             |     |      |      |     |      |     |     | X   | X   |             |       |   |   |
|           |                      | <b>Complementary activities</b>   | <b>2010</b> |     |      |      |     |      |     |     |     |     | <b>2011</b> |       |   |   |
|           |                      | Description of actions  | April       | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb         | March |   |   |
| 22        | 0.1                  | Recruitment of the Project Team (Local Project Advisor and 1st Local Project Assistant)   | X           |     |      |      |     |      |     |     |     |     |             |       |   |   |
| 23        | 0.1                  | Recruitment of the Project Team (2nd Local Project Assistant)   |             |     | X    |      |     |      |     |     |     |     |             |       |   |   |
| 24        | 0.1                  | Recruitment of the Project Team (Long-Term Consultant)  |             |     |      |      | X   |      |     |     |     |     |             |       |   |   |
| 25        | 0.4                  | Start-up Conference, 7 July 2010, Belgrade  |             |     |      | X    |     |      |     |     |     |     |             |       |   |   |
| 26        | n/a                  | Translation of 16 ECtHR Judgements/ Decisions with relevance to assets recovery - posted on the CoE website   |             |     |      | X    | X   | X    | X   |     |     |     |             |       |   |   |
| 27        | n/a                  | 1st Co-ordination Body meeting and 1st Steering Committee meeting, 11 October 2010, Belgrade  |             |     |      |      |     |      | X   |     |     |     |             |       |   |   |
| 28        | n/a                  | Co-ordination meeting with International Organisations active in the AR, Belgrade   |             |     |      |      |     |      |     |     | X   |     | X           | X     |   |   |
| 29        | n/a                  | 2nd Co-ordination Body meeting, 20 January 2011, Belgrade   |             |     |      |      |     |      |     |     |     | X   |             |       |   |   |

\*Note: Only TPs followed or preceded by additional expert's actions are mentioned.

