


CoE anti-corruption digest by Economic Crime & Cooperation Unit

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ALBANIA

Albania passes a judicial reform law key to EU efforts. Albania's parliament approved a new law to check the personal and professional backgrounds of judges and prosecutors, in a bid to convince the European Union to launch membership negotiations. An extraordinary session of the 140 seat parliament passed the law with 88 votes in favour and one abstention, while the opposition boycotted the vote. The law, prepared with help from EU and US experts and reviewed by the Council of Europe's Venice Commission, allows authorities to check incomes and property holdings of judges and prosecutors and their professional backgrounds in an attempt to root out bribery.

Basel AML Index lists Albania amongst best improvers. Each year, the Basel Committee on Banking Supervision, an international consortium that develops banking standards, issues the "Basel AML Index," an annual ranking of country risk regarding money laundering/terrorism financing. The report focuses on anti-money laundering and counter terrorist financing (AML/CTF) frameworks and other related factors, including financial transparency and judicial strength. In the fifth edition of the index released in early August, Albania was listed alongside Kuwait, Ecuador and Seychelles as being among the 'greatest improvers' from 2015 to 2016.

ARMENIA

Minister of Justice acknowledges flaws in the countries anti-corruption model. At the Cabinet of Ministers meeting which took place during mid-August 2016, the Armenian Minister of Justice, Arpine Hovhannisyan, identified shortcomings of the country's decentralised model of fighting corruption. In his findings, he suggested that the flaws have resulted in the lack of permanent effect of decisions made by the Anti-Corruption Council, as well as in a lack of guarantees of independence and functionality of relevant institutions.

New anti-corruption legislation announced for September. In light of the shortcomings related to the existing anti-corruption system acknowledged by the Minister of Justice earlier in the month, Armenian authorities announced steps to remedy the current situation in the form of legislation that will be introduced to the Parliament in September. Talking to the participants of an Armenian anti-corruption youth camp, Prime Minister Hovik Abrahamyan revealed that works were underway. No further information was provided on the substance of the expected pieces of legislation.

AZERBAIJAN

New decree grants the State Examination Centre additional functions related to civil service. According to the new decree, the State Examination Centre will deal with policy-making, compliance, research, awareness raising and training with respect to ethical conduct of civil servants. The Centre was established by Presidential Decree in April 2016 to carry out recruitment to civil service and student admissions, and once registered, will merge two existing bodies - the Civil Service Commission and the State Students Admission Commission.

Transparency Azerbaijan releases monitoring report on the implementation of the 2012-2015 National Anti-Corruption Action Plan. The report indicates that the best results have been achieved in developing international cooperation in the fight against corruption, enhancing civil servants' professionalism and ethical conduct, improving legislation in the field of criminal prosecution and increasing transparency in state registration of real estate. However, the report also emphasises remaining deficiencies such as: the delay in the adoption of laws concerning conflict of interest and on competition, the lack of mechanisms for submission of asset declarations, problems with accountability of state agencies, and the lack of effective control mechanisms over efficient use of budget funds.

BELARUS

Belarus-Georgia sign deal to jointly tackle terrorism, corruption. State security agencies from Belarus and Georgia agreed a cooperation deal that will see both countries come together to jointly tackle terrorism, corruption, trans-national and international organised crimes. At the meeting in Tbilisi, the two diplomatic teams also discussed the existing challenging situations in the region and stressed the importance of strong bilateral relations between Georgia and Belarus in the field of security.

President reviews crime control, persecution service performance. The Belarussian President Alexander Lukashenko heard out and reviewed an extended report from Prosecutor General Alexander Konyuk in late August. The report covered the crime control situation and the performance of the prosecution service, and the session was attended by officials from the Belarus Present Administration and the State Secretariat of the Security Council. In the report, Konyuk noted that the oversight efforts of the prosecution service tend to increasingly focus on economic affairs.

BOSNIA & HERZEGOVINA

Bosnian Chief Prosecutor investigated for abuse of office. Bosnia's chief state prosecutor Goran Salihović is being investigated over allegations that he misused his powers by ensuring that investigations into President Milorad Dodik were dropped. The dropped investigations against President Dodik were related to his abuse of authority in damaging the Republika Srpska's (RS) budget comprising of millions of convertible marks (KM).

