

COOPERATION AGAINST ECONOMIC CRIME Highlights – 2016



Nineteen countries benefited from technical assistance and cooperation to prevent and combat corruption, money laundering and terrorism financing; including asset recovery. More than 3500 individuals from government and civil society profited from 110 tailor-made activities.

February 2017

Abbreviations

AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering and Countering Financing of Terrorism
BG	Bulgaria
CCC	Commission on Combating Corruption (Azerbaijan)
CLEP	Controlling corruption through law enforcement and prevention in the Republic of Moldova
CSC	Civil Service Commission (Azerbaijan)
DPP	Donor Programme Partner
ECCD	Economic Crime and Cooperation Division
EEA	European Economic Area
ESI	European Studies Institute
EU	European Union
EUD	European Union Delegation
FIFA	Fédération Internationale de Football Association
GRECO	Group of States against Corruption
HF	EU-COE Horizontal Facility for Western Balkans and Turkey
HIDAACI	High Inspectorate for Declaration and Audit of Assets and Conflict of Interest
INLUCC	Anti-corruption authority (Tunisia)
INTERPOL	The International Criminal Police Organization
KAA	Kosovo* Anti-corruption Agency
MGIMO	Moscow State University of International Relations
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
NABU	National Anti-Corruption Bureau of Ukraine
NACP	National Agency for Prevention of Corruption (Ukraine)
NG	Norway Grants
NRA	National Risk Assessment
PCF	EU-CoE Programmatic Cooperation Framework (PCF) in the Eastern Partnership Countries
PECK II	Project against Economic Crime in Kosovo*
SAPSI/ASAN	Azerbaijani State Agency for Public Service and Social Innovations
SNAC II	South Neighbourhood Anti-Corruption Project
SOC	Socialist Group
SPCC-KY	Strengthen Prevention and Combating of Corruption in Kyrgyz Republic
TANA	Technical Assistance Needs Assessment
UA	Ukraine
UTRF	Moroccan financial intelligence unit

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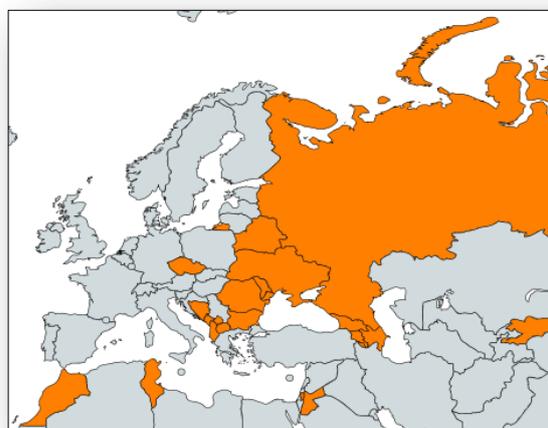
Economic Crime and Cooperation Division (ECCD)

1 SUMMARY

Nineteen countries benefited from technical assistance and cooperation to prevent and combat corruption, money laundering and terrorism financing; including asset recovery. Over 3500 individuals – 1/3 of them women - from government and civil society profited from 110 tailor-made activities. The quantifiable impact of ECCD activities in 2016 included the influencing of 23 legislative processes, 11 policy and strategy reforms and implementation of 16 GRECO and MONEYVAL recommendations at the national level. Among other project deliverables, 3 publications in 3 languages saw light during the year.

Throughout 2016, the ECCD managed three regional programmes covering Eastern Europe, the Middle East and North Africa, and a new programme covering South-Eastern Europe - the Horizontal Facility for the Western Balkans and Turkey (HF) implemented as of May 2016. A total of fourteen countries and jurisdictions benefitted from cooperation through regional facilities. Another five countries and jurisdictions benefitted from individual country-specific project interventions.

In addition to the HF two new projects country specific projects in Russia and Kyrgyzstan were added to the ECCD portfolio. The geographical reach of ECCD operations was additionally expanded through the inclusion of Palestine* into the South Neighbourhood Anti-Corruption Project (SNAC II).



■ **ECCD geographic focus in 2016**

A new project proposal was finalized for Moldova and is expected to start during 2017.

Another 12-month project on national risk assessment methodology will be launched in Bulgaria and will be fully funded by the Council of Europe ordinary budget.

The programmatic partnership between the Council of Europe and the Norway Grants (NG) continued with the launching of new areas of cooperation with Bulgaria and Romania under the new 2014-2021 financing cycle. At the same time the NG-funded projects implemented since 2014 in Bulgaria and the Czech Republic came to their end.

A few landmark events marked the ECCD 2016 agenda, such as the September Prague International Conference “Facing New Challenges in Combating Terrorist Financing” and the December Venice Workshop “On corruption and its trends: a policy challenge”.

The annual financial envelope of disbursement and management reached 3,577.287 million in 2016 and is projected to reach 4,500.000 million for 2017 in support of the implementation of on-going programmes. The overall project funding being implemented during 2016 was 15,448.000 Euro

2 COUNCIL OF EUROPE BUDGETARY PROGRAMMES

2.1 Training on “Basic Anti-corruption and Anti-money laundering Concepts” (2012 – 2016)

Since the successful inception of the concept in 2012, the Council of Europe and the European Studies Institute (ESI) of the Moscow State University of International Relations (MGIMO) have continued to jointly organise trainings on “Basic Anti-corruption and Anti-money laundering Concepts” held in Moscow on an annual basis. The seminars have aimed to advise the audience on anti-corruption standards, measuring and monitoring mechanisms and about ethical values and principles in the public service, with experts and trainers often coaching by reciting best practices and describing international success stories. Consequently, the participants are expected to apply the newly-learned concepts at their workplaces and act as multipliers vis-à-vis their colleagues and professional counterparts.