**PROJECT ON CRIMINAL ASSETS RECOVERY IN SERBIA  
(CAR SERBIA)**

**LIST OF THE KEY UNDERTAKEN ACTIONS\***

**2nd YEAR OF IMPLEMENTATION  
(1 April 2011 - 31 March 2012)**

| Action No   | Logframe activity No | Description of actions  | 2011  |     |      |      |     |      |     |     |     |     | 2012 |       |   |   |
|---|----------------------|---|-------|-----|------|------|-----|------|-----|-----|-----|-----|------|-------|---|---|
|   |                      |   | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb  | March |   |   |
| <b>Expected Result 1 : Legal Framework in line with International Standards</b>   |                      |   |       |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 30  | 1.2                  | Expert and technical support to the Working Group dealing with the revision of the Law on the Recovery of Proceeds from Crime, Belgrade, 14 June 2011                             |       |     | X    |      |     |      |     |     |     |     |      |       |   |   |
| 31  | 1.2                  | Expert and technical support to the 2nd Meeting of the Working Group dealing with the revision of the Law on the Recovery of Proceeds from Crime, Belgrade, 14 July 2011          |       |     |      | X    |     |      |     |     |     |     |      |       |   |   |
| 32  | 1.2                  | Preparatory Meeting for the 3rd Meeting of the Working Group dealing with the revision of the Law on the Recovery of Proceeds from Crime, Belgrade, 29 September 2011             |       |     |      |      |     |      | X   |     |     |     |      |       |   |   |
| 33  | 1.2 & 1.3            | 1st Meeting of the Task Force for the Improvement of the AR System in Serbia, Belgrade, 31 January 2012   |       |     |      |      |     |      |     |     |     |     |      | X     |   |   |
| 34  | 1.2 & 1.3            | 2nd Meeting of the Task Force for the Improvement of the AR System in Serbia, Kragujevac, 23-25 February 2012   |       |     |      |      |     |      |     |     |     |     |      |       | X |   |
| <b>Expected Result 2 : Key institutions use proven methodologies</b>  |                      |   |       |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 35  | 2.2                  | Forensic Accounting Workshop for FIU agents, prosecutors and judges, Belgrade 11-13 April 2011  | X     |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 36  | 2.2                  | Participation of the three DMSCA staff members at the training organised by National Association of Valuators, Belgrade, 15 April - 19 June 2011                                  | X     | X   | X    |      |     |      |     |     |     |     |      |       |   |   |
| 37  | 2.2                  | Awareness Raising Workshop for FIU agents, prosecutors and judges, Divčibare, 26-27 May 2011  |       | X   |      |      |     |      |     |     |     |     |      |       |   |   |
| 38  | 2.4                  | Workshop for Drafting Standard Operations Manual for DMSCA, Belgrade, 25 May 2011   |       | X   |      |      |     |      |     |     |     |     |      |       |   |   |
| 39  | 2.3                  | Study Visit to UK and Ireland for the key Assets Recovery Institutions, 20-24 June 2011   |       |     | X    |      |     |      |     |     |     |     |      |       |   |   |
| 40  | 2.4                  | Expert Meeting with DMSCA related to the Standard Operations Manual, Belgrade, 21 September 2011  |       |     |      |      |     |      | X   |     |     |     |      |       |   |   |
| 41  | 2.2                  | Highly specialized training for the FIU agents, Zrenjanin, 26-28 October 2011   |       |     |      |      |     |      |     | X   |     |     |      |       |   |   |
| 42  | 2.2                  | Specialized Training on Assets Management for the DMSCA staff, Belgrade, 15 November 2011   |       |     |      |      |     |      |     |     | X   |     |      |       |   |   |
| 43  | 2.3                  | Study Visit to UK Key Financial Investigation Institutions (SOCA, SFO), 22-24 November 2011   |       |     |      |      |     |      |     |     |     | X   |      |       |   |   |
| 44  | 2.2                  | Specialized Training on Financial Investigations for Prosecutors (Kragujevac Appellation) - 4 training sessions (25-26 Nov; 2-3 Dec; 8-10 Dec; 3-4 Feb), Kragujevac               |       |     |      |      |     |      |     |     | X   | X   |      | X     |   |   |
| 45  | 2.2                  | Conference on Criminal Assets Recovery and ECtHR Jurisprudence, Belgrade, 2 December 2011   |       |     |      |      |     |      |     |     |     | X   |      |       |   |   |
| 46  | 2.3                  | Study Visit to Paris "AR System and Management of Criminal Assets - French Experience", Paris, 15-16 December 2011  |       |     |      |      |     |      |     |     |     | X   |      |       |   |   |
| 47  | 2.1                  | Fact Finding Mission to Design Training Curricula for the DMSCA, Belgrade, 21-22 February 2012  |       |     |      |      |     |      |     |     |     |     |      |       | X |   |
| 48  | 2.2                  | Specialized Training on Financial Investigations for Prosecutors (Belgrade Appellation) - 3 training sessions (22-24 March, 29-31 March, 5-7 April), Ečka                         |       |     |      |      |     |      |     |     |     |     |      |       |   | X |