The Council of Ministers supports stricter sanctioning of corruption. Upon a proposal of the Ministry of Justice, The Council of Ministers of Bosnia and Herzegovina (CoM) adopted the 'Information on implementation of priorities 2015, Report of Bosnia and Herzegovina' and the belonging 'Action Plan – Part A', which calls for an introduction of stricter sanctions, having a better diverting effect in targeting prevention and continuing the fight against corruption. In their findings, the CoM noted that the existing sanctions provisions, prescribed in the Criminal Code of Bosnia and Herzegovina, for criminal acts of corruption were adequate in terms of effectiveness of punishing, while the punishment policy proved to be mild and inadequate.

BULGARIA

Border Police Chief resigns over smuggler contract. The chief of Bulgaria's border police and his deputy resigned after reports that the police had granted a contract for transporting migrants to a company linked to a suspected people smuggler. Antonio Angelov and his deputy Yotko Andreev resigned at the behest of Prime Minister Boyko Borissov, following allegations that they signed a contract worth 195580 Bulgarian Lev (US\$ 112,680) with a company called Edelvais 0707 for the transportation of migrants to accommodation centres in the country. Boyko Borissov labelled the whole episode as "shameful" and called for swift changes to be made to the current structure.

Bulgaria rejects blame for weapons reaching Syria. Following the OCCRP's report that

Bulgaria had indirectly contributed towards financing terrorism in Syria, Bulgaria's economy minister agreed that weapons from the country may have ended up in the hands of fighters in Syria and Iraq, but insisted that the state was not responsible for this. Bojidar Loukarsky told journalists that Bulgaria only exports arms to places considered acceptable under international agreements. He called on the intelligence services in Bulgaria and internationally to investigate how such weapons reach the battle zones.

Government to prioritise work towards new anti-corruption legislations. Speaking to Radio Focus, Tsveta Karayancheva, the deputy chairperson of the parliamentary group of the mandate-holder Citizens for European Development of Bulgaria (CEDB), revealed that anti-terrorism and anti-corruption legislations would be among the parliament's priorities during the new season. She also recalled the surpluses that the government realised thanks to the fight against smuggling and the good work of the revenue agencies.

CZECH REPUBLIC

EU investigates Czech financing of terrorism in Syria. The European Union's foreign policy unit is monitoring the flow of weapons to the Middle East and into the hands of Islamist groups in Syria, including the Islamic State of Iraq and Syria (ISIS). Maja Kocijančič, a spokeswoman for EU foreign policy chief Federica Mogherini, made the claim following an investigation by OCCRP and BIRN which revealed that since 2012, exports of weapons and ammunition to the Middle East worth at least €1.2 billion (US\$ 1.34 billion) have been approved by countries including the Czech Republic to four countries supporting Syria's armed opposition.

Foreign mafia groups attempt to infiltrate state administration: report. Foreign mafia groups in the Czech Republic last year continued in their attempts to infiltrate state and public administration and the judiciary, according to an Interior Ministry report. Apart from corrupting lower-level officials, customs officials and policemen, they were also trying to influence legislation processes on a regional as well as government and parliamentary level, suggests the report. The most active gangs involved in this kind of corruption are from the Russian-speaking countries and Asia.

Police reform programme commences. A significant reorganisation of the police force began in early August with the merger of the two elite crime fighting units into a National Centre against Organized Crime. The move brings together the police's organised crime and anti-corruption units under a joint administration, but has sparked a major row in the ruling coalition and raised concerns regarding possible intervention into open sensitive cases. The 900-strong National Centre against Organized Crime aims to centralise the fight against corruption and economic crime, cybercrime, terrorism and extremism.

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Fitch lowers Macedonia's rating to 'BB' as political crisis continues. Fitch Ratings downgraded Macedonia's Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) to 'BB' from 'BB+', with the negative outlook due to the unresolved political crisis and its consequences for the economy. Fitch added that the main political parties in Macedonia made some progress on agreeing the conditions for snap elections and setting an election date but it remains uncertain whether the vote will actually take place, and if so, whether it will lead to the stabilisation of the political situation. Macedonia's political crisis started following the emergence of major corruption allegations in February 2015. The ongoing crisis has already hit investment, with a negative effect on economic growth.

Macedonian Special Prosecution steps up probes. Macedonia's Special Prosecution is intensifying its investigations into alleged high-level corruption and electoral fraud, summoning three politicians to give statements. The Special Prosecution, SJO, which

investigates high-level crimes, confirmed that it summoned ruling VMRO DPMNE legislator Silvana Boneva, opposition Democratic Party of Albanians, DPA head Menduh Thaci and the head of the small opposition Party for Full Emancipation of Roma, PCER, Samka Ibraimovski, to give statements. However, due to secrecy concerns, the SJO refused to comment on these cases in more detail.