From 2012 onwards, over 700 civil servants have benefitted from the seminars including representatives from the public administration, the law enforcement and judiciary bodies, academia, business, and the State Duma. They have been able to learn from the expertise of a mix of Russian and international trainers, with further training also provided by experts representing international organisations such as the Council of Europe, FIFA and INTERPOL. Following each seminar, an in-depth evaluation process is followed to study feedback from the participants in attendance. Taking their views into account, the Council of Europe and the ESI have accordingly adapted new formats, new content and new trainers in order to give future participants the best possible experience. For example, over the years, further practical guidance and case study scenarios have been added to the programme to match demand. Likewise, the curricula has been regularly developed to include more popular and timely issues which are reflective of the current period, such as the introduction of asset recovery issues as well as corruption in sport during 2016.

The week-long training held in Moscow during October 2016 marked the fifth successive year that the seminar was held, with 144 Russian civil servants participating from professional backgrounds including the Supreme Court, the Ministry of Internal Affairs and the Federal Treasury. The training was funded by the Council of Europe, while the ESI provided the venues and administrative services. Overall, participants highly appreciated the organisation of the training and expressed satisfaction with the event’s moderation and content, though indicated that more could be done in terms of application.



Training “Basic Anti-corruption and anti-money laundering concepts”, 24-28 October 2016, Russian Federation,

2.1.1 Russia Anti-Corruption Training

Over one hundred and forty Russian civil servants representing public administration, law enforcement, judiciary bodies, academia, business, and the State Duma attended the Council of Europe’s training on “Basic Anti-corruption and anti-money laundering concepts”. This was the sixth such training organised jointly with the European Studies Institute (ESI) at Moscow State Institute of International Relations (MGIMO). Compared to the initial training in 2011, the training

curriculum was expanded to include asset recovery issues, as well as other specialised topics such as match fixing, integrity and corruption in sports.

The international practices and standards were discussed often in relation to the situation in the Russian Federation or in other countries. The program included Russian and international experts from United Kingdom, Germany, Estonia, Italy and Romania, as well as experts representing other international organisations such as FIFA and INTERPOL.

The evaluation report and other bilateral feedback showed increasing interest from the Russian counterparts to continue the series of trainings. The next session is scheduled for the autumn of 2017.

2.1.2 Training on "Basic anti-corruption and anti-money laundering concepts" in Sarajevo

This was the first event organised jointly by the Council of Europe and the Ministry of Security of Bosnia-Herzegovina on "Basic anti-corruption and anti-money laundering concepts", based on the format established for similar trainings in Russia.

Over 30 representatives of all political structures of the country took part in the training. The audience included public administration, law enforcement, judiciary bodies and non-governmental organisations. Local and international experts (from Germany, Estonia, Italy, Bulgaria, Serbia, Romania and Moldova) advised the participants on anti-corruption and anti-money laundering standards, measuring and monitoring mechanisms, ethical values and principles in the public service, best practices and international success stories. Particular attention was paid to the discussion of the situation in Bosnia-Herzegovina through the lenses of GRECO and MONEYVAL reports and actions taken by the public authorities and civil society.



Training on "Basic anti-corruption and anti-money laundering concepts", 5-8 April 2016, Sarajevo, Bosnia and Herzegovina

2.2 Workshop on corruption and its trends: a policy challenge (Venice, 2 December 2017)

A workshop on the challenges in developing effective anti-corruption policies was held in Venice, Italy in December 2016 under the overall chairmanship of the CoE Deputy Secretary General Ms Gabriella Battaini-Dragoni and substantive input from Mr Michele Nicoletti (Italy, SOC), rapporteur of the PACE Political Affairs Committee on Corruption. The report on "Corruption as governance regime: a barrier to institutional efficiency and progress" served as the basis for the discussions, with additional emphasis made by participants on recent trends in anti-corruption, in particular asset recovery issues and the identification of beneficial ownership.



International Workshop "Corruption as governance regime: a barrier to institutional efficiency and progress", 2 December 2016, Venice, Italy

2.3 Development of the Council of Europe National Risk Assessment Methodology

Completing the AML/CFT National Risk Assessment (NRA) is a new and challenging requirement under the revised FATF Standards (Recommendation 1). Evaluating accurately and thoroughly country specific risks and taking targeted mitigation measures have become a central obligation of for AML/CFT authorities. To address this issue, the ECCD team is developing the Council of Europe AML/CFT NRA Methodology, which takes into account the challenges identified in the MONEYVAL 5th round evaluations held thus far. The purpose of this exercise is to provide member states with a valuable tool in applying AML/CFT risk management measures.

A peer-review of the first draft of CoE's NRA Methodology was held in September 2016 in the form of an experts Workshop in Strasbourg. The workshop gathered representatives of five Council of Europe member-states (Albania, Bulgaria, Italy, "the former Yugoslav Republic of Macedonia" and Montenegro). In addition, it benefitted from the knowledge of independent experts who provided input in their particular area of expertise (finances, risk assessment and management, criminology). The participants were introduced to the main principles and analytical process of the Methodology and provided valuable feedback through group discussions and written contributions. Following the workshop, the Draft Methodology was reworked and improved and will be piloted starting January 2017 in a Council of Europe member-state.



CoE NRA Methodology review workshop, 1-2 September 2016, Strasbourg, France

3 REGIONAL COOPERATION PROGRAMMES (EU & VOLUNTARY CONTRIBUTIONS)

3.1 Eastern Partnership Countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine

The Economic Crime and Cooperation Division (ECCD) continued to provide assistance to the Eastern Partnership (EaP) countries through the EU/CoE Programmatic Cooperation Framework (PCF) Programme “Fight against Corruption and Fostering Good Governance/Fight against money-laundering” (2015 – 2017).

The PCF Regional Project continued to strengthen preventive legal frameworks and develop enforcement and oversight capacities both on the regional and country specific level. Comprehensive legislative proposals on liability of legal entities, integrity testing, and lobbying were provided to be used as blueprint for on-going and new reforms in the region. Several EaP countries, including Ukraine and Georgia, have subsequently reached out to CoE seeking further assistance with incorporating proposed solutions into national regulatory frameworks.