| <b>Expected Result 3 : Effective mechanisms in place to ensure cooperation between key institutions and International Cooperation</b> |                      |   |       |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 49  | 3.4                  | Meeting with beneficiaries to discuss the Concept paper on the Manual on Mutual Legal Assistance, Belgrade, April 2011  | X     |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 50  | 3.1                  | TP: Analysis of the Serbian Legal Framework on Mutual Legal Assistance  |       |     | X    |      |     |      |     |     |     |     |      |       |   |   |
| 51  | 3.2                  | Workshop on Drafting Bilateral Agreements and MoUs, Belgrade, 11 July 2011  |       |     |      | X    |     |      |     |     |     |     |      |       |   |   |
| 52  | 3.1                  | Initiating Establishment of the Task Force for the Improvement of the AR System in Serbia and drafting of the TF ToR, 26 September 2011   |       |     |      |      |     |      | X   |     |     |     |      |       |   |   |
| 53  | 3.4                  | Training on Mutual Legal Assistance and TP: Draft Manual on Mutual Legal Assistance, Divčibare, 10-12 October 2011  |       |     |      |      |     |      |     | X   |     |     |      |       |   |   |
| 54  | 3.4                  | Participation at the 4th Pan-European High Level Conference on Asset Recovery Offices (AROs), Warsaw, 24-25 October 2011  |       |     |      |      |     |      |     |     | X   |     |      |       |   |   |
| 55  | 3.4                  | Support to the Joint MoI and MoJ Conference on "Regional and Transnational Cooperation in the Fight against OC in the SEE", Belgrade 29-30 November 2011 (TP17 - CML-CAR-13/2011) |       |     |      |      |     |      |     |     |     | X   |      |       |   |   |
| <b>Expected Result 4 : Public opinion awareness raising on the role of the AR system ensuring that "Crime does not pay"</b>           |                      |   |       |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 56  | 4.3                  | Analysis of the Reporting of Serbian Media on the Implementation of the Law on the Recovery of Proceeds from Crime (March 2009 - March 2011) and the TP (Report)                  |       | X   | X    |      |     |      |     |     |     |     |      |       |   |   |
| 57  | 4.2                  | Public Opinion Survey on the Perception of the Law on the Recovery of Proceeds from Crime and TP (Survey)   |       |     |      |      |     |      | X   |     |     |     |      |       |   |   |
| 58  | 4.1                  | Press conferences to present results of 2 reports commissioned under the CAR Serbia Project, Belgrade, 28 September 2011  |       |     |      |      |     |      | X   |     |     |     |      |       |   |   |
| 59  | 4.1                  | Press conferences to present results of 2 reports commissioned under the CAR Serbia Project, Novi Sad, 14 October 2011  |       |     |      |      |     |      |     | X   |     |     |      |       |   |   |
| 60  | 4.1                  | Press conferences to present results of 2 reports commissioned under the CAR Serbia Project, Niš, 17 November 2011  |       |     |      |      |     |      |     |     | X   |     |      |       |   |   |
| 61  | 4.3                  | Training on Assets Recovery Reporting for Journalists, Niš, 27 March 2012   |       |     |      |      |     |      |     |     |     |     |      |       |   | X |
| <b>Expected Result 5 : Technical infrastructure of the key institutions enhanced</b>  |                      |   |       |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 62  | 5.1                  | Meetings with DMSCA and FIU to finalize software technical specification, Belgrade, 15 April 2011   | X     |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 63  | 5.1                  | Meetings with DMSCA and FIU to finalize software technical specification, Belgrade, 21 April 2011   | X     |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 64  | 5.1                  | Meeting with EUD regarding tender documentation, Belgrade, 11 May 2011  |       | X   |      |      |     |      |     |     |     |     |      |       |   |   |
| 65  | 5.1                  | Preparing ToR for tendering documentation for the purchasing of DMSCA and FIU softwares, Belgrade, October 2011   |       |     |      |      |     |      |     | X   |     |     |      |       |   |   |
| 66  | 5.1                  | Evaluation Committee Sessions within EUD Tendering Procedure, Belgrade  |       |     |      |      |     |      |     |     | X   | X   |      |       |   |   |
| <b>Complementary activities</b>   |                      |   |       |     |      |      |     |      |     |     |     |     |      |       |   |   |
| 67  | n/a                  | Co-ordination Meeting with International Organisations active in the AR, Belgrade   | X     |     |      |      |     |      |     | X   |     |     |      |       |   |   |
| 68  | n/a                  | 2nd Steering Committee Meeting and 3rd Co-ordination Body Meeting, Belgrade, 19 May 2011  |       | X   |      |      |     |      |     |     |     |     |      |       |   |   |
| 69  | n/a                  | 3rd Steering Committee Meeting and 4th Co-ordination Body Meeting, Belgrade, 27 September 2011  |       |     |      |      |     |      | X   |     |     |     |      |       |   |   |
| 70  | n/a                  | Ad hoc Co-ordination Body Meeting, Belgrade, 5 December 2011  |       |     |      |      |     |      |     |     |     | X   |      |       |   |   |