GEORGIA

Anti-corruption Agency moves quickly to detain bribe-takers. The officers of the Anti-corruption Agency under the State Security Service of Georgia detained two people in mid-August on suspicion of bribery and aiding bribe-taking. An investigation into the dealings of the Khoni Forest District, recorded that a man named Valeri Q was assisted by Amirani K, a ranger, and had given a sum of 3000 GEL as a bribe to the head of Imereti Forestry Service, in exchange for the illegal removal of 25 cubic meters of dried wood logs.

Georgian State Security Service develops ties with Azerbaijan. The Head of Georgia's State Security Service, Vakhtang Gomelauri, met Azerbaijan's President Ilham Aliyev during his visit to Baku in early August. During the meeting, they acknowledged the importance of expanding bilateral ties between the security bodies and emphasised that the mutual activity of the special service bodies of Azerbaijan and Georgia contributed to the strengthening of security between the two countries. A memorandum of cooperation was signed between the state security agencies of the two countries, according to the Georgian State Security Service.

JORDAN

New Integrity and Anti-Corruption Commission: appointment of the Secretary General. Yahiya Mohammad Salmoneh was appointed by the Cabinet as Secretary General of the Integrity and Anti-Corruption Commission (JIACC). In a cabinet meeting, headed by the Prime Minister, Hani al-Mulki, the decision was made upon a recommendation of the JIACC president, in accordance with provisions of Article 10 of the commission's law.

The King praises the work done by the Royal Commission to enhance the National Integrity System. The King of Jordan congratulated the Royal Commission in enhancing the National Integrity System for the accomplishments achieved over the past two years. The law on integrity and anti-corruption, which set the basis for the newly-established Integrity and Anti-Corruption Commission (JIACC), was among the most important results of the reforms undertaken.

KOSOVO*

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Biden urges Kosovo to seek reconciliation with Serbia. In his visit to Pristina in mid-August, the US Vice-President Joe Biden urged Kosovan officials to seek reconciliation and work towards the normalisation of relations with Serbia in order to make progress towards joining the European Union. He also encouraged Kosovo officials to work on fighting corruption, saying that it was a "cancer" for the country.

Crowds rally against corruption. Scores of people took to the streets of Kosovo's capital in late August to protest against corruption after wiretaps emerged showing alleged abuse of power by ruling party officials. Kosovars have been rallying on the streets of Pristina since early August after news site Insajderi published a series of leaked wiretaps purportedly revealing influence peddling by Kosovo Democratic Party (PDK) officials.

Dokufest explores corruption as central theme. The 15th edition of DokuFest, an annual documentary and short film festival, was held in Prizren. Corruption was the main theme of

the festival which was highlighted in many different festival sections: a specially curated film program entitled Power, Corruption and Lies; debates and panel discussions; children's plays, and many other events addressed this phenomenon.

KYRGYZSTAN

Government criticises ministries' effort against corruption. In a cabinet meeting, the Head of the Government Staff, Akylbek Osmonaliev stated that ministries were only weakly fighting against corruption. He argued that for example, the Ministry of Education and Health Care provided false information, and the State Agency for Environmental Protection and Forestry submitted the same reports for two years without changing a letter in the document. Osmonaliev warned that the ministries must revise their corruption risks, and by December, work out their respective interdepartmental anti-corruption plans for 2017.

New Kyrgyz legislation allows loss of citizenship for terror convicts. Kyrgyz President Almazbek Atambaev signed into law amendments allowing the authorities to deprive those convicted of terrorism of their citizenship. The presidential press service revealed that amendments to the Criminal and Administrative codes, sought to "toughen punishment for terrorism-related crimes and outline steps to deprive individuals convicted of terrorism and extremism of Kyrgyz citizenship". The announcement followed a statement from Kyrgyzstan's State Committee for National Security, which stated that some 600 Kyrgyz nationals had joined Islamic militants in Syria and Iraq in recent years, including more than 100 women.

REPUBLIC OF MOLDOVA

Central Bank officials detained in money laundering investigation. Three current and former officials from Moldova's central bank were detained by prosecutors in relation to investigations into money laundering by the National Anti-corruption Centre. The three officials detained by Moldovan prosecutors are Emma Tabarta, a former vice-governor of the central bank dismissed in April 2015 after the scandal of the banking frauds broke, the head of the central bank's bank supervision department Matei Dohotaru and Vladimir Turcanu, the head of the central bank's department that authorises banks' operations.

