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Action Summary

Horizontal Facility for the Western Balkans and Türkiye III

Action against Economic Crime in Montenegro

(HF III-AEC-MNE)

Action title	Action against Economic Crime in Montenegro (HF III-AEC-MNE)
Action area	Montenegro
Budget	€845.000
Funding	European Union / Council of Europe
Implementation	Economic Crime and Cooperation Division, DG I, Unit I, Council of Europe
Duration	48 Months

I. Background

The European Union/Council of Europe Horizontal Facility for the Western Balkans and Türkiye (also referred to as: Horizontal Facility phase III or HF III) is a co-operation initiative of the European Union and Council of Europe for South East Europe. The first phase of the Horizontal Facility ran from May 2016 to May 2019, and the second phase ran from May 2019 to December 2022. The third phase of the Horizontal Facility will be implemented from January 2023 to December 2026, and it will continue to build on the Statement of Intent signed on 1 April 2014 by the Secretary General of the Council of Europe and the European Union Commissioner for Enlargement and European Neighbourhood Policy, in which both Organisations agreed to further strengthen their co-operation in key areas of joint interest.

The Horizontal Facility includes Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia, and Türkiye. Beneficiaries and counterparts include governmental bodies at all levels, notably specialised structures within the Ministries of Justice, Interior and Finance, anti-corruption bodies; judicial and prosecutorial services, anti-money laundering supervisory bodies, Financial Intelligence Units (FIUs), and representatives of civil society.

According to reports issued by Council of Europe monitoring bodies (GRECO and MONEYVAL), as well as EU Progress Reports, deficiencies remain to be addressed in order to ensure the impact and effectiveness of the measures to prevent corruption, money laundering and terrorist financing.

II. Action's approach in Montenegro

The Action against Economic Crime in Montenegro (AEC-MNE) aims to strengthen the capacity of the institutions in Montenegro in preventing and combating economic crime, including corruption, money laundering and organized crime. It builds upon the results achieved and lessons learned during the implementation of Phase I and II of the Horizontal Facility by continuing its support to effective implementation of key recommendations of the Council of Europe's monitoring mechanisms: Group of

* This designation is without prejudice to positions on status and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

States against Corruption (GRECO) and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL).

The Action will focus on supporting the authorities in achieving two objectives:

1. Increased efficiency, effectiveness and impartiality in processing high-level corruption cases by anti-corruption institutions and the criminal justice system;
2. Enhanced effectiveness of the AML/CFT policies and improved track-record in processing money laundering cases.

III. Action's Objectives and Outcomes

The overall objective of the Action is to contribute to and increase the trust in the rule of law and democracy in Montenegro through prevention and control of economic crimes in accordance with European and other international standards. The specific objectives of the Action are:

Anti-corruption	Intermediate Outcome 1	Increased efficiency, effectiveness and impartiality in processing high-level corruption cases by anti-corruption institutions and the criminal justice system
	Immediate Outcome 1.1	Established the strategic, legal and operational framework for the functioning of the coordination mechanism for the fight against high-level corruption (including the National Council for the Fight against High-Level Corruption)
	Immediate Outcome 1.2	Enhanced capacities of the anti-corruption bodies for investigating threats to public interest and corruption in particularly vulnerable areas
	Immediate Outcome 1.3	Strengthened the effectiveness of the Agency for Prevention of Corruption in detection and processing of cases of conflict of interests, inexplicable wealth and violations of political finance regulations
	Immediate Outcome 1.4	Integrity of public officials in the highest positions of the legislative and executive branches of government strengthened, including through enhanced capacity to implement recommendations from the 5th round GRECO evaluation
	Immediate Outcome 1.5	Developed capacities for implementation a non-conviction-based confiscation mechanism
Anti-money laundering and countering the financing of terrorism	Intermediate Outcome 2	Enhanced effectiveness of the AML/CFT policies and improved track-record in processing of ML cases
	Immediate Outcome 2.1	Enhanced understanding of money laundering and terrorist financing risks and mitigation measures adopted
	Immediate Outcome 2.2	Alignment of the regulatory framework of Montenegro with revised FATF standards and the new EU Acquis
	Immediate Outcome 2.3	Capacities of the financial intelligence unit (FIU), law enforcement authorities (LEAs) and judiciary to analyse, investigate and prosecute money laundering cases enhanced
	Immediate Outcome 2.4	Capacities of supervisory authorities and reporting entities for implementation of risk-based approach to AML improved
	Immediate Outcome 2.5	Capacities for effective implementation of the international restrictive measures raised

IV. Implementation Arrangements

As a key actor in this thematic area, the Council of Europe's Economic Crime and Cooperation Division (ECCD) is in charge of implementing the activities under HF III-AEC-MNE.

For the purpose of implementing various specific activities, the Action engages international experts with demonstrated experience in the field of fighting against economic crime as well as local experts from Horizontal Facility countries in order to ensure that the project delivers high quality assistance to the beneficiaries.

V. Contacts

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