**PROJECT ON CRIMINAL ASSETS RECOVERY IN SERBIA  
(CAR SERBIA)**

**LIST OF THE KEY UNDERTAKEN ACTIONS \***

**3rd YEAR OF IMPLEMENTATION  
(1 April 2012 - 31 March 2013)**

| Action No | Logframe activity No | Expected Result 1 : Legal Framework in line with International Standards<br>Description of actions   | 2012  |     |      |      |     |      |     |     |     | 2013 |     |     |   |   |
|-----------|----------------------|--|-------|-----|------|------|-----|------|-----|-----|-----|------|-----|-----|---|---|
|           |                      |  | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan  | Feb | Mar |   |   |
| 71        | 1.3                  | Analysis of and guidance upon the possible implementation of a framework for civil forfeiture and TP: Impact study on civil forfeiture   |       | X   | X    |      |     |      |     |     |     |      |     |     |   |   |
| 72        | 1.2                  | Expert Analysis of the DMSCA Internal Structure and Procedures - Fact finding mission and TP: Report with recommendations, Belgrade  |       | X   | X    |      |     |      |     |     |     |      |     |     |   |   |
| 73        | 1.2 & 1.3            | 3rd Meeting of the Task Force for the improvement of the AR system in Serbia, 3 – 5 July 2012, Divicibare.   |       |     |      | X    |     |      |     |     |     |      |     |     |   |   |
| 74        | 1.3                  | Expert meeting on "Reviewing the usage of the abuse of office criminal offence and its repercussions on the implementation of the asset recovery provisions", 6 July 2012, Belgrade  |       |     |      | X    |     |      |     |     |     |      |     |     |   |   |
| 75        | 1.2                  | Expert meeting on "Reviewing laws applicable to the DMSCA", 9-11 July 2012, Zrenjanin.   |       |     |      | X    |     |      |     |     |     |      |     |     |   |   |
| 76        | 1.2                  | Expert and technical support to the newly established Working Group for the revision of the Law on the Recovery of Proceeds from Crime, 6 and 17 September 2012, Belgrade  |       |     |      |      |     |      | X   |     |     |      |     |     |   |   |
| 77        | 1.2                  | Retreat of the Working Group, 27 - 30 September 2012, Ečka   |       |     |      |      |     |      | X   |     |     |      |     |     |   |   |
| 78        | 1.2                  | Expert and technical support to the Working Group, 18 October 2012, Belgrade and 2 TPs: Brief on the Serbian Confiscation Framework and Explanatory Note to the Draft MLA Model Law  |       |     |      |      |     |      |     | X   |     |      |     |     |   |   |
| 79        | 1.2                  | Expert and technical support to the Working Group, 26 October 2012, Belgrade and TP: The Deployment of SIMs  |       |     |      |      |     |      |     | X   |     | X    |     |     |   |   |
| 80        | 1.2                  | Expert meeting to discuss Serbian confiscation framework in the light of recent legislative developments, 11-12 March 2013, Belgrade   |       |     |      |      |     |      |     |     |     |      |     |     | X |   |
| 81        | 1.2                  | Expert meeting to discuss the legislative framework and operational issues of the DMSCA, 20-21 March 2013, Belgrade  |       |     |      |      |     |      |     |     |     |      |     |     | X |   |
| 82        | 1.2                  | Round table dedicated to the new draft Law on the Recovery of Proceeds from Crime, 28 March 2013, Belgrade   |       |     |      |      |     |      |     |     |     |      |     |     | X |   |
| 83        | 1.2                  | Preparation of the DMSCA Internal Operational Procedures and 3 additional accompanying TPs: on inventory, IT optimization and improvement of organisational structure  |       |     |      |      |     |      |     |     |     |      |     |     | X |   |
| 84        | 1.3                  | Printing of the TP: Impact study on the Civil Foreiture (in rem confiscation)  |       |     |      |      |     |      |     |     |     |      |     |     | X |   |
| 85        | 1.2                  | Printing of the TP: Deployment of SIMs   |       |     |      |      |     |      |     |     |     |      |     |     | X |   |
| 86        | n/a                  | Printing of the ECtHR judgements   |       |     |      |      |     |      |     |     |     |      |     |     | X |   |
| Action No | Logframe activity No | Expected Result 2 : Key institutions use proven methodologies<br>Description of actions  | 2012  |     |      |      |     |      |     |     |     | 2013 |     |     |   |   |
|           |                      |  | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan  | Feb | Mar |   |   |
| 87        | 2.2                  | Specialized training on financial investigations for prosecutors (from Belgrade Appellation jurisdiction) – 3rd training session (5 – 7 April 2012), Ečka  | X     |     |      |      |     |      |     |     |     |      |     |     |   |   |