Separately, EaP criminal justice, law enforcement, and oversight authorities were given guidance on conducting complex economic crime investigations and handing

whistleblowers. Practitioners took part in specialised trainings on the two topics and received the Practical Guide on Investigating and Prosecuting Economic Crime and the Training Module on Whistleblower Protection.



*PCF-REG Workshop on “Lobbying Regulation”,
23 – 24 November 2016, Riga, Latvia*

Under the regional component, the Georgian Ministry of Justice was provided advice on good practices in using public awareness tools to bolster anti-corruption reform efforts; Azerbaijani State Agency for Public Service and Social Innovations (SAPSSI/ASAN) was given the know-how on conducting institutional corruption risk assessments in the public sector and development of a risk management

system; and the Republic of Moldova received expert advice on ways to improve draft Law on combating and prevention of money laundering and terrorism financing and draft Law on integrity pursuant to applicable international standards and good comparative practices.

3.1.1 Azerbaijan

In Azerbaijan, the PCF Project interventions were geared toward supporting the drafting process of the National Action Plan on Promotion of Open Government 2016-2018; strengthening training capacities of the Commission on Combatting Corruption and Civil Service Commission by developing tailor-made anti-corruption and ethics curricula and materials for public officials; and reinforcing law enforcement capacities by providing specialised trainings on complex economic crime issues.

Significant progress has been made toward strengthening the training capacities of the Commission on Combating Corruption (CCC) and the Civil Service Commission (CSC), as well as on increasing the operational capacities of the Anti-Corruption Directorate under the General Prosecutor and other judicial, investigative and financial intelligence bodies. In 2016, the Project produced a number of curricula and handbooks on anti-corruption and ethics in public service. The project also organised three specialised trainings on complex economic crime investigations for the law enforcement bodies.



Corruption risk management training for SAPSSI/ASAN, 24 – 25 May 2016, Baku, Azerbaijan

Most significant progress was made in assisting the authorities in drafting the National Action Plan on Promotion of Open Government 2016-2018, through organising a large-scale public discussion and providing a technical review of the draft Action Plans. In addition, the project provided the local authorities with a reliable and efficient mechanism to monitor and report on the implementation of the National Action Plan by developing an IT tool (E-platform) accessible to all relevant entities, which will significantly facilitate the work of the CCC and other state bodies. The project team also advanced in agreeing on the modalities of introducing anti-corruption training into higher and public education institutions with the Ministry of Education. Training activities and provision of adequate anti-corruption materials to educational institutions will take place throughout 2017.

3.1.2 Belarus

In its first year of implementation, the PCF Project in Belarus focused on contributing to on-going country discussions on the development of national risk assessment frameworks for corruption and other types of economic crime through specific trainings and workshops. Accordingly, both the public sector and criminal justice and law enforcement agencies benefited from the Council of Europe training on developing and conducting anti-corruption and anti-money laundering/counter terrorist financing (AML/CFT) risk assessments.

In addition, representatives of the criminal justice and law enforcement sector received training on corporate crime typologies and good practices in investigating and prosecuting companies for economic crimes. These activities were aimed at supporting the future implementation of the recently introduced rules on administrative liability of legal entities, as well as discussing possible introduction of criminal liability for entities.



PCF-BE Corruption Risk Assessment Workshop, 28 September 2016, Minsk, Belarus

3.1.3 Georgia

In its second year of implementation, the PCF Project in Georgia supported national AML/CFT authorities in legislative and regulatory reform covering the non-profit sector, leasing, casinos, gambling, and dealers in precious metals and stones based on applicable international standards and comparative practices. The recommendations of CoE have significantly informed the on-going legislative reform processes, and are expected to have further impact in 2017.



PCF-GE Workshop “Combating money laundering and terrorist financing in Georgia” for members of the Georgian Inter-Agency Council for Development and Coordination of Implementation of the Strategy and Action Plan for Combating Money Laundering and Terrorist Financing. 6 June 2016. Tbilisi, Georgia

AML/CFT supervisory bodies received general and sector specific (insurance and the legal professionals) guidance on developing sound operational practices and addressing sector specific AML/CFT risks. Activities undertaken in 2016 in this respect showed a striking difference in capacities between sector oversight bodies and a need for more focus on key systemic vulnerabilities. Lastly, the project continued to contribute to specialisation of justice sector authorities. In 2016, the Project delivered expert support to development of internal guidelines of the General Prosecutor’s Office of Georgia on corporate prosecutions and organized trainings on adjudication of money laundering and terrorist financing offences, asset recovery, seizure, and forfeiture. During the year, the Project also worked with the Georgian AML/CFT Interagency Council on developing a multifaceted approach to necessary AML/CFT reforms.



PCF-GE Training of trainers on “Anti-money laundering and counter terrorist financing (AML/CFT) compliance for lawyers”, 1 November 2016, Tbilisi, Georgia



PCF-UA workshop on “Integrity testing and whistleblower protection within law enforcement internal controls”, 21-22 November 2016, Kyiv, Ukraine

corruption agencies, the National Anti-Corruption Bureau of Ukraine (NABU) and the National Agency for Prevention of Corruption (NACP) in building their operational capacities in the areas of prevention and enforcement. In that respect, NABU benefited from mentoring on development of internal control mechanisms and training on international cooperation, while NACP developed its Corruption Risk Assessment Methodology (with accompanying guidelines) and the NACP Performance Assessment Framework through expert support provided under the Project.

3.1.4 Ukraine

The PCF Project in Ukraine continued to support authorities in assessing legislative initiatives throughout 2016, and more specifically the draft Civil Confiscation Law, proposed changes to legislation concerning the prosecution service, and legislative provisions regulating financial control of asset declarations. Advice provided under the PCF-UA has resulted in reconsideration of draft provisions by the authorities and their readjustment in line with CoE standards and European good practices.