Romania releases loan tranche to assist Moldovan recovery. Romania paid the first tranche of a multi-million Euro loan to Moldova, in a bid to help the nation maintain a pro-European course. Earlier this year, the Romanian government pledged to lend Moldova €150 million to help it push through anti-corruption reforms after the nation was rocked by a massive scandal in 2015. The country has been in political turmoil since the disappearance of €888 million from its leading bank in 2014. Faced with hostile public opinion, the new pro-EU administration of Prime Minister Pavel Filip vowed to bring greater transparency to the finance sector — a key condition to secure a deal with the IMF and unlock crucial EU aid.

MONTENEGRO

Former mayor of Budva convicted for abuse of power for personal gain. A high court in Podgorica convicted Lazar Rađenović to 18 months in prison and a €30,000 fine to be paid into the budget of Montenegro within a month. He was accused of abusing public administration position and obtaining personal gain via corruption.

Special prosecution investigates former President Marović for bribery. Montenegro's special prosecution launched a new investigation against Svetozar Marović, the former President of Serbia and Montenegro, on suspicion of giving a CHF450,000 (€413,000) bribe to ensure that evidence against him was hidden by HSBC bank, broadcaster RTCG reported. Marović recently admitted he headed an organisation that was involved in the Budva affair and in return, he agreed to spend four years in jail. However, the case against him is not completed yet as the latest session of Montenegro's high court was postponed because Marović did not show up on

August 1. His lawyer then claimed that Marović was ill. The court's session has subsequently been delayed until September.

MOROCCO

Legislative elections: 200 million Dirhams for the financing of the political parties' electoral campaign. The Moroccan Government earmarked a total of 200 million Dirhams for the public funding of the parties' electoral campaign. The electoral law sets out a strict control system to avoid hidden funding of the respective campaigns. Each candidate has an obligation to disclose all sources of funding received to present a detailed report to the Court of Auditors of the expenses undertaken during the campaign.

The National Anti-Corruption Strategy requires the mobilisation of all the actors to eradicate corruption by 2025. The Minister of Public Function and Modernisation of the Administration emphasised the efforts made by the government to fight against corruption, with the adoption of a National Strategy which aims to eradicate corruption by 2025. The Strategy can count on a budget of 1.8 billion Dirhams and is based on five pillars - governance, prevention, repression, awareness-raising and communication. According to the Minister, the optimal implementation of the Strategy requires the cooperation of all the actors, including civil society, political parties and trade unions.

ROMANIA

Central bank deputy governor resigns amidst corruption scandal. Bogdan Olteanu resigned from the position of deputy governor of Romania's National Bank BNR in early August. His decision came after his name appeared in a corruption scandal, where anti-corruption prosecutors accused Olteanu of having received €1 million from Romanian businessman Sorin Ovidiu Vântu to use his influence in the government to appoint former journalist Liviu Mihaiu as governor of the Danube Delta in Romania in 2008. Olteanu denied wrongdoing, but said he would resign to avoid damage to the central bank's reputation.

New Anti-Corruption Strategy introduces plans to root out plagiarism. Justice Minister Raluca Prună announced that the 2016-2020 National Anti-corruption Strategy (SNA) is focused on prevention, including the introduction of a system to discourage plagiarism. She also added that through the new strategy, every manager of a public institution must take responsibility to implement internal policies and standards to prevent acts of corruption in their institutions.

Senior health official detained on suspicion of bribery. Anti-corruption prosecutors detained a senior Romanian health official on suspicion of paying bribes and influence peddling. Lazar Iordache, deputy chief of the National Medicine Agency, had reportedly promised a health ministry official a cut of budgetary funds for two hospitals if he signed, and convinced other ministry officials to sign, certain projects connected to the hospitals. He allegedly paid the unnamed person 126,000 lei (\$32,000) in April from ministry funds, to which he had access.

RUSSIAN FEDERATION

Mayor in Russia sent to prison for corruption. The mayor of the Russian city of Yaroslavl has been found guilty of soliciting bribes and sentenced to 12½ years in a high-security prison. When he was arrested in 2013, Yevgeny Urlashov was the only opposition mayor of a major Russian city, elected a year earlier on a wave of opposition protests. The Yaroslavl Regional Court on Wednesday found Urlashov guilty of soliciting 17 million rubles (\$255,000) from a local businessman. Two of Urlashov's aides also stood trial: one was found guilty of helping to arrange the bribe and sentenced to 7 years in prison, while the other was acquitted.

Moscow Court finds Russian nationalist guilty of money laundering. The leader of the banned "Russians" nationalist movement has been sentenced to prison on extremism and money

laundering charges. The court found Aleksandr Potkin guilty of creating an extremist group and laundering money stolen from Kazakhstan's BTA bank and sentenced him to seven and a half years in jail. Potkin was originally arrested in October 2014 on suspicion of being involved in the embezzlement of \$5 billion from BTA bank.