| 88        | 2.1                  | Fact finding mission to design training curricula for the Financial Investigation Unit, 11 – 12 April 2012, Belgrade and TP: Report and Outline Training Plan  | X     |     |      |      |     |      |     |     |     |      |     |     |   |   |
| 89        | 2.2                  | Training on the ECtHR jurisprudence related to asset recovery for judges, 17 April 2012, Belgrade  | X     |     |      |      |     |      |     |     |     |      |     |     |   |   |
| 90        | 2.2                  | Specialized training on financial investigations for prosecutors (from Niš Appellation jurisdiction) – 3 training sessions (4 - 6; 11-13 and 18 - 20 October 2012), Kaina  |       |     |      |      |     |      |     | X   |     |      |     |     |   |   |
| 91        | 2.1                  | Expert mission to discuss draft policy Document on Training Strategy for the FIU and Training Concept Documents for Basic and Advanced Courses for the FIU, 22 - 26 October 2012, Belgrade and 2 related TPs   |       |     |      |      |     |      |     | X   |     |      |     |     |   |   |
| 92        | 2.2                  | Specialized training on financial investigations for prosecutors (from Novi Sad Appellation jurisdiction) – 3 training sessions (8-10; 15-17; and 22-24 November 2012), Andrevlje  |       |     |      |      |     |      |     |     | X   |      |     |     |   |   |
| 93        | 2.1                  | Experts Coordination meetings with CAR and MOLI projects, OSCE, Mol and the FIU, 3 December 2012, Belgrade   |       |     |      |      |     |      |     |     |     | X    |     |     |   |   |
| 94        | 2.2                  | Advanced training course for the FIU and selected prosecutors on International asset tracking and recovery, 4 - 8 March 2013, Belgrade   |       |     |      |      |     |      |     |     |     |      |     |     | X |   |
| 95        | 2.2                  | Workshop on Special Investigative Measures for the FIU, prosecutors and judges, 25 - 26 March, Belgrade  |       |     |      |      |     |      |     |     |     |      |     |     | X |   |
| Action No | Logframe activity No | Expected Result 3 : Effective mechanisms in place to ensure cooperation between key institutions and International Cooperation<br>Description of actions   | 2012  |     |      |      |     |      |     |     |     | 2013 |     |     |   |   |
|           |                      |  | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan  | Feb | Mar |   |   |
| 96        | 3.1 & 3.3            | Expert meeting "Managing seized and confiscated assets – challenges and solutions", joint activity with the OSCE, 31 May – 01 June 2012, Belgrade  |       | X   | X    |      |     |      |     |     |     |      |     |     |   |   |
| 97        | 3.2                  | Drafting of the Asset sharing MoU template for Serbia  |       |     |      | X    |     |      |     |     |     |      |     |     |   |   |
| 98        | 3.4                  | Printing of the Manual on Mutual Legal Assistance  |       |     |      |      |     |      |     |     |     |      |     |     |   | X |
| Action No | Logframe activity No | Expected Result 4 : Public opinion awareness raising on the role of the AR system ensuring that "Crime does not pay"<br>Description of actions   | 2012  |     |      |      |     |      |     |     |     | 2013 |     |     |   |   |
|           |                      |  | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan  | Feb | Mar |   |   |
| 99        | 4.3                  | Second training on asset recovery reporting for journalists, 24 May 2012, Novi Sad   |       | X   |      |      |     |      |     |     |     |      |     |     |   |   |
| 100       | 4.3                  | Third training on asset recovery reporting for journalists, 6 June 2012, Belgrade  |       |     | X    |      |     |      |     |     |     |      |     |     |   |   |
| 101       | 4.3                  | Fourth training on asset recovery reporting for journalists, 14 June 2012, Kragujevac  |       |     | X    |      |     |      |     |     |     |      |     |     |   |   |
| 102       | 4.1                  | 2 Training sessions for the DMSCA staff and MoJ employees on communication with journalists (12 and 16 July 2012, Belgrade) together with 3 TP: Protocol on Communication with media representatives; FAQs and potential answers and training curricula. |       |     | X    | X    |     |      |     |     |     |      |     |     |   |   |
| 103       | 4.1                  | Analysis of the Reporting of Serbian Media on the Implementation of the Law on the Recovery of Proceeds from Crime (April 2011 - February 2013) and TP   |       |     |      |      |     |      |     |     |     |      | X   | X   | X |   |