Furthermore the Project supported two anti-



PCF-UA introductory training on “Corruption risks assessment and drafting of anti-corruption programs in the public sector” for public sector officials, 30 November 2016, Kyiv, Ukraine

3.2 South Neighbourhood Programme: Morocco, Tunisia and Jordan

The South Neighbourhood Anti-Corruption Project (SNAC 2) is an integral part of South Programme II, funded by the EU and implemented by the CoE. The 3-year project commenced in January 2015 covering Morocco, Tunisia, Jordan and since December 2016 - the Palestinian National Authority. It includes a regional dimension where representatives of these jurisdictions participate in joint activities and share experience.

3.2.1 Jordan

In 2016, the SNAC 2 Project undertook activities aimed at reinforcing the Jordanian asset recovery system and supporting the establishment of a central asset recovery office. Policy advice was provided in the form of a comprehensive review of the asset recovery **framework** with specific recommendations to increase its efficiency. Capacity-building activities included workshops on interagency information exchange and international asset recovery process and a study visit to the Netherlands and Europol.

Council of Europe expertise was also provided with regard to the introduction of mechanisms for corruption proofing of legislation.

Furthermore, a scoping mission to assess the vulnerability of the Jordanian non-profit sector to terrorism-financing risks was carried out, with a view to designing policy proposals and capacity-building modules to reduce such risks.

The Project has also provided support to the Forensic Laboratory of the Jordanian Integrity and Anti-Corruption Commission, through the identification of hardware and software tools which will maximise its capacities to undertake high-tech forensics operations. The procurement process for the purchase of such tools is on-going.

Finally, the Project reached out to the private sector, with an awareness raising workshop on the implementation of effective anti-corruption compliance programmes.



Study visit of Jordanian officials to the Netherlands and Europol, 19-21 April 2016, The Hague, The Netherlands

3.2.2 Morocco

The SNAC 2 Project provided policy and legal advice for the introduction of mechanisms for corruption proofing of legislation as well as for the compliance of whistleblowers legislation with CoE and other international standards.



Workshop on the financing of electoral campaigns, 26 September 2016, Rabat, Morocco

Methodological assistance targeted the private sector, with the preparation of a guide on anti-corruption compliance programmes. The Moroccan financial intelligence unit (UTRF) benefitted from the drafting of proposals for red flag indicators to detect corruption-related transactions.

In terms of capacity-building, a broad range of Moroccan anti-corruption, anti-money laundering, law enforcement, judicial and inspections bodies took part in a study visit to Latvia. The study visit allowed to establish networks for future cooperation and to exchange good practices to improve the Moroccan anti-corruption and anti-money laundering framework.

Finally, the Project strengthened the capacities of Moroccan practitioners to ensure transparency and reinforce control mechanisms for the financing of electoral campaigns.

3.2.3 Tunisia

In Tunisia, the Project focused on two strategic objectives: (I) supporting the new management in the operationalization and effective functioning of the anti-corruption

authority (INLUCC), notably through capacity-building activities on anti-corruption investigations and the formulation of policy recommendations to improve INLUCC efficiency; (ii) finalizing a comprehensive assessment of the Tunisian anti-corruption legal and institutional system based on the Council of Europe GRECO methodology.

The assessment process will be completed in the first quarter of 2016, with the formal adoption of the report and public presentation of the recommendations to improve the Tunisian anti-corruption legal and institutional framework.



Training on anti-corruption inquiries for INLUCC investigators, 11-12 July 2016, Tunis, Tunisia

3.2.4 Palestine*

In November 2016, a scoping mission to Palestine* allowed to identify a set of priority assistance needs in the area of combating corruption and economic crime. On this basis, in 2017, cooperation activities targeting anti-corruption, law enforcement and judicial authorities will be carried out.

3.2.5 Regional activities

The Project developed a regional dimension, aimed at building capacities, fostering networking and promoting an exchange of experience among all beneficiary countries. A regional training on risk-based administrative inquiries gathered together officials from inspection bodies, audit authorities and anti-corruption agencies of Jordan, Morocco and Tunisia.



Regional training on risk-based administrative anti-corruption inquiries, 17-20 May 2016, Strasbourg, France

* This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of Council of Europe member States on this issue.

3.3 Horizontal Facility for the Western Balkans and Turkey

The European Union and Council of Europe’s Horizontal Facility for the Western Balkans and Turkey (hereafter referred to as “Horizontal Facility”) has been specifically designed to improve implementation of key recommendations of the CoE Group of States against Corruption (GRECO) and Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) in beneficiary countries.

In the field of fight against economic crime, country specific interventions have been designed for Albania, Montenegro and “the former Yugoslav Republic of Macedonia”. The beneficiaries and counterparts are governmental bodies at all levels, notably specialised structures within the ministries of justice, interior and finance; specialised anti-corruption agencies; judicial and prosecutorial services, supervisory bodies; financial intelligence units (FIUs), and representatives of civil society.

The Inception phase of the three Actions took place between 24 May 2016 and 30 September 2016. Local senior project officers were contracted in each country to ensure the efficiency of the day-to-day implementation of the Project.

3.3.1 Albania

Following the official launch of activities in October 2017 the project provided support to the Ad-Hoc Committee on Electoral Reform with a technical paper on the amendments to laws regulating political party and election campaign financing which were discussed in two workshops organised in October and November 2016 in Tirana. Subsequently the Project provided further and more precise recommendations (e.g.: on state subsidies, private funding, media campaign, use of state resources etc.) based on the request of the co-chairs of the Ad-Hoc Committee and as a follow up to meetings on political party and election campaign financing in December 2016.



Workshop on political party financing, 24 November 2016, Tirana, Albania

In November and December 2016 the Project also started preparatory activities to review and enhance the AML/CFT legislative and strategic framework as well as to improve the asset declaration system and the ability and capacity of the High Inspectorate for Declaration and Audit of Assets and Conflict of Interest (HIDAACI) to implement an online asset declaration system, perform effective verifications of asset declarations and publish declarations.