Russians protest against new anti-terrorism law. Hundreds of Russians have protested in Moscow against a new anti-terrorism legislation approved by President Vladimir Putin that critics say will curb basic freedoms and make it easier for the authorities to stifle dissent. The new package of anti-terrorism laws was signed into law by Putin in July and toughens penalties for extremism, introduces prison sentences for failure to report a grave crime and increases the number of crimes for which Russians as young as 14 years old can be prosecuted. It also obliges network operators to store recordings of phone calls, images and messages of their users for half a year as well as data on those calls for a longer period. Activists have called the changes repressive, while Human Rights Watch has called the new laws 'draconian'.

SERBIA

Charges filed against Dragoslav Kosmajac for abuse of office. After the initial termination of the investigation against Dragoslav Kosmajac, a man identified by the Serbian Prime Minister Aleksandar Vučić as a key drug lord, due to lack of evidence, the Serbian court has approved the indictment against Kosmajac at the end of August 2016 on abuse of office charges. Kosmajac is believed to have damaged the state by €95,000 with illegal activity related to unlawful acquisition of property.

Former Minister of Health with ties to organized criminal groups reappointed. The new Serbian Government, formed at the beginning of August, will again include former Minister of Health, Zlatibor Lončar. Lončar is believed to have had strong ties to organised criminal groups and had received property from them in exchange for his services while working as a doctor in the Emergency Center of the Serbian Clinical Center. Evidence of such interactions first appeared during the organized crime crack-down that followed the assassination of the Serbian Prime-Minister Zoran Đinđić in 2003, but charges were never filed.

TUNISIA

Fight against corruption: a priority for the future government. In mid-August, caretaker Prime Minister Habib Essid stated that the fight against corruption remains a priority for the present government and that the previous governments had already adopted several measures to increase transparency. During the same meeting, the President of the Anti-Corruption Authority (INLUCC) expressed satisfaction with the increased budget allocated to INLUCC as well as with the mobilisation of human resources and logistical support, as requested by the Authority.

INLUCC President denounces the widespread corruption in Tunisia. In a recent interview, Chawki Tabib, President of the Anti-Corruption Authority (INLUCC), denounced the widespread corruption in the country and described the difficult task of fighting against this phenomenon. He stressed the need for judicial system reform, as well as enhancements in mechanisms dealing with conflict of interest, asset declarations, and protection of whistleblowers. On another occasion, Mr Tabib also stated that the fight against corruption shall be the task of independent authorities, the judicial system, as well as civil society and media.

UKRAINE

Judge caught taking bribe of \$150,000 in drug-dealing case. The National Anti-corruption Bureau seized \$150,000 in cash from Kyiv-based judge Mykola Chaus, after he was caught accepting a payment to make a positive decision in the case of a drug dealer. This was the first

such operation organised together by the Anti-corruption Bureau and the Special Anti-corruption Prosecutor's Office, with Chaus likely to face between eight and twelve years of jail.

New online income declaration system faces setback. An electronic system, under which public officials will have to declare their income and assets for online publication, met its deadline for launch in mid-August, but did so without the necessary security certification. Under the new system, civil servants will have to declare their earnings and list their property and assets regularly in order to root out corruption. However, without the approval of Ukraine's communications oversight body, information on the system cannot be used in court. The launch of the e-declaration system is integral to Ukraine securing visa-free travel in Europe, financial assistance from the European Union and the World Bank, and the next tranche of the IMF's \$17.5bn bailout, which had been delayed over corruption fears.

No progress in fight against corruption for three years: report. In its research project on democracy, "Nations in Transit", the American democracy advocacy organisation Freedom House noted that the state of corruption, media freedom and justice in Ukraine remained at the level of 2013. The report placed Ukraine at 18th place among the 29 formerly communist countries, scoring 4.68 points in relation to seven defining criteria: national democratic governance, electoral process, civil society, independent media, local democratic governance, judicial framework and independence, corruption.

ProZorro – public e-procurement system becomes mandatory in Ukraine. Starting from 1 August, all public procurement in Ukraine will be done through an electronic system. The website called 'ProZorro', which means transparent, not only gets rid of paper documentation but also allows tracking any and all bids, purchases and tenders.

*The **Economic Crime and Cooperation Unit (ECCU)** at the Directorate General Human Rights and Rule of Law of the Council of Europe (CoE) is responsible for designing and implementing technical assistance and co-operation programmes aimed at facilitating and supporting anti-corruption, good governance and anti-money laundering reforms in CoE member states and other countries.*

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