## Annex II

**CRIMINAL ASSET RECOVERY IN SERBIA  
(CAR Serbia)**

List of Technical Papers  
(2010-2013)

|               |   |   |
|---------------|---|---|
| July 2010     | Criminal assets recovery system in Serbia and comparative analysis with other systems in Central and Western Europe   | Alan Bacarese and Pedro Gomes Pereira - Basel Institute on Governance |
| November 2010 | Survey of the practical problems in the application of the Law on the Recovery of Proceeds from Crime   | Ms Jelena Stefanović-Pajić  |
| November 2010 | Conceptual design of the information system of the Directorate for the Management of Seized and Confiscated Assets (DMSCA) (MoJ)  | Prepared jointly by the beneficiary institution and CAR team          |
| November 2010 | Conceptual design of the information system of the Financial Investigation Unit (FIU) (MoI)   | Prepared jointly by the beneficiary institution and CAR team          |
| January 2011  | Software needs analysis of the DMSCA and the FIU  | CoE experts team  |
| January 2011  | Overview of the DMSCA role  | Mr Fitz-Roy Drayton   |
| March 2011    | Review of the Serbian legislation and comparative study with United Kingdom legislation and European Convention on Human Rights and judgments of European Court of Human Rights | Mr Kennedy Talbot   |
| March 2011    | Assessment of the DMSCA by-law on Records Keeping   | Mr Fitz-Roy Drayton   |
| March 2011    | Overview of the Current Situation and Legislative Framework of the FIU  | Mr Fitz-Roy Drayton   |
| April 2011    | Proposal on the records to be kept by the DMSCA   | Mr Fitz-Roy Drayton   |

|                |   |                                  |
|----------------|---|----------------------------------|
| April/May 2011 | Tender documentation for the DMSCA and FIU Software   | CAR team and HQ contribution     |
| May 2011       | Draft Operations Manual for the DMSCA   | Mr Fitz-Roy Drayton              |
| June 2011      | Analysis of the Serbian Legal Framework on Mutual Legal Assistance with Particular Emphasis on Freezing and Confiscating Criminal Proceeds  | Ms Arvinder Sambei               |
| June 2011      | Analysis "Reporting of Serbian Media on the Law of the Recovery of Proceeds from Crime and its implementation (March 2009 –March 2011)"     | EBART Media Archive              |
| September 2011 | Public Opinion Survey – "Perception of the Law on the Recovery of Proceeds from Crime"  | CeSID                            |
| October 2011   | Mutual Legal Assistance Manual  | Ms Arvinder Sambei               |
| December 2011  | Mutual Legal Assistance in the Region of South East Europe: Challenges and Possible Solutions (with particular reference to asset recovery) | Sambei, Bridger and Polaine Ltd. |
| April 2012     | Report on Fact Finding Mission to Serbia and Outline Training Plan for the FIU  | Mr Lawrence DAY                  |
| May 2012       | Brief on the European Court on Human Rights Jurisprudence and Civil Recovery of Illicitly Obtained Assets (confiscation <i>in rem</i> )     | Ms Arvinder SAMBEI               |
| May 2012       | Impact study: Analysis of and guidance upon the implementation of a framework for civil forfeiture  | Sambei, Bridger and Polaine Ltd. |
| June 2012      | Protocol on communication with media representatives for the DMSCA staff  | Ms Danijela ISAILOVIC            |
| June 2012      | Set of frequently asked questions by reporters with recommended answers   | Ms Danijela ISAILOVIC            |
| June 2012      | Report on the Fact Finding Mission to the DMSCA with recommendations  | Ms Miroslava MILENOVIC           |