3.3.2 Montenegro

The implementation of the Action against Economic Crime in Montenegro commenced in November 2016 with a high-level Launching Event for the projects of the Horizontal Facility in Montenegro. The President of the Supreme Court of Montenegro, the Supreme State Prosecutor of Montenegro and the Director of the Agency for the Prevention of Corruption underlined the commitment of their institutions in the successful implementation of the Action.

In 2016, the project started preparatory assessment activities of institutional capacities of the Agency for Prevention of Corruption, with the view of developing practical guidelines on the implementation of the provisions of the Law on prevention of corruption on ethics and conflict of interests.

3.3.3 “The former Yugoslav Republic of Macedonia”

The first Steering Committee Meeting of the Action against Economic Crime in “the former Yugoslav Republic of Macedonia” was organized in October 2016. The members of the Steering Committee discussed and unanimously adopted the work plan of the Action and the Terms of Reference of the Steering Committee. Considering the political circumstances and the December 2016 parliamentary elections and the recommendation of the EUD in this direction the Steering Committee decided to reschedule activities planned in 2016 to the first half of 2017.

Despite the rescheduling, the project commenced preparatory activities concerning the improvement of the AML/CFT legislation and preventive system and will already provide support to the beneficiaries in the first quarter of 2017.



*Steering Committee meeting,
Podgorica, Montenegro, 25
November 2016*

4 PROJECTS IN INDIVIDUAL COUNTRIES AND JURISDICTIONS

(EU & Voluntary Contributions)

4.1 Kosovo**

The EU/CoE Project against Economic Crime in Kosovo (PECK II) which commenced in January 2016 supported the reform agenda aiming to strengthen institutional capacities to counter corruption, money laundering and financing of terrorism in accordance with European and international standards through targeted technical assistance.



*PECK II Launching Conference 26 May 2016, Pristina, Kosovo**

The PECK II Project carried out 20 activities and field missions, 14 working group meetings and 20 other coordination meetings. It prepared and delivered 11 technical papers and involved more than 700 participants from over 35 beneficiary institutions.

During its Launching Conference, the Prime Minister expressed his assurance “that competent authorities will provide great collaboration and strong support to this project”.

PECK II developed and provided legislative reviews covering the new Law on Prevention of Money Laundering and Combating Terrorist Financing, the draft Law on Prevention of Conflict of Interest in discharge of Public Functions as well as whistleblowing legal and institutional mechanisms.



Review of whistleblowing mechanisms

*23 June 2016 & 21 October 2016, Pristina, Kosovo**

A review process of regulatory, institutional and operational framework of the Anti-corruption Agency (KAA) has commenced and will be finalised in 2017. This assistance will

* All reference to Kosovo, whether to the territory, institutions or population, in this text shall be understood in full compliance with United Nations Security Council Resolution 1244 and without prejudice to the status of Kosovo.

contribute to further strengthening capacities and functioning of the Agency taking into account its 10-year operational experience as well as leading international practices.



*KAA Review Scoping Mission, 13-14 September 2016, Pristina, Kosovo**

Following initial identification and agreement with various beneficiaries, the PECK II Project commenced risk assessments in the sectors of public procurement, prosecution and judiciary, which are considered as most vulnerable to corruption. Field missions have been conducted involving all prosecution services, courts and public procurement agencies as well as other stakeholders and interested parties concerned.

In order to ensure future sustainability and continuity of risk assessments in Kosovo the Project delivered training and initiated the preparation of Corruption Risk Assessment Methodology with concerned beneficiaries. The findings and recommendations from these risk assessments and methodological tools are expected to be used during designing and crafting of the new Anti-corruption Strategy and Action Plan during 2017.



*Corruption risk assessment field missions in courts and prosecution services, 31 October - 4 November 2016, Pristina, Kosovo**

4.2 Kyrgyzstan

In 2016, the ECCD commenced cooperation with the Kyrgyz Republic in the framework of the CoE/EU Project “Strengthen Prevention and Combating of Corruption in Kyrgyz Republic” (SPCC-KY). The initiative looks to share the Council of Europe standards in the area of fight against corruption with Kyrgyz authorities and strengthen capacities of local institutions to prevent and fight corruption by promoting good practices of Council of Europe member states. The Project began in August 2016, and will last for 24 months. An initial Steering Committee meeting was held in October 2016, where the draft Workplan of the Project was discussed among the stakeholders and next steps for Project implementation were agreed.

4.3 Russia

The project on “Protection of the Rights of Entrepreneurs in the Russian Federation from Corrupt Practices at the Municipal Level” (PRECOP II) focuses on preventing corruption in the municipal level. Considering the size of the country the project will pilot its activities in select geographic regions of the Russian Federation (Republic of Karelia, Krasnodar, Tver and Tyumen). Its activities mainly target the municipal level, where small and medium-size enterprises face the biggest obstacles created by administrative and corruption-prone practices. The Project is a second phase of PRECOP RF, which was successfully implemented by the ECCD during 2013-2015. PRECOP II stands to reinforce the capacities of the Federal and Regional Business Ombudsmen, as well as the regional and municipal authorities in the regions participating in project activities.

The Launching conference of the project took place in Tver in October 2016, followed by a workshop on “Typologies of corruption affecting the entrepreneurs in the Russian Federation at regional and municipal levels”, which brought together over 90 high-level representatives of federal and regional business ombudsman’s offices, executive and legislative bodies, as well as federal and regional business and legal associations.

Several expert working groups have commenced work on thematic issues, including corruption typologies affecting the business sector; procurement-related corruption risks; and government and municipal oversight over businesses (including inspections); business regulations and public services delivery at the municipal level.

So far only partial funding (€332,790) has been secured from voluntary contributions covering the inception phase (October 2016 – March 2017), while the overall length of PRECOP II is projected at 36 months with an overall cost of €2,500,000.



Launching conference for PRECOP II Project, 26 October 2017, Tver, Russian Federation

5 COOPERATION UNDER THE NORWAY/EEA GRANTS

The European Economic Area (EEA) and Norway Grants entered into partnership with the Council of Europe to enhance democratic principles and promote international standards in the grant schemes. The CoE is Donor Programme Partner (DPP) and Donor Project Partner for the Norway Grants platform, which generally aims at reducing economic and social disparities and at strengthening bilateral relations among 16 EU countries in Central and Southern Europe and the Baltics. In this context, ECCD provides strategic advice as well as technical input and know-how in its areas of expertise: anti-corruption, anti-money laundering, countering terrorism financing and asset recovery.

In 2016 the ECCD provided support to program implementation in Bulgaria (BG13 - “Schengen Cooperation and Combating Cross-border and Organised Crime, Including Trafficking and Itinerant Criminal Groups”) as a DPP, and in the Czech Republic (CZ10 - Pre-defined Project “Strengthen anti-corruption and anti-money laundering systems in the Czech Republic”) as a Donor Project Partner. The ECCD was also engaged in the development of the cooperation priorities for the next cycle of Norway/EEA grants (2014-2021).

5.1 Bulgaria

The Project on Improving the Asset Recovery System in Bulgaria was aimed at enhancing the implementation and effectiveness of existing asset recovery instruments and government authorities. Despite an initial delay in the implementation, in the course of 2016 all planned project activities were finalized according to the Project Workplan.

The project undertook an assessment of the Asset Recovery legal and Institutional framework of Bulgaria and developed a comprehensive Action plan for the implementation of its recommendations. It organized a number of capacity-building activities including trainings on financial Investigations, identification and confiscation of assets in offshore accounts, as well as



Participants in the training on “Financial Investigations identification and confiscation of assets in offshore accounts” discussing with CoE expert (trainer) Lawrie Day.



Mr Plamen Georgiev (center-left), Chair of the Commission for Illegal Asset Forfeiture (CIAF) addresses the participants in a workshop

ECHR case-law related to asset recovery issues. The Project also developed a Practitioners Guide to English Legal and Administrative Terminology Relating to International Asset Recovery for the needs of the CIAF and other agencies involved in the Asset Recovery process.

5.2 Czech Republic

The project supported the efforts of the Czech authorities to undertake reform with the view of enhancing the effectiveness of national anti-corruption and anti-money laundering mechanisms.

In the course of 2016 the project assisted the Czech authorities through activities in several areas, including liability of legal persons; corruption risks in the financing of political parties and election campaigns. Activities aimed at strengthening the asset recovery regime were also carried out. The project implementation concluded in April 2016. Its areas of impact include legislative initiatives relating to political party financing, liability of legal persons, conflict of interest, the amendment to the anti-money laundering and asset recovery legislation.



*Deputy Minister of Finance of the Czech Republic, Ms Alena Schilerova addressing the participants in the **Closing Conference** of the project.*

5.3 International workshop on combating terrorism financing

The Council of Europe partnered with the Norway Grants and the Czech authorities in the organisation of a specialised workshop on “Facing New Challenges in Combating Terrorist Financing” that took place in September 2016 in Prague, Czech Republic.

The event was aimed at facilitating the exchange of experience and good practices in tackling the threat of terrorism financing in Europe. 61 experts from 31 countries, including 27 EU member states took part in discussions focusing on the challenges in implementing the EU Action Plan to strengthen the fight against terrorist financing. The Workshop centred around issues of the TF national risk assessment; TF vulnerabilities related to new payment methods; and international cooperation between Financial Intelligence Units.



Workshop on “Facing New Challenges in Combating Terrorist Financing”, 19-20 September 2016, Prague, Czech Republic

6 PIPELINE PROJECTS

6.1 Anti-money laundering/combating the financing of terrorism national risk assessment of Bulgaria (NRA-BG)

The Council of Europe will carry out a 12-month intervention to provide methodological assistance to Bulgaria in undertaking its National Risk Assessment (NRA). The NRA-BG Project will be fully funded by the Council of Europe (ordinary budget) and will utilize the National Risk Assessment Methodology, developed by the ECCD.

6.2 Controlling corruption through law enforcement and prevention in the Republic of Moldova (CLEP)

The CLEP Project aims to support the reform of the anti-corruption regulatory framework and relevant institutions in Moldova in line with European and international standards and re-enforce national and international co-operation of specialised law enforcement and prevention systems.

6.3 Romania

Following a request from the Romanian Government the ECCD carried out a comprehensive needs assessment in the area of anti-money laundering/combating the financing of terrorism (AML/CFT) of Romania. The exercise was focused on developing proposals to address shortcomings identified in the 4th round MONEYVAL Mutual Evaluation Report of Romania (2014), and in the implementation of the revised AML/CTF international standards, namely the FATF Recommendations and of the 4th EU Directive.

A scoping mission was carried out to Bucharest in May 2016 to hold consultations with the main stakeholders from the law enforcement and regulatory sectors. Subsequently a Technical Assistance Needs Assessment (TANA) Report was drafted and will be used as a basis for the preparation of technical assistance projects envisaged to start in 2017, including in the framework of the Norway/EEA Grants mechanism.

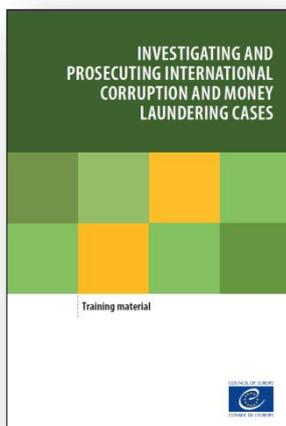
Under the 2nd Norway Grants programming cycle of 2014-2021 a project against economic crime is expected to be launched in partnership with the Council of Europe. Preliminary consultations have commenced with the expected project promoters – the General Prosecutor's Office of Romania.

6.4 PCF II

In November-December 2016 the ECCD carried out scoping visits to assess the needs of all PCF-beneficiary states in the areas of anti-corruption and anti-money laundering. The findings from these scoping visits will form the basis of CoE proposals under the second phase of the PCF facility.

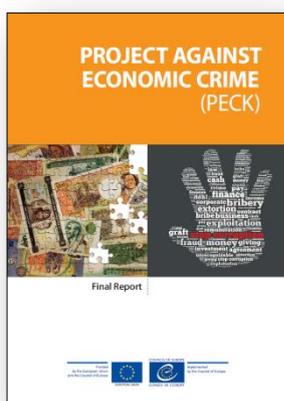
7 PUBLICATIONS AND VISIBILITY

During 2016, the Economic Crime and Cooperation Division issued three publications on selected topics in the area of its activity. The publications were issued in print and [on-line](#), in 3 different languages.



The training manual **“Investigating and prosecuting international corruption and money laundering cases”** contains both a theoretical component on international instruments to be used in investigating cross-border cases, and a practical case file with materials to be used in a mock investigation. It serves as a basis for hands-on trainings for law enforcement officials and prosecutors, particularly those engaged in international investigations involving the need to use mutual legal assistance channels. The Manual has been published in both English and Russian.

A training manual **“Investigation and Prosecution of Corruption Cases Identified through Audit Reports”** was published in Serbian following the completion of the PACS-Serbia project. It is founded on in-depth research and typological studies conducted by the PACS project and the Serbian authorities on the use of audit report findings in economic crime investigations.



The **Final Report of the Project against Economic Crime (PECK-Kosovo)** was published in English with a detailed account of the activities undertaken and lessons learned, in particular from the assessment exercises using GRECO and MONEYVAL methodologies.

The visibility of Council of Europe action was ensured constantly through combined means of web publications, visual materials and media outreach.

Web publications covered all activities and were made available on the [ECCD website](#), the dedicated project websites and on partner institution websites. The key activities were equally reported on the [DGI website](#) and social media and on CoE field offices websites. A constant effort was made to provide the information in the languages most accessible to beneficiaries.

Table1. ECCD statistical indicators 2016

Projects	Number of Activities	Participants		Gender ratio	Impact statistics		
		AC	AML/C FT		Legislative process	Policy reform/ strategy	GRECO/M ONEYVAL
PCF-Regional	17	133		M: 72% F: 27%	6	-	2
PCF-Azerbaijan	5	179	76	M:84% F:16%	-	1	1
PCF-Belarus	4	54	27	M: 72% F:28%	-	-	1
PCF-Georgia	12		150	M: 70% F:30%	3	1	7
PCF-Ukraine	14	429		M: 67% F: 33%	5	-	4
HF-Albania		135	17	M: 59% F 40%	1	-	-
HF-FYROM		6	44	M: 52% F 48%	-	-	-
HF-Montenegro		110	95	M 45% F55%	-	-	-
SNAC 2- Morocco	7	98	9	M:85% F:15%	2	2	N/A
SNAC 2-Tunisia	6	85	1	M:55% F:45%	1	4	N/A
SNAC 2-Jordan	8	130	20	M:68% F:32%	1	2	N/A
SNAC 2 - PNA	1	16		M:69% F:31%	-	-	N/A
SNAC 2- Regional	2	40		M: 70% F:30%	N/A	N/A	N/A
PRECOP 2-Russia	7	169		M:62% F:38%	-	-	-
PECK II-Kosovo*	20	721	12	M:63% F:37%	4	1	N/A
Norway Grants (general)	1		57	M:61%, F:39%	-	-	-
NG-Bulgaria		312		M: 52% F:48%	-	-	-
NG-Czech Republic		232		M:55% F: 45%	-	-	1
SPCC-Kyrgyzstan	1	12		M: 83% F: 17%	-	-	N/A
Ordinary Budget	3	144	39	M: 50% F: 50%	-	-	-
Total	110	3005	555	M:65% F: 35%	23	11	16

Table2. Year-on-year evolution of ECCD statistical indicators

Key Indicators	2013	2014	2015	2016
Activities	133	88	132	110
Beneficiaries	3110	3058	4171	3560
Gender ratio	M:58% F:42%	M:69% F:31%	M:64% F:36%	M:65% F: 35%

Table 3. Technical assistance activities (2012-2016)

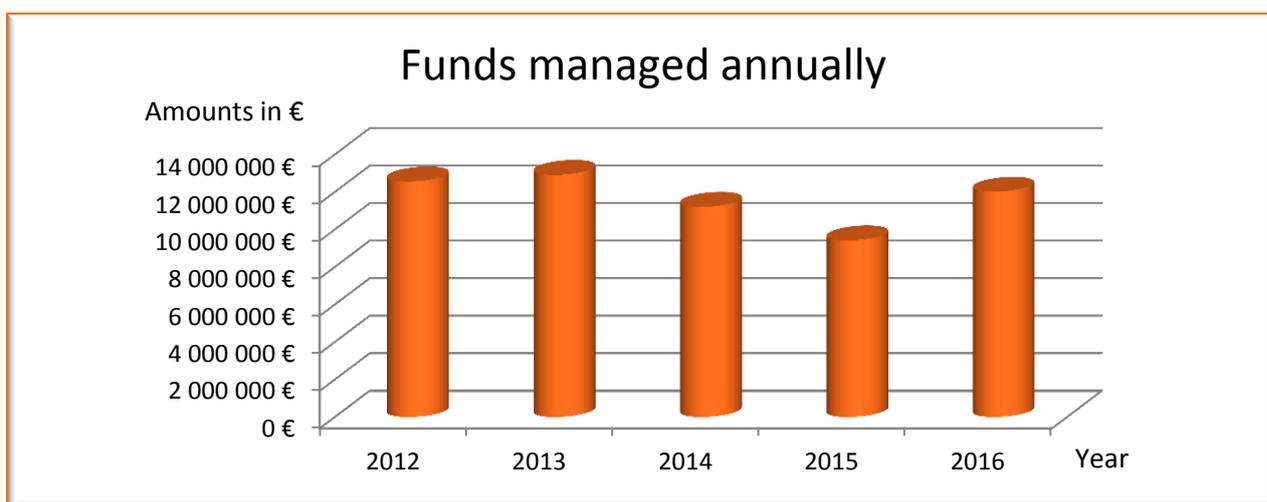
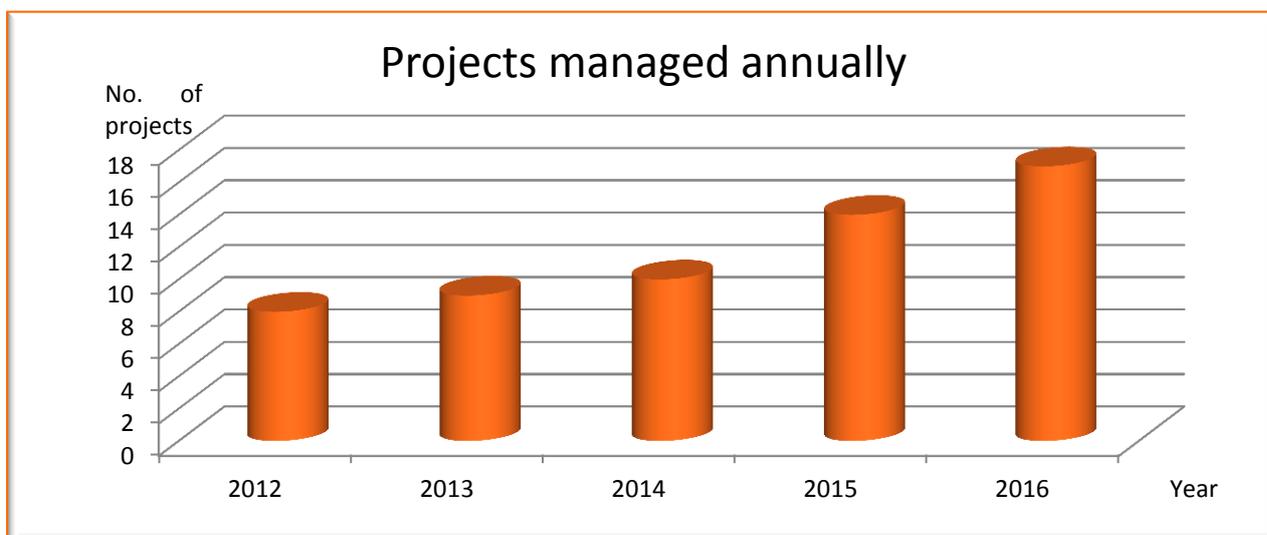
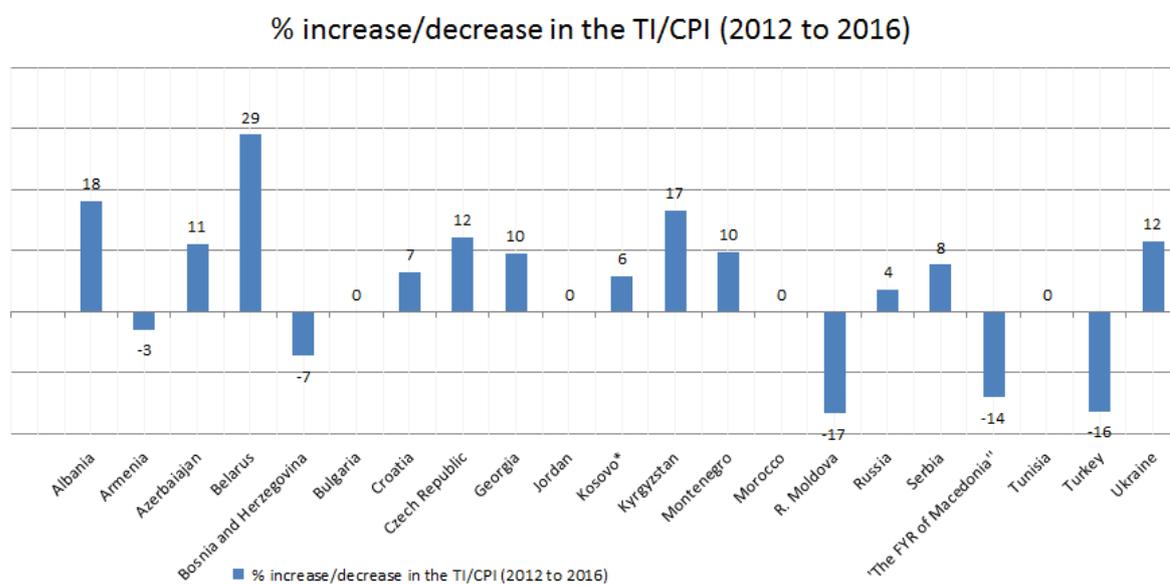


Table 4. Percentage of Increase/ decrease in the TI/CPI charts (2012-2016)



ECCD 2016

The Action against Corruption and Economic Crime is responsible for the Council of Europe's cooperation and assistance related activities and reforms concerning: good governance, corruption, ethics, conflict of interests, money laundering, asset recovery, terrorist financing, organised crime and mutual legal assistance in criminal matters as well as all related criminal law and judicial reforms pertaining to such areas. The Economic Crime and Cooperation Division's activities comprise a wide variety of intervention tools, methodologies and guidance on implementation of standards and recommendations by involving in house knowledge and expertise and utilising a broad Council of Europe expert database.

www.coe.int/corruption



www.coe.int

The Council of Europe is the continent's leading human rights organisation. It comprises 47 member states, 28 of which are members of the European Union. All Council of Europe member states have signed up to the European Convention on Human Rights, a treaty designed to protect human rights, democracy and the rule of law. The European Court of Human Rights oversees the implementation of the Convention in the member states.