|                |   |                             |
|----------------|---|-----------------------------|
| July 2012      | Training Curriculum on Media Communication  | Ms Danijela ISAILOVIC       |
| September 2012 | Asset sharing MoU template  | Ms Arvinder SAMBEI          |
| September 2012 | Issues and Possible Approaches to the Legal Framework for Confiscation In the Republic of Serbia  | Ms Arvinder SAMBEI          |
| September 2012 | Mission Report on the Discussions relating to the Law, Procedure and Practical Application of the Offence on Abuse of Office and Similar Offences | Mr John Hatchard            |
| September 2012 | Brief on the Conviction based confiscation framework  | Ms Arvinder SAMBEI          |
| September 2012 | Mission report: Retreat of the Working Group for the revision of the Law on the Recovery of Proceeds from Crime                                   | Ms Arvinder SAMBEI          |
| October 2012   | Discussion paper on Training Strategy for the Financial Investigation Unit of the Ministry of Interior and Prosecutors                            | AML Consulting (Global) Ltd |
| October 2012   | Draft Design Concept for an Initial Financial Investigation and Asset Recovery Course and Advanced Investigation Course                           | AML Consulting (Global) Ltd |
| October 2012   | Draft International Co-operation in Criminal Matters Act and Explanatory Note   | Ms Arvinder SAMBEI          |
| December 2012  | Paper on the Deployment of the Special Investigative Means (SIMs)   | Ms Arvinder SAMBEI          |
| March 2013     | Analysis "Reporting of Serbian Media on the Law of the Recovery of Proceeds from Crime and its implementation (March 2011 –February 2013)"        | EBART Media Archive         |
| March 2013     | Overview of the CPC and CC changes implications on the asset recovery   | EMARKET Capital d.o.o       |
| March 2013     | Overview of the various laws having direct impact on the asset recovery (e.g. Law on business entities, Law on privatization, etc.)               | EMARKET Capital d.o.o       |

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|            |   |                       |
|------------|---|-----------------------|
| March 2013 | Recommendations for the Inventory of the assets managed by the DMSCA      | EMARKET Capital d.o.o |
| March 2013 | Recommendations for the improvement of the DMSCA organisational structure | EMARKET Capital d.o.o |
| March 2013 | Proposals form the optimization of the DMSCA IT system                    | EMARKET Capital d.o.o |
| April 2013 | The DMSCA Draft Internal operational procedures                           | EMARKET Capital d.o.o |

Annex III – Endorsement letters (translated originals)

REPUBLIC OF SERBIA  
**MINISTRY OF JUSTICE AND PUBLIC ADMINISTRATION**  
**Directorate for Management of Seized and Confiscated Assets**  
No.: 337-00-9/13-01  
Date: 10 August 2013  
Belgrade

Within the scope of the EU-funded Project on Criminal Asset Recovery in Serbia (CAR) implemented by the Council of Europe, the Council of Europe experts participated during the project in the development of various recommendations and proposals for procedures, for the needs of the Directorate for Management of Seized and Confiscated Assets, such as:

1. The proposal for the method to be used in conducting a comprehensive extraordinary inventory of the Directorate's assets and liabilities. Pursuant to the recommendations of the experts, the Directorate has conducted the extraordinary inventory. In the course of the inventory, the guidelines and inventory lists were used as designed by the experts. The extraordinary inventory has for the first time taken stock of all seized or confiscated assets managed by the Directorate. The experts also proposed a coding system aligned with the new software programme provided by the European Union as part of the Project. The Directorate is currently implementing the coding of the inventoried assets pursuant to the recommendations made by the Council of Europe experts.
2. Development of recommendations for the establishment of operational procedures. In line with the recommendations, the Directorate has undertaken all the steps towards full implementation of the software, creation of necessary procedures, changes in the job classification and the organizational structure.
3. Drafting of a proposal for a new organizational structure and job classification of the Directorate. The Council of Europe experts have prepared a proposal for changes in the organizational structure of the Directorate and its job classification. In accordance with the recommendations and the applicable Law, the Directorate has completed the amendments to the Job Classification Act and after the consolidation of this act at the level of the Ministry of Justice, which is currently under way, it will be approved.
4. Drafting of operational guidelines and rulebooks: Guidelines on the Contents of the Report on Seized Assets and Sequence of Actions for its Drafting, Guidelines on the Asset Evaluation Method, Guidelines for Management of Seized or Confiscated Assets, Guidelines on Sales of Seized or Confiscated Assets, Rulebook on Determining Storage and Maintenance Costs for Seized Assets, Rulebook on more Specific Contents of the Asset Seizure Report, the Records to be Kept by the Directorate for Management of Seized and Confiscated Assets and on the Record Keeping Method.

The experts have designed the proposals for Guidelines and Rulebooks and the Directorate is in the process of their testing. On the basis of the proposed Rulebooks and Guidelines, the Directorate will initiate the adoption of necessary bylaws.

Director

Biljana Pavlovic

Republic of Serbia  
**REPUBLICAN PUBLIC PROSECUTOR'S OFFICE**  
14 August 2013  
Belgrade

Council of Europe – CAR Project  
For Ms. Silvija Panovic-Djuric

Dear Ms. Panovic – Djuric,

We would like to take this opportunity to express our gratitude on behalf of the Republican Public Prosecutor's Office, and in our own name, for the cooperation extended throughout the duration of the EU-funded Project on Criminal Asset Recovery in Serbia (CAR) implemented by the Council of Europe. The cooperation was exceptionally good throughout the project, irrespective of whether it was related to the amendments to the Law on Seizure and Confiscation of the Proceeds from Crime, mutual legal assistance or training events for prosecutors.

In this letter, we would like to underscore the great importance which training events, organized within the scope of the project for prosecutors and deputy prosecutors from the territories of all four Appellate Public Prosecutor's Offices, had for the quality of the work of prosecutors' offices. In that connection, we would also like to express our hope that opportunity will arise at some future point to resume this type of training.

After an analysis of the existing situation with respect to the implementation of the Law on Seizure and Confiscation of the Proceeds from Crime, it was agreed with the Project Team to conduct a pilot training course for prosecutors/deputy prosecutors from the territory of the Appellate Public Prosecutor's Office in Kragujevac on financial investigations and forensic accounting. After the great success of the first event, additional training courses were held involving representatives of the remaining three Appellate Public Prosecutor's Offices – Belgrade, Nis and Novi Sad.

A completely new approach was applied, from the selection of course takers – based on prior knowledge/performance of tasks related to seizure of assets; to work methodology – each course-taker had a computer and was under an obligation to solve tasks assigned by the trainer even outside the actual training session; up to the actual method used to cover subjects, which incorporated both the provision of necessary information from the most diverse areas related to asset recovery (issues related to the operation of the National Bank of Serbia, the Business Registers Agency, the Stock Exchange, etc.), and the in-depth analysis, that is, the deepening of the knowledge of the course-takers (analyses of financial statements, bank statements, etc.).

The thus designed training course provided a perfect mix of team and individual work. The focus on an individual participant enabled the trainer to suggest further steps that a course-taker should undertake to improve the quality of his/her work. The course-takers learned during the training to search Internet databases, to read financial statements and analyze available data in the manner which enabled them to draw conclusions as to the direction which the further financial investigation should take, and how to channel it in order to achieve desired results.

In order to achieve the course objectives, course-takers worked intensively even outside the training course. A Council of Europe's expert was giving them tasks in the periods between sessions, by communicating with them electronically. The fact that instructors were at their disposal for additional consultations and resolution of dilemmas throughout the training sessions was another significant element.

At the end of the course, the expert evaluated their work and gave individual recommendations to each of the participants as to what they need to improve and how.

It is necessary to point out that course-takers themselves recognized the significance and contribution of these courses, despite the fact that they were very demanding, by stating that they had considerably enhanced their knowledge and skills, gained additional self-confidence in a new area of work, and thus improved the quality of the job they perform on a daily basis as prosecutors. They also indicated the necessity of receiving further training.

We hope that in the future we will continue cooperation, even after the end of this project, with a view to advancing and promoting knowledge and skills of public prosecutors and deputy public prosecutors.

Sincerely,

ZoricaStojisic  
DEPUTY REPUBLICAN PUBLIC PROSECUTOR  
Head of the Criminal and Civil-Administrative Department

Gordana Janicijevic  
DEPUTY REPUBLICAN PUBLIC PROSECUTOR  
Head of the Department for International Cooperation and Provision of Legal Assistance





# FINAL NARRATIVE REPORT

1 April 2010 – 30 April 2013



EUROPEAN UNION

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE