



European Commission

Description of the Action

Name of applicant:	The Council of Europe	
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Location of the action:	Belgrade, Serbia	
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1 PROJECT SUMMARY

Project title	Project against Money Laundering and Terrorist Financing in Serbia (MOLI-Serbia)
Duration	36 months
Budget and funding	Euro 2.2 million (European Union Euro 2 million (IPA 2010), Council of Europe 0.2 million) In addition: Purchase of complementary hardware amounting to Euro 65,000 by the Government of Serbia
Objectives of the action	Overall objective To contribute to democracy and the rule of law through the prevention and control of money laundering and terrorist and other forms of economic and financial crime in Serbia in accordance with European and other international standards Purpose To enhance the capacities of the anti- money laundering and counter-terrorist financing system in Serbia in terms of legislation, skills and operational capacities
Expected results	Result 1 - Legislative proposals available to make Serbian legislation compliant with the applicable European and international standards Result 2 - Increased public support to efforts to prevent and control economic crime Result 3 - Capacities of the APML to carry out its inline with the AML/CTF legislation and Moneyval recommendations is increased Result 4 - Capacity of law enforcement agencies, relevant service of the MOF and judiciary to detect, investigate, prosecute and adjudicate in the money-laundering, terrorist financing and economic crime cases (including tracing criminal money on the internet) is increased Result 5 - The capacity of regulators, supervisors and obliged institutions to fulfil their obligations under the AML/CTF legislation, to implement the Moneyval recommendations and take measures based on risk analyse is increased Result 6 - Mechanisms and procedures reinforced for interagency cooperation and information exchange within the relevant bodies of the AML/CTF system in Serbia, including between public and private sector Result 7 - Technical infrastructure improved to collect, analyse and exchange information necessary to prevent and control money laundering, terrorist financing and predicate financial crimes
Main counterpart institution	Administration for the Prevention of Money Laundering of Serbia (APML)
Implementation	Council of Europe (Economic Crime Division, DGHL)

2 BACKGROUND

2.1 Situation in the sector

Economic and organized crime continues to be a serious threat for the national economy of Serbia and to the development of democracy and the rule of law. These criminal gangs are involved in a range of activities that cost the State of Serbia substantial revenues annually. According to the Directorate for the Prevention of Money Laundering organised criminal gangs are active in securities fraud, false use of non-existing front offices and offshore company transactions. Money laundering alone costs the Serbian economy between 3%-5% of GDP every year, the majority of cases being linked to real estate investments.

Organised criminal activity is not limited to the territory of the Republic of Serbia but involves collaboration with criminal groups from Serbia's neighbouring countries and beyond (e.g. Russia). "However, estimates on the number of organised crime groups and cases in South-eastern Europe remain difficult because of partly lacking or inconsistent data collection, statistics or reporting systems. In general, it seems that the most influential organised crime groups are ethnically composed, with very strong connections in the region and in some cases in EU countries. However, exclusive ethnicity became less meaningful, even Serbian organised crime groups have created close relationship with Turkish, Macedonian, Serbian and other organised crime groups. Many organised crime groups are reportedly characterised as "fluid", "flattening", "cell-structured", and "networking-like"."

According to the recent MONEVAL report¹ "As regards the money laundering situation, the Serbian authorities advised that the most significant forms of organised crime are trafficking in human beings, smuggling of narcotic drugs and of weapons, vehicle theft as an organised criminal activity and that proceeds are in general reinvested in the purchase of business companies (privatised ones), real estate, luxurious cars and are also used for lending money with high interest rates. Economic crimes are characterised by serious and complex criminal acts, particularly in banking operations, external trade and in the privatisation process. The most widespread form of economic crime is various forms of the abuse of office in all sphere of economic operations. There has been no study on methods, techniques and trends regarding ML or TF, however, the authorities indicated that most of laundered proceeds in ML cases originate from tax evasion. Profits deriving from business activities are usually transferred from firms through fictitious domestic, foreign or offshore companies by using fictitious invoices where service or transfer of goods have never been carried out. Then the money is returned to Serbia in cash, where the legalization takes place. Fraudulent activities, unlawful privatisation and different activities of corruption can be also linked to situations of money laundering.

Concerning terrorist financing, there have been no criminal reports filed regarding FT according to the statistics provided and there are no confirmed cases of terrorist financing in Serbia to date."

With information and communication technologies playing an increasingly important role in Serbia as elsewhere, societies are vulnerable to cybercrime. Cybercrime is increasingly targeted at generating economic proceeds involving different types of fraud and economic crime (such as phishing and other forms of identity theft, credit card fraud, auction fraud, internet marketing

¹ Third Round Detailed Assessment Report on Serbia, As adopted by the MONEYVAL Committee at its 31st Plenary Session (Strasbourg, 7-11 December 2009) - MONEYVAL (2009) 29:
[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)

and retail fraud, online gambling, lottery fraud, intellectual property and related offences, stock market manipulation, advance fee fraud, extortion, espionage, insider trading and many others) through illegal access, data interception, data and system interference with the help of malware, including botnets and spam.

All these crimes are highly transnational in nature. In addition, the internet and information and communication technologies facilitate money laundering and the financing of terrorism. A wide range of stakeholders are involved in measures against such forms of crime not only from the public sector but in particular the private sector. However, efforts remain fragmented. Initiatives against fraud on the internet are not necessarily linked to the activities carried out by financial intelligence units or law enforcement authorities responsible for financial investigations. It is therefore necessary to ensure inter-agency as well as public-private cooperation in the investigation of criminal money flows in the internet and to strengthen capacities to follow money on the internet.

The final report of PACO Serbia identified a number of specific issues which should be addressed in the control of money laundering and financing terrorism. These include "the practical application of the AML/CTF law (when it is adopted), implementation of the AML National Strategy, provision of further training and further IT improvements". This project will build on what has been achieved through PACO Serbia and the recommendations specified in its final report. As an outcome, four out of seven expected results² of the present MOLI Project were designed in accordance with these recommendations. These are:

- strengthening the implementation of the AML/CTF law and preparation of sub-laws and guidelines;
- preparation of manuals on the strengthening of the co-operation of all institutions involved in the prevention of the AML/CTF;
- further AML/CTF training; and
- review of the usage of the IT system and improvement of the technical infrastructure. These specific objectives which will be addressed by the project correspond with measures of the Action Plan on the implementation of the National Strategy on AML/CFT³ and its overall process of implementation.

A more detailed description of country situation with regard to individual types of economic crimes (predicate offences) is included in "Update of the 2006 Situation Report on Organised and Economic Crime in South-eastern Europe", CARPO Regional Project, p.62-63 4.

As regards Serbia's compliance with international standards, the 2009 MONEYVAL Report rates Serbia as compliant with 1 of 40+9 FATF Recommendations, largely compliant with 21, partially compliant with 21 and non-compliant with 5 (1 recommendation does not apply to Serbia). Areas of partial compliance include: confiscation and provisional measures⁵; customer due diligence; correspondent banking; unusual transactions; protection from criminal liability and no tipping-off; internal controls, compliance and audit; sanctions, regulation, supervision and monitoring; guidelines and feedback; law enforcement authorities; resources, integrity and training; statistics; legal persons – beneficial owners; mutual legal assistance, including on

² Pls see section 3 'Interventions', page 25 of this document

³http://www.apml.org.rs/index.php?option=com_remository&Itemid=10&func=startdown&id=111&lang=en

⁴http://www.coe.int/t/dghl/cooperation/economiccrime/organisedcrime/projects/CARPO/Pctc_2005_9%20Eng1%20Situation%20Report.pdf

⁵ This issue is addressed by the IPA 2009 Criminal Assets Recovery Project which started in April 2010 and will last until March 2013.

confiscation and freezing; other forms of co-operation; implementation of UN instruments on terrorist financing; criminalisation of terrorist financing; AML requirements for money/value transfer services; wire transfer rules and cross border declaration and disclosure. Areas of non-compliance refer to: non-profit organizations; freezing and confiscation of terrorist assets and Designated Non-Financial Businesses and Professions, including regulation, supervision and monitoring thereof.

2.2 Government/sector policy

The fight against organised crime was seen as an absolute priority from the very beginning of the democratic reform process in Serbia. A Special Unit for the Fight against Corruption and Organised Crime was formed back in 2000. It mapped out organised criminal groups as well as the persons responsible for mainly politically motivated assassinations linked to organised crime and state security prior to October 2000. A new organisational unit, the Organised Crime Directorate (OCD) was formed in 2001, the only operational unit reporting directly to the political/ministerial level. In 2005, the OCD was put under the umbrella of the police service and renamed to the Organised Crime Service (OCS). One of the aims of such restructuring was de-politicization by putting all police units within the police service out of direct political control. OCS has achieved some impressive results, but requires further tools to tackle the problem of organised crime. Targeting and seizing the proceeds from crime has been a successful weapon in the fight against organised crime and corruption in the EU. Recognising the severe damage that organised crime is inflicting on the Serbian economy, much effort has been invested by the Serbian authorities in developing the necessary regulatory framework.

In recent years the authorities of the Republic of Serbia intensified their efforts to improve capacities to fight economic crime in general, including money laundering, terrorist financing and cybercrime. Progress has been achieved in developing the institutional capacity of the Ministry of Finance and the judiciary through the Project against Economic Crime in the Republic of Serbia (PACO Serbia) which was funded by the EAR and implemented by the Council of Europe in 2006 – 2008. Indeed, the Communication from the Commission to the Council and the European Parliament on Enlargement Strategy and Main Challenges 2008-2009⁶ of 5 November 2008 states that “the legal framework and cooperation between banks and financial institutions on money laundering, have improved.”

The following laws (the drafts of which had been prepared with the assistance of PACO Serbia Project) have been adopted in 2008 and 2009:

- Law on Managing Seized Assets
- Law on Agency for the Prevention of the Corruption
- Amendments to the Law on Organisation and Authorities of the State Bodies in Combating Organised Crime
- Law on Liability of Legal Persons
- Law on the Ratification of the Cybercrime Convention and its Additional Protocol
- Law on Prevention of Money Laundering and Terrorism Financing.

The Law on Prevention of Money Laundering and Terrorism Financing which entered into force on 27 March 2009 and repealing the 2005 Law on the prevention of money laundering is of particular importance to this project as it designs the current institutional framework and will be the basis for further legislative actions. Further amendments to this law are being drafted to

⁶http://www.europa.org.yu/upload/documents/key_documents/2008/strategy_paper_incl_country_conclu_en%202008.pdf

take on board the December 2009 recommendations by the Moneyval. The project will assist this process through its Result 1.

In September 2008 the government of Serbia adopted the National Strategy for the Prevention of Money Laundering and Financing of Terrorism⁷, which was drafted with the assistance of the PACO Serbia project and which provides for political guidance in the further development of the AML/CTF system.

A Standing Coordination Group for the Monitoring of Implementation of the National Strategy against Money Laundering and Terrorism Financing was established by decision of the Government in April 2009. It is composed of 22 members representing the whole spectrum of actors in the national AML/CTF system. It is chaired by the State Secretary in the Ministry of Finance

Finally a 2009-2013 Action Plan for the implementation of the National Strategy was adopted by the government in April 2009 specifying the detailed tasks of relevant ministries and regulators. The proposed actions of the project will be directly linked with the priorities as foreseen by this Action Plan. In that regard, the Action Plan will be used as guidance document for the preparation of detailed workplans⁸ of this project.

Moreover, EC 2009 Progress Report on Serbia⁹ recommends significant further action to be taken:

“There has been some progress on fighting money-laundering. The Law on the Prevention of and Fight against Money-Laundering and Terrorist Financing was adopted in March 2009, with further amendments in August 2009. The Financial Intelligence Unit has stepped up its efforts to raise awareness on reporting of suspicious transactions amongst reporting entities. However, a new action plan has not yet been adopted. Reports on suspicious transactions are mostly limited to the banking sector. The number of investigations and convictions in money laundering cases remained low. The expertise and capacity of the criminal investigators, public prosecutors and judges still need to be improved. There are considerable challenges in the areas of privatisation and real estate and financial market transactions. Overall, Serbia has started to address its priorities in the area of fighting money laundering. Money-laundering continues to be a serious cause for concern.”

This statement follows-up on what was reported in 2008 and namely that “Criminal investigations in money laundering cases have had very limited success. Police and prosecution service lack the capacities and expertise to follow up properly reports issued by the Financial Intelligence Unit concerning suspicious transactions. This results in a low number of final convictions in such cases. Proper management of seized assets is still not assured. Legal entities do not fully comply with their reporting obligations and enforcement remains insufficient. Further efforts are needed in order to better control the high number of cash transactions.”

The Communication from the Commission to the Council and the European Parliament on Enlargement Strategy and Main Challenges 2008-2009¹⁰ of 5 November 2008 also states that

⁷ http://www.apml.org.rs/index.php?option=com_remository&Itemid=10&func=fileinfo&id=108&lang=en

⁸ Workplans are to be developed in the Inception phase and included in the Inception Report

⁹ http://ec.europa.eu/enlargement/pdf/key_documents/2009/sr_rapport_2009_en.pdf

¹⁰

http://www.europa.org.yu/upload/documents/key_documents/2008/strategy_paper_incl_country_conclu_en%202008.pdf

“enforcement capacity to confiscate assets remains low. Investigation resources, inter-agency cooperation and enforcement capacity need to be further improved.”

The lack of political stability (two Parliamentary elections in January 2007 and May 2008) has been a major obstacle to the capacity building effort and in particular to the legislative process. Equally, progress is hindered by the high number of key stakeholders in the process and the lack of co-operation between them. Development, adoption and formalisation of procedures (through signing of the MoUs) for information sharing between agencies will be an important part of this project.

2.3 International policy considerations

The European Partnership 2009 as a short-term priority of the Republic of Serbia in chapter Fight against organised crime and terrorism, states the following: “Adopt outstanding legislation, develop the capacity to seize assets, implement a national strategy against organised crime and strengthen criminal intelligence.”

The Stabilisation and Association Agreement Article 80 underlines the importance of consolidating the rule of law and the reinforcement of institutions at all levels in the areas of administration in general and law enforcement and the administration of justice in particular. Article 84 addresses Money laundering and the financing of terrorism) providing the following concrete measures:

- “1. The Parties shall cooperate in order to prevent the use of their financial systems and relevant non-financial sectors for laundering of proceeds from criminal activities in general and drug offences in particular, as well as for the purpose of financing terrorism.
2. Cooperation in this area may include administrative and technical assistance with the purpose of developing the implementation of regulations and efficient functioning of the suitable standards and mechanisms to combat money laundering and financing of terrorism equivalent to those adopted by the Community and international fora in this field, in particular the Financial Action Task Force (FATF).”

The Multi-annual Indicative Planning Document (MIPD) for 2008-2010 underscores the importance of strengthening cooperation and exchange of information between state bodies to combat organized crime, corruption, money laundering and seizure of proceeds of criminal acts, misdemeanour and corporate crime (2.2.1.1 paragraph 6. page 15 MIPD 2008-2010).

The National Anti-Corruption Strategy and its Implementation Action Plan (adopted by the National Assembly on 8 December 2005) under chapter 2: Judiciary and Police System identifies which recommends the mandatory confiscation of benefits deriving from corruption and the formation of a separate organisational unit for managing temporarily seized, frozen and confiscated assets;”

The National Judicial Reform Strategy was adopted by Serbian National Assembly in May 2006. Its basic objective is to restore public trust in the judicial system of the Republic of Serbia by establishing the rule of law and legal certainty. The Strategy relies on four key principles: judicial independence, transparency, accountability and efficiency.

2.4 Beneficiaries and parties: role, problems to be addressed and actions to be taken by the project

2.4.1 Administration for the Prevention of Money Laundering (APML)

Role:

The Administration for the Prevention of Money Laundering (APML) is the financial intelligence unit (FIU) of the Republic of Serbia and the lead agency responsible for AML/CFT issues. It is an administrative body within the Ministry of Finance and it assumes all three core-FIU functions (reception, analysis and dissemination). It has been a member of the Egmont Group since 2003. The APML currently has 25 staff (including one director). Following MONEYVAL recommendations, the APML undertakes efforts to increase the number of staff.

According to the AML/CFT Law the APML play important role in the detection of ML and FT, international co-operation and in the prevention of ML and FT.

With regard to the detection of ML and FT, the APML can: request data from obligors and lawyers when it assesses that there are reasons to suspect ML or FT in certain transactions or persons ; request data from competent State bodies and public authority holders ; issue written orders to obligors to temporarily suspend transactions when there are reasonable grounds to suspect ML or FT with respect to a person or transaction or to oblige obligors to monitor transactions and business operations; disseminate data to competent bodies; provide feedback to obligors, lawyers and state bodies; co-operate internationally;

Its role in the prevention of ML and FT, includes the following elements: supervision of the implementation of the provisions of this Law and take actions and measures within its competence in order to remove observed irregularities; submission of recommendations to the Minister for amending this Law and other regulations governing the prevention and detection of money laundering and terrorism financing; participation in the development of the list of indicators for the identification of transactions and persons with respect to which there are reasons for suspicion of money laundering or terrorism financing; drafting laws and by-laws and giving opinions on the application of the AML/CTF Law and regulations adopted based on this Law; drafting and issuing recommendations for a uniform application of the AML/CTF regulations throughout the system; planning and implementing training of APML's employees and cooperation in matters of professional education, training and improvement of employees with obligors and lawyers; initiating procedures to conclude cooperation agreements with the State bodies, competent bodies of foreign countries and international organisations; participation in international cooperation in the area of detection and prevention of money laundering and terrorism financing; publishing relevant statistical data; informing the public on the AML/CTF issues.

The traditional tasks of the FIU (receiving, analysing and disseminating STRs) are performed efficiently by the APML, which receives an increasing number of disclosures from reporting entities and has timely access to financial, administrative and law enforcement information as well as additional information from reporting entities. It is to be noted that the reporting obligation with regard to terrorist financing only came into the remit of the FIU as of March 2009.

The APML submits a yearly progress report to the Government, which may be made available to the public only upon request. Such reports don't include information on current ML/FT

techniques, methods, and trends (typologies), or sanitized examples of actual money laundering cases.

The APML has at its disposal an important amount of financial information, which is likely to increase once the implementation of the AML/CFT law by reporting entities is fully operational. Also, the AML/CFT Law sets out an important number of additional tasks which are likely to impact and overload the daily operation of the APML.

2.4.2 Other services of the Ministry of Finance

2.4.2.1 Foreign Exchange Inspectorate

Role:

Foreign Exchange Inspectorate, an administrative body within the Ministry of Finance, was created by the Law on Foreign Exchange Operations (Official Gazette of the Republic of Serbia, No. 62/06).

According to that law monitors the implementation of regulations related with foreign trade of goods and services and engages in activities abroad concerning foreign exchange and foreign trade operations.

According to Draft Law Amending the Law on Foreign Exchange Operations, Foreign Exchange Inspectorate will be component to license and to supervise bureaux de change as well as to license entrepreneurs and legal persons that deal with provision of money transfer services.

According The AML/CFT Low, Foreign Exchange Inspectorate supervises the implementation of AML/CFT Law by the following obligors: entrepreneurs and legal persons that deal with factoring and forfeiting and provision of money transfer services.

2.4.2.2 Customs

Role:

The Customs Administration is an administrative body within the Ministry of Finance and assumes the typical customs functions. With regard to the AML/CTF it has both preventive and repressive functions with regard to cross border flows of valuable and in particular cash. Cross-border cash flows, even if their levels slightly decreased in the recent years, remain important and are part of ML typologies quite widespread in the region. Within its Internal Control Department, the Customs Administration established a Team against terrorism, organised crime and money laundering. This team has primarily a coordinative role and works with other state bodies, including by sharing operative data and conducting checks in certain cases when requested by other bodies. The Customs service is authorized to conduct foreign currency controls in the international passenger traffic. Where it identifies an infringement of foreign currency regulations it makes a report on the perpetrated foreign currency offence. If the Customs service officers obtain indications, during the customs procedure or when they apply the measures of customs supervision and inspection, that a legal person committed a foreign currency offence they will report it to the Foreign Currency Inspectorate. The Foreign Currency Inspectorate will decide on any further action concerning such a report.

2.4.2.3 Tax administration

Role:

"The Tax Administration is an administrative body within the Ministry of Finance. In 2003, the Tax Police Sector was established with competences to detect tax criminal offences and their perpetrators. This sector has about 220 employees, and it is managed by the chief inspector who is appointed by the Government at the proposal of the minister of finance. The Tax Police Sector consists of two departments at the level of the Republic, located at the sector's head office (Department for the coordination of tasks concerning tax crime identification and Department for analysis and IT), and four regional departments (Belgrade, Novi Sad, Kragujevac, and Niš), which are subdivided into 26 operative sections. Tax Administration is also the AML/CTF supervisor for accountants. Tax Police competencies are laid down in the Law on the Taxation Procedure and Administration. The Tax Police acts as an internal affairs body during the pre-trial procedure and has powers to apply, in accordance with law, all the investigative actions except for the restriction of movement. The Tax Police also applies the provisions of the Criminal Procedure Code governing the pre-trial procedure"¹¹. The Tax Police has 220 staff.

2.4.2.4 The Administration for Games of Chance

Role:

The Law on Games of Chance¹² entered into force on 25 July 2004. This law sets up The Administration for Games of Chance (AGC), is an administrative body within the Ministry of Finance, whose responsibility is to administer the games of chance sector. It was created under the Law on Games of Chance of 2004 and became operational on 1 January 2005.

2.4.3 Law enforcement and criminal justice bodies

These agencies will be discussed together first as they share a great deal of the identified problems and will benefit from similar training. One of the major challenges for this project will be to ensure effective communication, co-operation and understanding among these bodies as well as appropriate level of specifically tailored training.

The major issue which is apparent from the statistics is that the number of standalone convictions for money laundering is rather low. The 2009 Moneyval report notes certain improvement compared to previous periods: "Between 2007-2008, 5 convictions were successfully achieved and 2 final judgments were confirmed by the Supreme Court. All judgments relate to concealing of cash proceeds derived from tax evasion, legalised through use of false invoices, fictitious legal transactions, and sometimes use of fictitious companies. Perpetrators were convicted for committing abuse of office (article 359 CC) in concurrence with money laundering. The sentence applied specifically for money laundering in all cases amounted to one year imprisonment, however the consolidated sentence was higher (according to the judgments received, for instance to 2 years and 6 months in one case and to five years and six months in another case). In all cases the perpetrators were also deprived of the pecuniary benefit obtained and proceeds were confiscated. The number of yearly initiated criminal money laundering report sent to court has doubled in 2007 and remained constant in 2008 while the

¹¹ ibidem

¹² Official Gazette of RS No. 84/04 and 85/05.

number of cases in which charges were brought has clearly increased¹³.” However the COE was informed that the number of cases where the money laundering article could and should have been used is much higher, but prosecutors prefer to prosecute for other “more traditional” crimes such as abuse of office rather than (or in concurrence with) money laundering. This has been reported as being partly due to the police and or prosecutors having no experience with investigating/prosecuting money laundering and partly to their belief that their superiors or judges might have insufficient understanding of AML/CTF to approve charges or adjudicate.

This mental factor will be addressed by the awareness raising activities and, more importantly, the training component of the project. A number of training activities will include the police, prosecutors and judges together to make sure they receive the same knowledge and to facilitate their exchange of experience.

The situation is further aggravated by certain legal issues. For example until September 2009 the ML offence did not include self laundering which significantly limited the scope for ML prosecution. There was also a period of 10 days in 2005 where ML was not criminalised at all due to the lack of synchronisation of the dates of entry into force of the new Criminal Code and the dates when the legislation of the Federal Republic of Yugoslavia stopped to apply. Therefore the ML article cannot be applied to any kind of criminal activity that encompassed that period.

The project will therefore support the authorities in the implementation of the MONEYVAL Recommended workplan to improve the AML/CTF System with regard to the FATF Recommendations 27 and 28¹⁴ (9 actions recommended, 8 of which are within the scope of this project) and Recommendations 30 and 32.

2.4.3.1 Public Prosecutors

Role:

The Public Prosecutor’s Office is an independent state body whose jurisdiction is governed by the Constitution of the Republic of Serbia and the Law on Public Prosecutor’s Office. In the Republic of Serbia, there are the State Public Prosecutor’s Office, 30 District Prosecutors’ Offices, and 109 Municipal Public Prosecutors’ Offices. A Special Department of the District Prosecutor’s Office in Belgrade for the Suppression of Organised Crime (hereinafter: the Special Prosecutor’s Office) is competent to act in cases of organised crime in the Republic of Serbia and is also a focal point for ML. According to the Criminal Procedure Code, public prosecutors are involved in all stages of criminal investigation, collecting evidence and indictment therefore their role in ensuring effective investigation and prosecution of ML and FT cannot be overestimated.

2.4.3.2 Judges

Role:

Article 142 of the Republic of Serbia Constitution states that the courts in the Republic of Serbia are autonomous and independent and that they adjudicate in cases based on the Constitution, laws and other general acts where required by the law, as well as based on generally accepted rules of the international law and ratified international agreements. The judicial power is exercised through the courts of general and special jurisdiction whose establishment, organisation, jurisdiction, arrangements and composition are determined in the law. The highest

¹³ MONEYVAL (2009) 29

¹⁴ Moneyval (2009)29

instance court in the Republic of Serbia is the Supreme Cassation Court. Currently, there are 187 courts of general and special jurisdiction. Most of the cases are dealt with in a number of courts located in larger cities.

Through their judgements judges play a decisive role in ensuring the overall efficiency of the system of combating economic and organised crime including money laundering and terrorist financing. Their contribution to discussions about practical implementation issues and possible legislative changes is also difficult to overestimate.

2.4.3.3 Police

Role:

Police, being part of the Ministry of Interior, is responsible – within the scope of the interest of this project - for the investigation of crimes. Investigating of money laundering falls within the remit of the Criminal Investigation Department (at headquarters level and within the 27 regional police directorates). Within this Department, a significant role is performed by the Service against Organised Crime. ML and FT when having elements of organised crime, fall within the remit of the Section for combating money laundering which is part of the Department for combating organised financial crime of the Service. This Section has 9 posts allocated, while at the time of the on-site visit, only 6 were occupied. Each of the 27 regional police units includes a specialised section for financial crime suppression. These have been allocated 851 work places, out of which 595 work places were filled.

Financial Investigation Unit has been recently established within the Ministry of Interior pursuant to the Law on Seizure and Confiscation of the Proceeds from Crime and will be in charge of financial investigations.

2.4.4 Judicial Academy (formerly the Judicial Training Centre) and Police Academy

Role:

The Judicial Academy (created in 2010 by the Law on Judicial Academy and functionally replacing the Judicial Training Centre) is an organisation offering training and professional improvement programs for judges, prosecutors and other employees in the Republic of Serbia judiciary. The founders of the Judicial Academy are the Ministry of Justice and the Judges' Association of Serbia and its establishment was strongly supported by the Council of Europe.

The JA will be a logical partner of the project in the development of AML/CTF curricula and in the provision of professional training .

In keeping with the contemporary training requirements and needs, the Government of the Republic of Serbia adopted a decision on 27 July 2006 establishing the Criminal Police Academy (CPA) as an independent higher education (university-level) establishment, with the aim of implementing academic and professional study curricula at all levels for the purposes of police education, as well as other forms of training and professional improvement which is relevant for criminal-police and security professions. The Criminal Police Academy was created as a result of a merger between the High School of Internal Affairs and the Police Academy being their legal successor.

2.4.5 National Bank of Serbia

Role:

The National Bank of Serbia is the central bank of Serbia and its competencies are laid down in the Constitution and the Law on the National Bank of Serbia. It is an independent and autonomous institution. Its main objective is to maintain financial stability. It is also the regulator and supervisor of the big part of the financial market of Serbia as in addition to the banking sector it also regulates, licenses and supervises voluntary pension funds; financial leasing providers; exchange bureaus; insurance companies, insurance brokerage companies, insurance agency companies and insurance agents with a license to perform life insurance business. It also controls the solvency and legality of operations of banks and other financial organizations and is responsible for improving the functioning of payment operations and the financial system.

2.4.6 The Securities Commission

Role:

The Securities Commission is an independent and autonomous organisation having its competences are defined in the Law on Securities and Other Financial Instruments, Law on Investment Funds, Law on the Prevention of Money Laundering and other laws. The Commission, among other tasks, is responsible for :licensing broker-dealer companies; companies for the management of investment funds and investment funds; monitoring of the operation of broker-dealer companies, stock-markets, investment funds management companies as well as the Central register of securities, licensed banks, custody banks, securities issuers, investors and other persons with respect to their business conducted in the securities market, etc; and monitoring of the implementation of the Law on the Prevention of Money Laundering by broker-dealer companies, custody banks, stock markets and investment funds management companies.

2.4.7 Association of Serbian Banks

This association gathers all banks in the Republic of Serbia¹⁵. In January 2005, the Association of Banks of Serbia set up a working group for compliance, which was transformed into a Committee for the banking operations compliance. The Association of Banks of Serbia holds professional training for its members.

2.4.8 Association of Accountants and Auditors of Serbia

This is a professional organisation of accountants and auditors in the Republic of Serbia gathering several thousand members.

2.4.9 Bar Association

The Bar Association¹⁶ consists of 8 regional bar associations (with the one in Belgrade being the largest), incorporating around 7000 professionals and 16 law firms (as of August 2009).

¹⁵ <http://www.ubs-asb.com/e/News.htm>

¹⁶ <http://www.advokatska-komora.co.yu/index-e.htm>

2.4.10 Other institutions

Other agencies that have a role to play in the AML/CTF system include in particular the other regulators and supervisors of DNFBP (Bar Association for lawyers, Ministry of Trade and Services for real estate agents) and professional organisations (Association of Accountants and Auditors of Serbia and Association of Serbian Banks) which may be the project's partners in the organisation of training events and implementation of the Moneyval (2009) 29 recommendations with regard to those professions.

2.4.11 Journalists and NGOs

They will play an important role in raising the economic crime and money laundering awareness among the politicians and general public. They will benefit from specialised training to be better able to play that role. Activities addressed to them will be concerted with those of the Criminal Assets Recovery Project.

2.5 Problems to be addressed

2.5.1 Need 1 Harmonised and effective legislation

For effective actions and measures in preventing and suppressing money laundering and terrorist financing it is essential that appropriate substantive and procedural legislation are in place.

Such legislation should be harmonised with relevant international standards and should take into account the relevant MONEYVAL recommendations concerning certain deficiencies identified by the Moneyval (2009) 29 report.

In particular the Project will support the FIU, the relevant ministries and the law enforcement institutions in their legislative effort to address, *inter alia*, the following Moneyval recommendations:

- Recommendations 1 and 2 related to the criminalisation of money laundering and terrorist financing;
- Recommendations 27 and 28 concerning the legal framework on the roles, jurisdictions and cooperation of the law enforcement agencies, prosecution and other competent authorities;
- Recommendations 5, 6, 7 and 8 concerning customer due diligence;
- Recommendation 10 and Special Recommendation VII concerning record keeping and wire transfer rules;
- Recommendation 14 concerning suspicious transaction reports and other reporting;
- Recommendation 15 concerning internal controls, compliance, audit and foreign branches; and
- Recommendations 23, 17 and 29 concerning the supervisory and oversight system.

The project proposed actions will also follow other priorities as identified by the Serbian authorities and will fully correspond to the 2009-2013 National Action Plan objective to '*continually assess the extant legislative framework and its flexibility, initiate amending procedures of the existing legislation, as well as adopt new legislation to cover new and emerging money laundering and terrorism financing manifestations*'. More precisely this priority is further elaborated in concrete measures and these are:

- further improvements of the Mutual legal aid legislation in accordance with the Warsaw Convention and International Convention on the Suppression of the Financing of Terrorism;
- drafting of the Law on Payment Operations to comply with the FATF Special Recommendation VII (electronic transfers) and EU Directive concerning the documentation that accompanies electronic transfers;
- drafting of a new Law on Financial Leasing and Law Amending the Law on Insurance;
- amend the Law on Registration of Business Entities and the Law on Tax Procedure and Tax Administration;

2.5.2 Need 2 Awareness raising on prevention and control of the economic crime

One of the crucial aspects in fighting economic crime and its consequences in society should be achieved through comprehensive public awareness and public support in preventing and combating this phenomenon. The project will specifically aim at enhancing the capacity of agencies to better promote the development of the AML/CFT system and also to attract public attention to the efforts undertaken by the state to increase its efficacy in the fight against economic crime. The visibility and transparency of the overall AML/CFT system will be ensured through preparing and distribution of the materials, training of staff in relevant agencies media departments and prompt channeling of this information to the public.

In order to support Standing Coordination Group for the Monitoring of Implementation of the National Strategy against ML/TF to better carry out its functions and to insure the involvement of academic institutions in promotion of anti-money laundering activities, project will conduct and will make public up to five research studies on the risks of money laundering. The preparation of these studies will not only be helpful for Administration for the Prevention of Money Laundering (APML) and other institutions involved in combating money laundering but will also help to put the questions of money laundering into the curricula of research and training institutions. Publication of these research studies and their distribution to relevant interlocutors and public is expected to raise public awareness and strongly contribute to the prevention of ML/TF.

2.5.3 Need 3 Increased capacities of the APML

The Administration for the Prevention of Money Laundering (APML) is a well established and internationally recognised FIU having several years of operational experience. It does not have any striking deficiencies that would need to be addressed by the project as a matter of urgency. Therefore, the project will seek to further strengthen the capacities of the APML in executing its function as defined by the AML/CTF Law. In view of that the project will support APML is preparing training courses and training modules for its staff, train the trainers and assisting them in delivering training courses for the staff of other AML/CFT system participants. Other than that, the project will also aim at increasing of the capacities of the analytical staff of the FIU on the analysis and exchange of financial information.

The project will also support the national coordinator's role of the APML and its co-operation with foreign FIUs.

During the needs assessment mission, the FIU staff also emphasized the need to organise periodical typologies conferences with the participation of other CARDS area partners and for translation and publication of FATF typologies in Serbian language.

Finally, the information flow and analysis system will be strengthened by the provision of the state-of-art IT tools¹⁷ this, however is conditional on the prior provision of the necessary hardware by the Serbian authorities (as Government's contribution to this action).

2.5.4 Need 4 Increasing capacities of law enforcement and other agencies in investigating, prosecuting and adjudicating ML/FT

The Project will aim at increasing professional competencies of the police, prosecutors and judges through the provision of structured training plans and curricula, including the training of trainers, and through supporting the interagency co-operation and information flow. This training will also be targeted at the police and judicial academies.

According to the Moneyval 2009 report concerning fulfilment of the Recommendations 27, 28 and 30 Serbian authorities shall:

"take measures to increase the numbers and effectiveness of ML investigations, such as establishing through inter-agency meetings of enforcement authorities a concerted programme for increasing the focus on ML investigations, placing an emphasis on a more systematic recourse to financial investigations, providing guidance particularly on procedures and requirements set out under the newly adopted legislation; Pursue and sustain current efforts to eliminate corruption within the police and judiciary to ensure that they do not impede law enforcement authorities' action;.....Consideration should be given to use mechanisms such as permanent or temporary groups specialised in investigating the proceeds of crime; Consider conducting joint reviews of ML and FT methods, techniques and trends with law enforcement bodies, the APMI and other competent authorities on a regular interagency basis and disseminating the results of such reviews. Investigation and prosecution bodies should be sensitised to the importance of the financial aspects in ML, TF and proceed-generating cases and to the full use of their powers in the context of such investigation with a view to obtaining the necessary financial documents and information;..... Consist a more proactive approach to the detection and exposure of the various forms of ML, take measures to ensure a greater specialisation of police officers, prosecutors and judges in financial crime and ML cases and improve prosecutorial AML/CFT expertise. The recommendations formulated in the National Strategy regarding training should be implemented speedily."

The Project will support the authorities in addressing these shortcomings through providing comprehensive training and preparing the training curricula. In view of this a comprehensive training strategy for the agencies involved in AML/CFT issues will be designed. This training will also target:

- possible improvements in the use of investigative means, including special investigative techniques, such as controlled deliveries.
- Concerns that have been raised regarding the practical implementation problems related to jurisdictional issues in the gathering of evidence in ML/FT investigations and the risk of duplication of efforts.
- Measures to increase the numbers and effectiveness of ML investigations, such as establishing a concerted programme for increasing the focus on ML investigations, placing an emphasis on a more systematic recourse to financial investigations, providing guidance particularly on procedures and requirements set out under the newly adopted legislation.
- Joint reviews of ML and FT methods, techniques and trends with law enforcement bodies, the APMI and other competent authorities on a regular inter-agency basis and disseminating the results of such reviews.
- Investigation and prosecution bodies be sensitised to the importance of the financial aspects of ML, TF and proceed-generating cases. Also the full extent of their powers in the context of

¹⁷ See 'Need 7 Improvement of the technical infrastructure' where this issue is further elaborated

such investigations with a view to obtaining the necessary financial documents and information.

During the needs assessment visit the representatives of the APML and of the Customs Administration stressed that the lack of cash sniffing dogs was an important part of the problem. There is no capacity to train such dogs in Serbia and neither are there funds available. The project will see in more detail if provision of such training would be feasible and effective. Training will also be provided and guidelines developed for international cooperation with competent foreign authorities; strengthening of the cooperation with national institutions as required by SR.IX aimed at developing AML/CFT intelligence; and specialised training on AML/CFT issues including the detection and recognition of serious criminal activities and movements of funds possibly related to ML/FT.

2.5.5 Need 5 Increased capacities of regulators, supervisors and obliged institutions to fulfill their obligations under the AML/CFT legislation

The Law on Preventing Money Laundering and Financing of Terrorism foresees large number of regulators (National Bank and its bodies), supervisors (APML; National Bank; Securities Commission; Tax Administration; Ministry competent for supervisory inspection in the area of trade; Foreign Currency Inspectorate; Administration for Games of Chance; Ministry of finance; Ministry competent for postal communication; Bar Association; Chamber of Licensed Auditors) and obliged entities (Banks; Licensed bureau de change; Investment fund management companies; Voluntary pension fund management companies; Financial leasing providers; Insurance companies; Persons dealing with postal communications; Broker-dealer companies; casinos; Organisers of games of chance operated by using telecommunication networks; Auditing companies; Licensed auditors) as a part of the overall anti-money laundering system in Serbia. The project will assist regulators in determination of the national standards of compliance with national legislation and relevant international standards.

The Moneyval report underlines that:

"because of the newness of the AML/CFT Law, DNFBP-s have not yet applied the risk-based approach to clients. Serbian authorities should issue DNFBP-specific guidance and should work with DNFBP-s and their regulators to ensure they understand how to effectively implement in practice".

This recommendation will set the basis in designing training needs and modules with the aim to introduce the recommended risk-based approach.

Training will also be provided and guidelines developed for international cooperation with competent foreign authorities; strengthening of the cooperation with national institutions as required by SR.IX aimed at developing AML/CFT intelligence; and specialised training on AML/CFT issues including the detection and recognition of serious criminal activities and movements of funds possibly related to ML/FT.

Concerning the capacities of the newly created department of the National Bank for the supervision of leasing companies, insurance sector and pension funds a specific AML/CTF training and support in providing guidance to their obligors will be delivered. Some training for the insurance sector has been provided by the APML but this was not sufficient.

NBS is keen to participate in the development of training programmes for the obliged entities and co-operate in the provision of training. E-learning courses might be a useful tool to reach the widest possible number of employees in the obliged entities.

With regard to the banking sector and the employees of the NBS the CTF training should be developed and continuous training should be provided on the identification of suspicious transaction as the number of false positives remains relatively high.

The Project will address these needs and will support the NBS in strengthening its role in supervisory, enforcement, and sanctioning powers as required by the Recommendations.23, 29, 17 and 25.

Moreover, the Moneyval 2009 report states that:

'guidance to financial institutions and other reporting entities on reporting STRs has been provided on the basis of the requirements of the previous AML Law and reporting forms have been elaborated only for banks, capital market participants and insurance companies while additional measures are required to ensure that comprehensive and adequate guidance based on the new legislation is introduced to support obliged entities in better understanding their reporting requirements and outreach should be conducted to under-reporting sectors.'

Therefore, additional training will be conducted to ensure proper implementation of the AML/CFT legislation and avoid the above-mentioned inconsistencies.

2.5.6 Need 6 Reinforce the inter-agency cooperation and information exchange

The investigation of money laundering and terrorist financing requires close inter-agency cooperation and the collection of evidence requires specific correspondence between specialised institutions.

Moneyval recommended several improvements when it comes to inter-agency cooperation in Serbia. Namely the report states that:

- The effective functioning of the Standing Monitoring Group should be ensured and the implementation and improvements emanating from the work undertaken by this group should be measured.
- The Serbian authorities should speedily implement the recommendations under the National Strategy aimed at improving the operational co-operation between competent state bodies and agencies.
- The authorities should give more emphasis to consultations and feedback to the financial sector and consider establishing formal mechanisms to ensure an adequate consultation also with DNFBP-s.

Apart from direct support in fulfilling these gaps, the project will assess the data collection system, information exchange and analysis and will prepare recommendations on their improvements. Promotion of FATF and other FSRB typologies by publishing them in Serbian language will be conducted.

2.5.7 Need 7 Improvement of the technical infrastructure

Finally, the information flow and analysis system will be strengthened by the provision of the state-of-art IT tools this, however is conditional on the prior provision of the necessary hardware by the Serbian authorities (as Government's contribution to this action).

During the needs assessment mission the COE was informed that the Inspectorate maintains a powerful IT system to collect and analyse data. It seems that the same kind of data is collected and from similar sources as those collected by the FIU and this is done to monitor the foreign currencies flows and foreign trade transactions. The project will not support this – instead it will seek to further analyse the issue to see if the two systems could be integrated to avoid duplication and prevent the possible waste of resources.

2.6 Expected results and deliverables

2.6.1 Expected results

It is expected that by the end of the project:

- Serbian AML/CFT system is in compliance with the relevant international standards. All existing gaps in the legislation – both from the point of view of international compliance and internal consistency – identified, prioritised and measures defined to address these priorities. Relevant legislative and/or regulatory instruments drafted and approved by relevant ministries in view of submitting them to the Parliament/Government. Guidelines for the implementation of these instruments and its monitoring prepared and accepted by relevant state institutions.
- Public awareness of the threats of economic crime for the society and the everyday life of the citizens as well as of the necessity for the state to take effective measures to minimise these threats will be increased. Public support strengthened for the efforts of the state and the international community to prevent and repress economic crime.
- APML, law enforcement agencies, prosecutors, judges, financial institutions and other relevant professionals and institutions performing their duties efficiently with regard to the prevention and control of economic crime, money laundering and terrorist financing in line with professional standards and best international practices.
- Effective interagency co-operation and co-ordination mechanisms are in place. Necessary formal and technical conditions is created and applied in practice to ensure the effective co-operation, exchange and analysis of the necessary data and information to the functioning of the Standing Coordination Group For Monitoring The Implementation Of The National Strategy Against Money Laundering And Terrorism Financing it is expected that the.
- Increased efficiency of the AML/CTF system is supported by the strengthened IT services and tools to collect and analyse financial data.

Achieving of these results will enhance the capacities to counter economic crime and therefore it is expected that the number of investigations, prosecutions and adjudications for economic and financial crimes and for money laundering will increase.

The achievement of the above mentioned results will strengthen the security of the financial system of Serbia which should lead to the increased level of trust in the financial system and the state in general and may be conducive for foreign investments.

2.6.2 Deliverables¹⁸

Under Result 1 the deliverables will include¹⁹:

¹⁸ To be specified in detail in the Inception Report

¹⁹ See also types of inputs in 4.1 below.

- assessment report and compliance matrix on status of Serbian legislation versus relevant international standards and best practices
- legal opinions including concrete recommendations on improvement of existing laws and by-laws or draft legislation;
- expert advice to local drafters and policy makers through provisions of the legal advices during the process of drafting of the relevant laws, strategic documents or by-laws;
- draft regulatory acts

Under Result 2 the deliverables will include:

- awareness raising training workshop
- research studies
- publications, visibility and information materials
- training events

Under Result 3 the deliverables will include:

- training activities
- training materials and curricula
- study visits
- practical guidelines
- expert advice to local policy makers

Under Results 4 and 5 the deliverables will include a training needs assessment report:

- training activities
- training materials and curricula
- practical guidelines
- expert advice to local policy makers

Under Result 6 the deliverables will include:

- analytical report
- training activities
- practical guidelines
- expert advice to local policy makers
- regulatory instruments and/or procedures

Under Result 7 the deliverables will include:

- needs assessment report - technical specifications of software and equipment;
- procured software - provided by the project and conditional on
- IT equipment purchased by the Serbian authorities as their contribution to this project.

2.7 Lessons learnt

Several projects and initiatives – of bilateral and regional nature - against organized and economic crime were implemented in Serbia in the recent years. The most relevant ones for the implementation of this proposed project include the following:

The Project against Economic Crime - PACO-Serbia (1.12.2005 – 30.05.2008) funded by the European Agency for Reconstruction (EAR) was implemented by the Council of Europe and hosted by the Ministry of Justice. The goal of this project was to build capacities for preventing and combating economic crime, money laundering and cybercrime in the Republic of Serbia in accordance with European and international standards and best practices. Within this project a Draft law on assets recovery and management has been produced in addition to numerous training activities relating to financial investigation and seizure of assets. FIU, law enforcement staff, prosecutors and judges were trained in issues related to money laundering and terrorist financing. This project provided significant support to the establishment of legislative preconditions for the new system of seizure of proceeds from crime as well as improvement of skills and capacities of judiciary and law enforcement agencies in this respect. This Project shall built on results achieved within PACO –Serbia follow the lessons learnt through it.

CARDS Regional Police Project - CARPO (1.03.2004-30.06.2007) included as one of its outputs the strengthening of financial investigations capacities aimed at the confiscation of proceeds from crime and experience exchange among the financial intelligence units in the region. Within this project over 20 in-country and regional activities were organised and each project area adopted a strategy on financial investigations which became part of the Brijuni Strategy signed by Minister's of Interior of the respective countries/project areas. This Project shall seek to further improve the implementation of this strategy in Serbia and use the lessons learnt through its implementation so far.

This project shall also use the experience gained and lessons learned through the implementation of the following projects funded by the EU and implemented by the Council of Europe:

- Project against Money Laundering and Terrorist Financing in "the Former Yugoslav Republic of Macedonia", *MOLI-MK (2004-2006)*
- Project against Money Laundering and Terrorist Financing in the Russian Federation, *MOLI-RU (2003-2005)*
- Project against Money Laundering and Terrorist Financing in Ukraine, *MOLI-UA (2003-2005)*
- Follow-up Project against Money Laundering and Terrorist Financing in the Russian Federation, *MOLI-RU-2 (started in 2007, ending in June 2010)*
- Follow-up Project against Money Laundering and Terrorist Financing in Ukraine, *MOLI-UA-2 (2006-2009)*
- Project against Corruption and Money Laundering in Moldova, *MOLICO, (2006-2009)*
- Support to good governance: Project against corruption in Ukraine, *UPAC (2006-2009)* - one of the expected results is the enhancement of the legal and institutional system of identification, seizure and confiscation of proceeds from crime;
- Harmonisation of Russian anti-corruption legislation with international standards, *RUCOLA (2004-2005)* - the aim is to draft legislative amendments produced to ensure conformity of the RF legislation on the recovery of the proceeds from corruption and other related crimes.
- Project against Corruption in Albania (2009-2012), which among its outputs foresees development of guidelines for more effective identification, detection, reporting and investigation of criminal proceeds and money laundering in relation to corruption offences.

The lessons learnt will include, inter alia: the use of mixed (national and international) work-groups followed by workshops to discuss such issues as legislation drafting and elaboration of training plans; the use of multi-agency horizontal approach to training activities to ensure that participants learn from each-other's experience and to promote integration and development of networks; the use of proven methods of needs assessments and procurement.

2.8 Other interventions and linked activities

Numerous initiatives and permanent international advisory and monitoring mechanisms were established in relation to fight against all sorts of organized crime and confiscation of the proceeds from crime.

FATF - An inter-governmental body with world wide membership whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.

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

Recommendation 3 of the FATF 40 Recommendations deals with measures for confiscation and encourages countries to consider confiscation measures 'without requiring a criminal conviction or which require an offender to demonstrate the lawful origin of the property alleged to be liable to confiscation'. Recommendations 27, 28 and 32 are dealing with institutional and other measures and statistics also related to confiscation of proceeds.

MONEYVAL - The Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures - MONEYVAL (formerly PC-R-EV) - was established in 1997. This evaluation and peer pressure mechanism reviews the anti-money laundering measures (including confiscation measures) and measures to counter the financing of terrorism in Council of Europe member States (and Council of Europe applicants which apply to join the terms of reference) which are not members of the Financial Action Task Force (FATF).

The evaluation is conducted based on the common AML/CFT methodology, agreed between MONEYVAL and the IMF and the World Bank. In the evaluation reports the efficiency of the measures in place is evaluated and recommendations are made for the improvement.

GRECO - a committee of the Council of Europe which aims to improve its members' capacity to fight corruption by monitoring the compliance of States with their undertakings in this field. In this way, it will contribute to identifying deficiencies and insufficiencies of national mechanisms against corruption, and to prompting the necessary legislative, institutional and practical reforms in order to better prevent and combat corruption.

GRECO is responsible, in particular, for monitoring observance of the Guiding Principles for the Fight against Corruption and implementation of the international legal instruments adopted in pursuit of the Programme of Action against Corruption (PAC). Since the Criminal Law Convention on corruption also incorporates provisions concerning the confiscation of proceeds, GRECO monitors also this field. Its findings, conclusions and recommendations can be an important source of information on the deficiency of confiscation measures in a given country.

CARIN - The Camden Asset Recovery Inter-Agency Network (CARIN) is an informal network of contacts dedicated to improving cooperation in all aspects of tackling the proceeds of crime. Specifically, CARIN aims to increase the effectiveness of members' efforts in depriving criminals of their illicit profits through cooperative inter-agency cooperation and information sharing.

Membership is open in principle to the EU members states, but other states can have an observer status and take part in CARIN's work (in the Western Balkan region Slovenia is a member and Croatia has an observer status).

Relevant projects that are being implemented or will be implemented in the future are following:

Support to Prosecutors' Network in South Eastern Europe, PROSECO (2008 – 2010) -

The overall objective of the project is to strengthen the capacities of the CARDS countries to develop and implement judiciary co-operation against serious crime based on the European Union *acquis* and other European and international standards and practices by supporting the Prosecutor's Network. In particular, the project will focus on strengthening the legislation and institutional capacities of General Prosecutors' Offices of South Eastern Europe in view of a more effective co-operation against serious crime. Within this project, Council of Europe organised a Regional Thematic Conference on Financial Investigations and Confiscation of Proceeds from Crime" in September 2008. The main topics of the Conference were: legislative and technical preconditions for financial investigations cross border financial investigations and confiscation of proceeds from crime and agencies for handling seized or confiscated property.

EU has through CARDS 2003 programme, provided to the Administration for the Prevention of Money Laundering and Foreign Exchange Inspectorate a Transaction Management Information System (TMIS). This system will be taken into consideration when preparing technical specifications for software to be delivered through this project.

Through IPA 2007 and 2008 the Ministry of Justice will be supported in terms of the improvement of efficiency and transparency of work in courts, prosecutorial offices and penal correctional facilities.

The following projects will be implemented by the Ministry of Justice under **IPA 2007**:

- "*Support to the National Judicial Academy*" - the objective of the project is to provide technical assistance for the establishment of the initial and continuous mandatory training for Judges, Prosecutors and other relevant staff in the Serbian Judiciary. This project will be in correlation with proposed project with regards to training component for relevant judicial and law enforcement institutions.
- "*Improvement of efficiency and transparency of judiciary system*" - the objective of the project is to provide assistance to the Ministry of Justice to improve the efficiency and transparency of the Serbian Courts through the development of a case management system, including document handling and data collection.
- "*Improvement of the penalty system*" - the objective of the projects to provide assistance for the design, tender dossier preparation and supervision of works for the Administration for Enforcement of Penal Sanctions.

Through **IPA 2008** programming package the Ministry of Justice will be supported through the following projects:

- "*Fight against Corruption*" - the project will contribute to reducing the level of corruption by supporting the operational functioning of a comprehensive Agency that will coordinate the fight against corruption, i.e. Agency for fight against corruption Mentioned project is in correlation with this project on the basis of their mutual purpose-efficient fight against organized crime.
- "*Improvement of transparency and efficiency (prosecutors and penal system)*" - the objective of the project is to provide assistance to the Ministry of Justice to improve the efficiency and transparency of the Serbian prosecution and penalty service through the development of a

case management system, including document handling and data collection. This project will have interconnections with this proposed project with regards to case management and efficient exchange of information between prosecution and the AMLP.

A project fiche has been presented by the Ministry of Finance and approved for IPA 2010 of a Project against Money Laundering and Economic and Financial Crime where the COE is proposed as implementation agency. That project will build directly on the results of PACO-Serbia and will be complementary to the action proposed herewith.

OSCE has recently (2009) organized together with the US Department of Justice 4 training seminars across Serbia on assets recovery – the training focused on the new legislation and was delivered by local speakers (prosecutors and judges). They have an Organised Crime Units within their office in Belgrade. They will continue to provide similar training in 2010.

US Department of Justice has 3 embedded experts in the MOI of Serbia, including 1 in the FI Unit. They also organised training events on financial investigations – delivered by local experts – and delivered some IT equipment and software (i2) to police and prosecutors. Their activities do not overlap with the planned outputs of this project.

This Project will seek to ensure synergies and co-ordination with the ongoing projects and initiatives.

3 THE INTERVENTION

3.1 Overall objective

The overall objective of this Project is to contribute to democracy and the rule of law through the reinforcement of prevention and control of money laundering and terrorist financing and economic and financial crime in Serbia in accordance with European and other international standards

3.2 Project purpose

Project purpose is to enhance capacities of the key institutions to fulfil their tasks and to support further development of the anti- money laundering and counter terrorist financing system in Serbia..

3.3 Expected results (ER)

The following are the expected results of this project, the achievement of which shall lead to the achievement of the Project Purpose and contribute to the achievement of the Overall Objective:

- Result 1 - Legislative proposals available to make Serbian legislation compliant with the applicable European and international standards
- Result 2 - Increased public support to efforts to prevent and control economic crime
- Result 3 - Capacities of the APML to carry out its inline with the AML/CTF legislation and Moneyval recommendations is increased
- Result 4 - Capacity of law enforcement agencies, relevant service of the MOF and judiciary to detect, investigate, prosecute and adjudicate in the money-laundering, terrorist financing and economic crime cases (including tracing criminal money on the internet) is increased
- Result 5 - The capacity of regulators, supervisors and obliged institutions to fulfil their obligations under the AML/CTF legislation, to implement the Moneyval recommendations and take measures based on risk analyse is increased
- Result 6 - Mechanisms and procedures reinforced for interagency cooperation and information exchange within the relevant bodies of the AML/CTF system in Serbia, including between public and private sector
- Result 7 - Technical infrastructure improved to collect, analyse and exchange information necessary to prevent and control money laundering, terrorist financing and predicate financial crimes.

3.4 Activities

Overall objective	To contribute to democracy and the rule of law through the prevention and control of money laundering and terrorist and other forms of economic and financial crime in Serbia in accordance with European and other international standards	
Project Purpose	To enhance the capacities of the anti- money laundering and counter-terrorist financing system in Serbia in terms of legislation, skills and operational capacities.	
Result 1	Legislative proposals available to make Serbian legislation compliant with the applicable European and international standards	
Activities		
1.1.	Analyse Serbian legislation and practice and provide support in the preparation of the necessary legislative drafts	<p>Consultancy and legal opinions will be provided to AMLP and other relevant institutions (Ministry of Interior, Ministry of Justice, Ministry of Finance, Prosecutors Office, judges) to monitor the completeness and coherence of relevant legislation and its conformity with international; standards and policy goals. A legal working group of international and national experts will be created to facilitate and monitor the delivery of this Result. Workshops/roundtables will be organised to enlarge the debate on the key issues.</p> <p>Costs: Fees LTA/STA, per diems, international travel, translation/interpretation, conference cost. Inputs: LTA daily advise, STA consulting, legal opinions, meetings</p>
1.2	Organise a series of training events on practical implementation of new European AML/CTF standards, Moneval recommendations, Convention CETS 198 and application of new standards and procedures for a core group of staff	<p>Consultancy and training will be provided to AMLP and other relevant institutions to facilitate the drafting of legal texts as necessary. Close co-operation between national drafters and international experts shall be ensured.</p> <p>Costs: Fees LTA/STA, per diems, international travel, conference cost Inputs: LTA daily advise, STA consulting, legal opinions, meetings</p> <p>Costs: Fees LTA/STA, per diems, international travel, translation/interpretation, conference cost. Inputs: LTA daily advise, STA consulting, legal opinions, meetings</p>

Project against Money Laundering and Terrorist Financing - MOLI-Serbia

Result 2	Increased public support to efforts to prevent and control economic crime	
Activities		
2.1	Enhance the visibility and transparency of the AML/CTF system and in particular that of AMLP through distribution of information materials and through training the staff in relevant public agencies in media relations and in the provision of information to the public	<p>Visibility will be ensured via proper press coverage of the major project events. Consultancy will be provided to prepare concise and comprehensible visibility and information materials to be widely distributed by Serbian authorities and the COE office. Training will be provided to the selected staff of relevant institutions..</p> <p>Costs: Fees STA, per diems, translation/interpretation, international travel, conference cost. Inputs: STA consulting, meetings</p>
2.2	Organise awareness raising or training workshops for journalists to gain public support to measures against money-laundering and economic crime.	<p>Workshops will be organised for the identified investigative journalist</p> <p>Costs: Fees STA, per diems, international travel, printing/copying, translation/interpretation, conference cost. Inputs: STA consulting, legal opinions, meetings</p>
2.3.	Organise, present and publish up to 5 (five) research studies on the risks of money laundering	<p>Research studies conducted in cooperation with national academic institutions</p> <p>Costs: Fees STA, printing/copying, translation/interpretation, press conference cost. Inputs: STA consulting</p>
2.4	Organise a high level awareness raising event to sensitise politicians and attract public attention to the efforts undertaken by the state to increase efficiency in the fight against economic crime	<p>Support and consultancy will be provided to organise the high level event.</p> <p>Costs: Fees LTA/STA; per diems for participants to cover subsistence and accommodation cost; international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, study visits</p>
Result 3	Capacities of the APML to carry out its inline with the AML/CTF legislation and Moneyval recommendations is increased	
Activities		

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3.1	Support the AMLP in preparing further training plans for their staff, train selected AMLP staff as trainers and assist them in delivering training courses for the staff of other AML/CTF system participants	<p>Consultancy and assistance will be provided to the APML in the preparation of training plans and delivering training activities. Trainers will be trained to ensure sustainability.</p> <p>Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings</p>
3.2	Organise up to six (6) study visits to CoE Member States to provide first-hand experience to overcoming difficulties in the implementation of international AML/CTF standards	<p>Consultancy and training will be provided through study visits</p> <p>Costs: Fees LTA/STA, per diems, international travel, translation/interpretation, and conference cost. Inputs: LTA daily advise, STA consulting, meetings</p>
3.3	Train the analytical staff of the FIUs on analysis and exchange of financial information	<p>Training will be provided to the analysts in the APML.</p> <p>Costs: Fees LTA/STA, per diems, international travel, translation/interpretation, conference cost, tuition cost. Inputs: LTA daily advise, STA consulting, expert opinions, meetings</p>
3.4	Translate and publish FATF typologies into Serbian language	<p>These typologies will be available in Serbian language and distributed to relevant institutions</p> <p>Costs: translators' fees, publication costs</p>
Result 4	Capacity of law enforcement agencies, relevant service of the MOF and judiciary to detect, investigate, prosecute and adjudicate in the money-laundering, terrorist financing and economic crime cases (including tracing criminal money on the internet) is increased	
Activities		
4.1	In co-operation with the specialised training institutions in Serbia, support the preparation of training programmes, curricula and materials on AML/CTF for the law enforcement agencies and judiciary as recommended by Moneyval (2009) 29 report	<p>Consultancy and support will be to provided the Judicial Academy, Police Academy and other partners in the development of continuing training curricula and training materials.</p> <p>Costs: Fees LTA/STA, per diems, international travel, translation/interpretation, conference cost. Inputs: LTA daily advise, STA consulting, expert opinions, printing services</p>
4.2	Based on a comprehensive training needs analysis, deliver specialised training on economic and financial crime, AML/CTF and	Support will provided to the relevant institutions in organizing the training needs assessment. Specialised training will be provided to address the

	related topics to prosecutors, judges, staff of the law enforcement and financial investigation units	specific needs identified in the TNA. Trainers will be trained to ensure sustainability. Costs: Fees STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting,
Result 5	The capacity of regulators, supervisors and obliged institutions to fulfil their obligations under the AML/CTF legislation, to implement the Moneyval recommendations and take measures based on risk analyse is increased	
Activities		
5.1	Assist the supervisors and regulators in the determination of national standards of compliance with relevant international standards, producing guidelines and indicators for obliged institutions and implementing the relevant Moneyval recommendations	Consultancy and training will be provided to the key institutions. Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings
5.2	Organise seminars and workshops for the regulators/supervisors on best practices available in other European countries and on the application of the risk-based approach in the internal AML/CTF policies	Events will be organised in Serbia or abroad. Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings
5.3	Assist financial supervisors and regulators in the elaboration of training plans and curricula for obliged institutions in their sectors	Consultancy and necessary logistics will be provided to elaborate training plans disseminate and implement them. Trainers will be trained to ensure sustainability. Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings
Result 6	Mechanisms and procedures reinforced for interagency cooperation and information exchange within the relevant bodies of the AML/CTF system in Serbia, including between public and private sector	
Activities		
6.1	Organise annual typology meetings with law enforcement and regulatory authorities	Support and consultancy will be provided to the APML in organization of typology meetings. FATF typologies will be translated and diffused. Costs: Fees LTA/STA, per diems, international travel. Inputs: LTA daily advise, STA consulting, expert opinions, meetings
6.2	Undertake assessment and propose t improvements to the system of data collection and analysis, information exchange and feedback between relevant services and	A working group will be created of foreign and local experts to do the assessments and propose changes. A report with the conclusions of the work will be submitted to the government.

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	institutions (including private sector)	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings
6.4	Support preparation of yearly implementation plans of the National AML/CTF Strategy	Consultancy and support will e provided to the APML and other agencies as necessary. Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings
Result 7	Technical infrastructure improved to collect, analyse and exchange information necessary to prevent and control money laundering, terrorist financing and predicate financial crimes	
Activities		
7.1	Assess IT infrastructure needs to manage information flow across the network	Assessment will be undertaken be the IT experts (STA) specialised in the FIU IT systems. Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings
7.2	Produce detailed technical specifications for the necessary equipment and software	Specifications will be prepared to meet any possible formal requirement within Serbia as well as the international tendering requirements. This should ideally be done during the inceptions phase. Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings
7.3	Procure necessary software, make any adjustments necessary for efficient use of procured equipment and software and provide training on its use	Procurement will be carried out in line with the COE procurement rules. Suppliers will install their products and make sure they are fully functional in the beneficiary's environment. Training will be provided by the software suppliers. Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings

4 ASSUMPTIONS

4.1 Assumptions

Political commitment to further strengthening of the AML/CTF system and increased effectiveness in fighting economic crime in Serbia in accordance with international standards and best practices is the key assumption made under this Project. That means that in spite of possible political instability, this priority will be maintained. This assumption has been confirmed by official policy documents adopted by the Serbian authorities and through the recent adoption of the legislative package elaborated with the support of PACO Serbia Project.

It is assumed that Project stakeholders, and in particular the key institutions of Serbia, shall be committed to the achievement of this Project's results, willing and able to enhance co-operation and co-ordination with each other and nominate suitable persons to the Steering Committee.

These assumption appear to be reasonable in the light of the positive previous experience in this regard under the Joint Programme.

4.2 Risks

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

- Lack of political support at the level of Parliament

Proposed response: This risk is relatively high in the light of previous experience, however it is not crucial for the achievement of the expected results. This refers to Result 1 only, which however does not provide for the adoption of relevant laws by the Parliament during this Project's lifetime. It only aims at producing good quality drafts in agreement with the Government. Adoption by the Parliament cannot be influenced by the Project Management and indeed does not require any technical assistance. Moreover, Result 1 will mainly focus on bylaws as – at the moment of drafting – there is no clear need of revising the laws (solid legislative grounds for the operation of anti economic crime system have been created as result of the PACO Serbia Project).

- Lack of political stability

Proposed response: This risk is also relatively high in the light of previous experience, however it is not likely to influence the results. If it materialises it may delay certain processes within the project or make its work more difficult but within the scope of flexibility built in the Project and through ensuring professional management the Project Team shall be able to cope with any negative influence. The Project addressing one of the policy priorities of the country on its way to European integration guarantees that any adverse effects would only be of temporary and manageable nature.

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

Proposed response: Experience from previous projects allows to perceive this risk as moderate and unlikely to prevent the project from achieving its results. Co-operation of stakeholders under other projects in this field was pretty good. The project foresees further strengthening of an existing standing co-ordination body which will ensure the

sustainability of the co-ordination process after the end of the Project. This mechanism will also help increase the ownership of the results by Serbian stakeholders.

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

Proposed response: The focus of the project being on legislative reforms and training, the expected results by nature do not require any substantial investments of the part of Government. All state institutions benefitting from the projects are well established and fully operational so no further substantial investment in the staff or infrastructure is necessary to enhance their capacities . Investment component is included in the project to provide specialised software tools that might be out of the Government's budget reach. However the Government has committed itself in the project fiche to ensure 65000 € worth of IT hardware failure to which will affect Result 7: no software will be purchased if hardware is not made available by the government.

4.3 Sustainability

The project does not seek to create new structures but rather to support public services in efficient carrying out their functions and at the same time to strengthen their capacities as administration structures and with regard to interagency co-operation.

It is expected that the selected intervention logic will ensure the sustainability of results based on the assumption that the government's commitment to effectively prevent and control economic and organised crime will be maintained in the future

Improvement of the quality and consistency of legislation and ensuring its conformity with international standards will set solid foundations for the further development of the system. Given the ongoing European integration process and firm political commitment to follow on this track, it is assumed to be very unlikely to see this trend changed..

This effort will be coupled with activities to improve the enforcement of the legislation which will be ensured through training on the one hand and support to the drafting of the necessary bylaws, regulations and guidelines on the other.

It is expected that this project will prove the value of the institutions playing the key roles in the AML/CTF system and will convince the authorities to make sufficient resources available in the future to follow up on the results of the project and maintain the capacity of the system. This is further strengthened by the potential of this system to pay back in a longer run a significant part of the investment made in its development through tracking and confiscation of criminal assets.

The activities are designed to be sustainable in that the training materials and programmes can be updated and used in the future also without external assistance. Strong ownership of these tools by the beneficiary will be ensured. Trainers trained by the project will also be made use of in the future. There is of course a risk that these trainers will assume other functions over time and no longer be available. Thus, additional training of trainers may be required in the future. Therefore the project will be oriented towards effective establishment and maintenance of institutional memory that will be created, and on these grounds will operate to maintain and leave behind information and sustainable tools that shall be of use in the future. A similar effect is expected from the introduction of specialised courses in the training institutions for law enforcement and judiciary. New generations of professionals will receive the advanced knowledge and specialised training which will facilitate the mitigation of the results of natural migration from these services (retirement, career changes etc).

Strong synergies will be established between this project and the Criminal Assets Recovery Project that started on 1 April 2010, which help addressing a wide of issues related to the prevention and control of economic crime at all levels.

It is furthermore expected that the activities aimed at the increasing the awareness of Serbian society will produce an additional multiplier effect. General public is the first instance where such many economic crimes can be seen but also prevented. Therefore its mobilisation will further enhance the efforts by the government and ensure an efficient mid- and long-term monitoring of the results achieved.

Experience of the previous projects shows that a mix of measures addressing at the same time the whole system – prevention and repression, legislation and its enforcement, support to policies and strategies, training of professionals currently in service, training of trainers and elaboration of training curricula for both public and private sector players – produces very good and sustainable results. This is why it is assumed that the results produced by the project will be sustainable financially, institutionally and policy-wise.

There are no physical, environmental, economic or social risks identified that would be likely to prevent this project from achieving he planned results. Political risk was discussed above.

5 IMPLEMENTATION

5.1 Methods of implementation and reasons for the proposed methodology

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

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

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

Given the fact that the APML is the main institution ensuring the implementation of the AML/CTF legislation, the project will seek to further strengthen of the capacities of APML and to further support the standing interagency co-ordination mechanism for the purpose of setting priorities, exchanging information, preparing methodologies and co-ordinating the action plans.

In parallel, proposals will be prepared to make the national legislation more compliant with international standards, more internally consistent and follow the recommendations of international monitoring mechanisms, such as MONEYVAL Committee of the Council of Europe.

A set of training activities is proposed to enhance the capacities of the key institutions to fulfil their roles provided for in the legislation and increase their efficiency.

Attitude and awareness of the society is an element of critical importance in the state's efforts to address economic crime. Therefore the Project shall seek to address this.

Following the reasons for the proposed methodology and approach, the modus of action includes a mixture of the following types/nature of tools when organising activities and providing support to implement the proposed activities:

The following types of inputs are proposed:

- Expert advise – provided by the LT-Adviser within his/her competence/experience or, as necessary, by ST-Advisers selected according to their specific field of competence, through direct conversation with individual officials or groups of officials on the issues specified in the Workplan and wherever necessary.
- Expert opinions – will be provided in writing, as necessary, to comment on the pieces of legislation or their drafts or other documents, by independent experts from the Council of Europe Member States via the CoE Secretariat.
- Study visits to EU and COE Member States - provide first-hand experience to complement the theory and help individuals to examine possible changes to their own procedures and approaches, and also initiate the basis for launching cooperation and networking with EU and COE Member States. Experience of previous projects implemented by the Council of Europe in the field of economic crime (as indicated in the lessons learnt report and some final reports of the project) shows, that multi-agency study visit (combining participants from various agencies doing parts of the same job) is a particularly effective tool of building capacities in beneficiary countries. They not only serve as a training method but also – not less importantly – increase understanding of the specificities of work of agencies involved – in the beneficiary state and in host countries – and contribute to the establishment of bilateral co-operation and information exchange between countries. Therefore, and due to the variety of assets recovery systems across Europe, a large number of study visits will be organised. Each visit will include representatives of the AMLP, law enforcement agencies, prosecutors and judges. Visits will be proposed to countries representing different systems and different levels of development of their systems.
- Roundtables and seminars - allowing stakeholders/professional groups and individuals to look at ways in which their own policies can be reformed. They will also be used to contribute specialist knowledge to a broader debate on a given issue.
- Workshops - allow a particular task to be undertaken involving multiple co-operating parties. Experts put their knowledge at the disposal of practitioners and officials. Workshops can also be used to provide specific advanced training.
- Training courses – allow participants to acquire new knowledge and/or professional skills through interaction with a qualified trainer. Elements of self-education can be included.
- Training of trainers – to enhance the sustainability of the Project’s results the ToT approach shall be applied wherever possible throughout the Project. National trainers trained by the project will be able to provide the necessary trainings to newly hired staff beyond the Project duration.
- Research – a way to get a comprehensive overview of a given issue to serve a basis for further analysis.
- Translations - make important texts and information accessible in local languages and can be used as a tool in training activities and seminars.

- Publication and dissemination of texts and/or audiovisual CD-ROMs - ensure that certain expertise or knowledge is made available to the widest possible audience.
- Press coverage and visibility actions - to increase public awareness of the subject matter of the Project and to ensure the visibility of the Project, the donor and the implementation agency.

5.2 Physical and non-physical means

To ensure the proper implementation of the Project throughout the period of 36 months, the following means will be made available:

5.2.1 Premises and office equipment

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

5.2.2 Personnel

The following staff will be funded under the Project:

- A Long-Term Adviser – Team Leader (international consultant contracted by the Council of Europe, Belgrade);
- A Local Project Officer (temporary staff of Council of Europe, Belgrade, full time);
- A Project Assistant (temporary staff of Council of Europe, Belgrade, full time);
- Project management Strasbourg (part-time project coordinator and part-time assistant in Strasbourg);

In line with Council of Europe rules which require that all staff, paid even partly under the Project, are covered by the Human Resources chapter and not as Overhead Cost, the line Project Management Strasbourg also includes 50% of a Secretarial Assistant.

The Long-Term Adviser will be selected by the Council of Europe in a transparent procedure based on an open call for tender and in consultation with the EU Delegation and the National Project Coordinator.

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

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

5.2.2.1 Long-Term Adviser – Team Leader

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

- Day-to-day management of the project and implementation of the work plan and liaison with the counterparts in the beneficiary institutions assigned to the project, and with the Project Co-ordinator;
- Responsibility for the delivery of Project's results;
- Responsibility for overall management of the project and for taking the necessary managerial decisions;
- Responsibility for the utilisation of the Project budget;
- Management of the Project Team and assignment of tasks to its members;
- Proposing experts for short term assignments; co-ordinating, organising, and overseeing their work;;
- Providing the necessary expertise and advice to the beneficiaries of the Project on a daily basis;
- Co-operating, and representing the project and its objectives in meetings, with other international technical assistance projects, ensuring, where possible, co-ordination among donors and implementers;
- Drafting reports on monthly and quarterly basis on the implementation of the project activities; their substance, and in accordance with the requirements of the donor.

Qualifications required

- University degree in law, economics, or in a related field, or appropriate work experience;
- Minimum of 10 years of professional experience at international and/or national level related to criminal justice or law enforcement reform, of which at least 5 years in matters related to AML/CTF;
- Minimum of 5 years proven experience in the delivery of international technical assistance projects; experience in the implementation of EC funded projects is an asset;
- Proven experience in the elaboration and implementation of training plans and training activities for the judiciary and/or law enforcement;
- Knowledge of the relevant international standards in the related fields, and in particular those set by the Council of Europe;
- Familiarity with the current affairs of the relevant country, and experience in working in the region;
- Strong leadership and management skills;
- Proven ability to work in an international, multi-cultural and difficult environments;
- Experience in the management and supervision of staff;
- Confirmed drafting skills (samples to be submitted if short-listed), and excellent oral and written English;
- The candidate shall not be a civil servant or public official in the national system of Serbia.

Council of Europe will be looking for candidates who are able, through negotiation and diplomatic skills to uphold the standards and values of the Council of Europe in a sometimes challenging environment. Implementing projects with public funds, candidates will also display a high level of commitment to the stringent use of resources, and the principles of accountability and transparency vis-à-vis counterparts and interested parties.

5.2.2.2 Position of Local Project Officer - Belgrade

- Be part of the project-team and support the Long -Term Adviser in his/her daily work;
- Ensure day-to day implementation of the workplan and liaison with the counterparts in the beneficiary institutions assigned to the project, and with the Project Manager, during the LTA's absences in Belgrade;
- Assist the overall management and coherence of the project;
- Coordinate the project Workplan and its calendar of activities in cooperation and under the guidance of the Long-Term Adviser, the National Project Coordinator and the Project Manager;
- Assist Project Manager as well as short-term and long-term experts when carrying out tasks and missions in the field;
- Ensure office management and organise the work of assistants;
- Ensure relevant contribution to project reporting, including financial reports;
- Support STAs while in Belgrade when necessary.

Qualifications required:

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

5.2.2.3 Local Assistant – Belgrade

The assistant will be responsible for assuming the general secretarial and administrative support functions. S-/he will have at least secondary education, Serbian mother tongue and very good command of English, as well as accounting and linguistic skills, and ideally at least 2 years experience in a similar position.

5.2.2.4 Position of Project Coordinator – Strasbourg

- Assume responsibility for the delivery of Project's results;
- Assume responsibility for overall co-ordination of the project;
- Assume responsibility for the utilisation of the Project budget in line with Council of Europe financial rules and procedures;
- Officially represent the Council of Europe vis-à-vis the EUDEL and project partners;
- Approve the project workplan and its calendar of activities prepared by the Project Team before it is presented to Steering Committee and EUDEL;
- Manage and co-ordinate the necessary administrative processes within the Council of Europe;
- Ensure the quality and timeliness of the reporting, including financial;
- Ensure co-ordination and synergies with other projects implemented by the Council of Europe;

- Approve STA proposed by the LTA and negotiate their contracts.

Qualifications required:

- University degree; ideally in law, administration or economics
- Not less than 4 years of professional experience at national or international levels in criminal justice/law enforcement-related fields;
- Administrative experience (including target setting and planning, administration, finance and reporting);
- Experience in the management or co-ordination of international technical cooperation projects;
- Proficiency of spoken and written English language;
- Communication, and IT skills;
- Ability to work in an international environment and under pressure;
- Ability to meet deadlines.

5.2.3 Services

Given the nature of the activities undertaken, consultancy services will constitute a major input into the Programme's implementation. A total of some 280 days of international and 200 days of local short-term consultants and experts is estimated.

5.2.4 Goods

Software will be provided in line with the needs assessment report and technical specifications developed project consultants in cooperation with counterparts, on condition that the local authorities provide the hardware necessary for smooth and efficient operation of this software.

5.3 Organisation and implementation procedures

5.3.1 Contracts

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

5.3.2 Roles and participation by various actors

5.3.2.1 The Delegation of the European Union to Serbia (EUDEL)

EUDEL will be responsible for:

- Providing funds for project implementation
- Co-Chairing the Steering Committee
- Exercise ex-post control over the expenditures on the contract
- Approving progress reports and workplans
- Giving consent to procurement of software
- Approving budget modifications.

5.3.2.2 The Steering Committee

The Steering Committee of this project will consist of representative of the Administration for Money Laundering Prevention, Ministry of Interior (Financial Investigation Unit), Ministry of Justice, General Prosecutor Office, High Judicial Council, Ministry of Finance, representative of the National Bank, representative of the EU Delegation and of the Economic Crime Division of the Council of Europe. The Steering Committee meetings will also involve other relevant authorities related to project results and activities. Definite composition of the Steering Committee will be discussed in the inception phase and approved by the start-up conference. In the ideal situation the Serbian members of the Steering Committee should be the same as those of the standing co-ordination body established by the Government – this would ensure the best level of continuity between the project activities and everyday business of relevant state bodies. The Steering Committee will take strategic decisions and supervise the proper implementation of the Project. It will address major issues that the project might face. The Steering Committee shall be called to meet at the beginning of the project and at least once every six months and whenever such need arises. The responsibilities of the Steering Committee are the following:

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

The SC will be co-chaired by the National Project Coordinator and the EUDEL representative.

In addition to the six-monthly SC meetings, the National Project Coordinator, representatives of the EUDEL and Council of Europe and the Long-Term Adviser will meet at least in three-monthly intervals to discuss urgent issues to be addressed. They can also decide to call an extraordinary meeting of the SC or postpone a scheduled meeting for up to three months should there be important reasons to do so.

5.3.2.3 National Project Coordinator

The National Project Coordinator designated by the AMLP will be responsible, in co-operation with the Long Term Adviser, for:

- Contributing to the preparation of the work plan.
- Monitoring the proper implementation of activities of the project and reporting to the Steering Committee.
- Mobilising and coordinating other institutions involved in the project.
- Ensuring proper participation and representation of relevant Serbian institutions in activities organised by the Project.

The National Project Coordinator shall receive the necessary secretarial support from the AMLP and not from the Council of Europe.

5.3.2.4 The Council of Europe

The Council of Europe, through the Project Co-ordinator and the Project Team will be responsible for the implementation of the project, its monitoring and assessment and for the use of the funds under a contract with the European Commission. The Council of Europe is expected to

ensure the achievement of the project results as listed above. In order to achieve these results the Council of Europe may propose alternative or complementary project activities to those identified in this section, where it can clearly justify them. Within the Council of Europe, the Economic Crime and Information Society Department of the Directorate General of Human Rights and Legal Affairs will be responsible for co-ordination and supervision of the project.

5.4 Timetable

The envisaged duration of the Project is 36 months. An indicative Project timetable appears in Annex II. It provides a tentative timeframe for all the activities planned under the Project. It will be updated in the Project's inception report and be used as a benchmark in the course of the implementation of the Project to assess the progress made.

5.5 Costs and financing plan

The total cost of the Project for the 36-month period is EUR 2,265,000, which includes a direct financial contribution of the Council of Europe amounting to EUR 200,000 and the in-kind contribution of the Government of Serbia (provision of hardware to an estimated amount of EUR 65,000). The total budget of the project provided by the European Union and the Council of Europe is thus EUR 2,200,000.

6 FACTORS ENSURING SUSTAINABILITY

6.1 Policy support

This Project is the continuation of an action implemented between 2005 and 2008 in full co-operation with the Serbian authorities. It seeks to consolidate and strengthen the work carried out in areas agreed upon with the Project's key stakeholders, with a view to ensuring the full ownership by the national authorities at central and local level, of the initiatives undertaken within the framework of the Project.

6.2 Appropriate technology

The Council of Europe will apply, and acquire for the beneficiaries the appropriate technological – primarily IT- tools necessary to Achieve the Project's objectives.

6.3 Environmental protection measures

Environmental protection is an indirect benefit of the action. It is widely acknowledged by research on the links between decentralisation and environmental protection, that transparent and responsive local self-governments, accountable to citizens, are a key dimension in ensuring sustainable environmental protection.

6.4 Socio-cultural and gender issues

Equal opportunities, including respect for gender and minorities protection, are key values of the Council of Europe. They will be taken into account in all activities of the Project. Project result 2 includes a strong socio-cultural element built in it.

6.5 Institutional and management capacity (public and private)

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

In Serbia, the Council of Europe has an office in Belgrade which can provide support to the Project staff. Previous projects implemented by the COE in Serbia were run successfully and achieved their expected results in spite of a difficult political situation, thanks to the support of and co-operation with the government partners.

6.6 Economic and financial analysis

As discussed in 3.2 above, implementation of this project and maintaining its results does not require any substantial investments of the part of Government. Ensuring the basic operations of the key institutions in terms of staffing, premises and equipment seems to be secured and this is sufficient for the project to run. Investment component is included in the project to provide specialised tools that might be out of the Government's budget reach.

7 MONITORING AND EVALUATION

7.1 Definition of indicators

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

7.2 Reports /evaluations

7.2.1 Reports

The following reports will be submitted to the EC:

7.2.1.1 Reporting

All Reports must be approved by the Contracting Authority as stipulated in the applicable General Conditions or superseding provisions.

The daily implementation and reporting of specific activities of the project will be monitored by the Project Manager and the Project Co-ordination Body. The former will ensure that reports are prepared and submitted as required, and provide all necessary support to the Project Team in Belgrade. The latter will ensure timely feedback on behalf of Serbian partners. The Council of Europe will submit the following reports:

The Nature and Content	Type	Reporting Period	Recipients
<p>Inception Report</p> <p><i>English and Serbian Versions</i></p>	<p>The inception report will contain an update of the AR situation in Serbia, a detailed work plan and the names of the Project Team members. In its elaboration, the Logical Framework Approach shall be followed linking the project objectives to expected results and the activities needed in order to achieve the results. It will contain the assessment of needs under Result 5 and the proposed detailed composition of the Steering Committee. The inception report will outline the management structure of the project clearly describing the responsibilities of the main players as well as the decision-making process and information flow between the project participants. It will also cover the project activities and progress made in the inception phase. Final version should incorporate any comments of AMLP/AMLPA and members of the Steering Committee.</p>	<p>Within 3 months of the Beginning of the Contract (3 months from the start of the contract) in English. Final version within 2 weeks of the Start-up conference. Serbian version 6 weeks of the Start-up conference.</p>	<p><u>Submitted to:</u> AMLPA EC Delegation</p> <p>Adopted at the Start-up Conference</p> <p>CC: external monitor</p>

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<p>Brief monthly Report</p> <p><i>English Versions</i></p>	<p>The report will list in detail the activities undertaken and assess the progress towards achievement of project objectives. This update will stress particularly the achievement of results. 2 pages maximum.</p>	<p>To be submitted every by the 5th day of the upcoming month</p>	<p><u>Submitted to:</u> AMLP EC Delegation</p> <p>CC: external monitor</p>
<p>Annual Progress Reports</p> <p><i>English Versions</i></p>	<p>These reports will list more in detail the activities undertaken and assess the progress toward achievement of project objectives. The update will stress particularly the achievement of results and identify also potential risks during the forehead implementation period. Update of the country situation will also be included.</p>	<p>To be submitted every 12 months not later than 30 days after the end of the reporting period in English. Accompanying further pre-financing payment request when and as foreseen under the Special Conditions. The first report will cover the quarter starting after the period covered by the inception report. Serbian version 6 weeks after the adoption of the English text.</p>	<p><u>Submitted to:</u> AMLP EC Delegation</p> <p>Approved by the Steering Committee.</p> <p>CC: external monitor</p>
<p>Final Report (Narrative and Financial)</p> <p><i>English and Serbian Versions</i></p>	<p>The final report should follow the inception report format and include an in-depth assessment of project implementation results and the level of achievement of the objectives. The final report will be complemented by an evaluation of the impact of the project aimed at identifying the impact and the achievements of the project at the end of it. The Final Report and the Evaluation Report will contain lesson learnt and recommendations to be followed up by the beneficiary. The report will be finalised after incorporation of any comments from the AMLP and members of the Steering Committee.</p>	<p>Not later than 6 months after the end of the project implementation period and accompanying final payment request</p>	<p><u>Submitted to:</u> AMLP EC Delegation</p> <p>Outline approved by the Closing Conference.</p> <p>CC: external monitor</p>

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

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

Final versions of the inception, progress and final reports shall be countersigned by the National Project Coordinator upon consultation with other members and Head of the AML/CTF Unit in the

Economic Crime Division of the Council of Europe before submission to the EUDEL for the final approval.

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

7.2.2 Evaluations

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

In addition, as part of standard Council of Europe implementation procedures, the project activities will be monitored and evaluated at several levels, as described above. In particular:

- at the political level: the project activities will be monitored within the framework of Council of Europe's usual monitoring procedures concerning the implementation of commitments entered into at the moment of accession. In particular, the Programme will draw on the monitoring procedures of the Parliamentary Assembly of the Council of Europe, the Committee of Ministers.
- at policy level: the project activities will be monitored by the Project Steering Committee
- at technical level: the Council of Europe will commission an external evaluation of the project three months prior to its scheduled end. The evaluators will be selected in consultation with the EU Delegation.

8 APPENDIX

Annex I: Logical framework matrix

Annex II: Indicative Project timetable

Annex III: Detailed budget

8.1 Annex 1 - Logical framework MOLI-Serbia

Programme name and number:			
Project against Money Laundering and Terrorist Financing in Serbia (MOLI-Serbia)			
Overall objective	Objectively verifiable indicators	Sources of verification	
To contribute to democracy and the rule of law through the prevention and control of money laundering and terrorist and other forms of economic and financial crime in Serbia in accordance with European and other international standards	<ul style="list-style-type: none"> - At least 70% of measures under the National Strategy for the Prevention of Money Laundering and Financing Terrorism implemented within the timeframe foreseen - Legislation, standards and practices and institutional capacities compliant with MONEYVAL and FATF recommendations 	<ul style="list-style-type: none"> - EU Annual Progress Report - Final report on the basis of the criteria and recommendations of the CoE and the Financial Action Task Force - Moneyval reports - Official statistics of key institutions 	
Project purpose	Objectively verifiable indicators	Sources of verification	Assumptions
To enhance the capacities of the anti-money laundering and counter-terrorist financing system in Serbia in terms of legislation, skills and operational capacities	<ul style="list-style-type: none"> - Legislative framework (relevant laws implementing regulations) reviewed. Proposals for amendments of relevant laws and implementing regulations (by-laws) prepared by the relevant bodies and forwarded for adoption - Legislative framework reviewed with public awareness campaign completed - Increased number of financial crime cases reaching successful prosecution - Improved quality of information and reports. Increased number of cases of successful cooperation of the AML/CTF system participants leading to detection and/or prevention of money laundering in accordance with the new Convention on money laundering and terrorist financing. - Increased number of cases of successful cooperation of various agencies leading to detection and/or prevention of money laundering and financial crime - Increased technical capacities to prevent and control financial crime. 	<ul style="list-style-type: none"> - Project progress and activity reports - FATF and MONEYVAL reports - National statistics 	<ul style="list-style-type: none"> - Political willingness continues to exist to prevent financial crimes and implement the National Strategy - Political will exist at all levels, including ministries and Parliament, to introduce the necessary legislative amendments

Results	Objectively verifiable indicators	Sources of verification	Assumptions
Result 1 Legislative proposals available to make Serbian legislation compliant with the applicable European and international standards	<ul style="list-style-type: none"> - Legislation gap analysis report - Existing legislation revised/amendments proposed and recommendations drafted for necessary new legislation - Good quality of amendments/ proposals in comparison to international standards 	<ul style="list-style-type: none"> - Final report on the basis of the criteria and recommendations of the CoE and the FATF - Moneyval reports 	<ul style="list-style-type: none"> - The legislative proposals are adopted by the Government and the Parliament
Activities	Means		
1.1	Analyse Serbian legislation and practice and provide support in the preparation of the necessary legislative drafts	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation, conference cost. Inputs: LTA daily advise, STA consulting, legal opinions, meetings	
1.2	Organise a series of training events on practical implementation of new European AML/CTF standards, Convention CETS 198 and application of new standards and procedures for a core group of staff	Costs: Fees LTA/STA, per diems, international travel, conference cost Inputs: LTA daily advise, STA consulting, legal opinions, meetings	
Result 2 Increased public support to efforts to prevent and control economic crime	<ul style="list-style-type: none"> - Increased number of media investigations of financial crime - Increased public awareness on causes and measures for the control of financial crimes 	<ul style="list-style-type: none"> - Press reviews - Official statistics 	<ul style="list-style-type: none"> - Public participation will lead to stronger action by public and private sector stakeholders in the AML/CTF system, as well as stronger political support to AML/CTF strategies and measures
Activities	Means		
2.1	Enhance the visibility and transparency of the AML/CTF system and in particular that of AMLP through distribution of information materials and through training the staff in relevant public agencies in media relations and in the provision of information to the public	Costs: Fees STA, per diems, translation/interpretation, international travel, conference cost. Inputs: STA consulting, meetings	

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	<p>2.2 Organise awareness raising and training workshops for journalists in view of public support to measures against money-laundering and economic crime</p>	<p>Costs: Fees STA, per diems, international travel, printing/copying, translation/interpretation, conference cost. Inputs: STA consulting, legal opinions, meetings</p>
	<p>2.3 Organise, present and publish up to 5 (five) research studies on the risks of money laundering</p>	<p>Costs: Fees STA, printing/copying, translation/interpretation, press conference cost. Inputs: STA consulting</p>
	<p>2.4 Organise a high level awareness raising event to sensitise politicians and attract public attention to the efforts undertaken by the state to increase efficiency in the fight against economic crime</p>	<p>Costs: Fees LTA/STA; per diems for participants to cover subsistence and accommodation cost; international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, study visits</p>
<p>Result 3 Capacities of the APML to carry out its inline with the AML/CTF legislation and Moneyval recommendations is increased</p>	<ul style="list-style-type: none"> - All financial analysts of relevant MoF services, and up to 80% of their other competent staff trained; - Reports of APML sent to law enforcement agencies are well prepared and contain enough evidence to start investigations/prosecutions 	<ul style="list-style-type: none"> - APML staff will make use of their increased knowledge - Training will continue beyond the duration of the project
<p>Activities</p>	<p>Means</p>	
<p>3.1</p>	<p>Support the AMLP in preparing further training plans for their staff, train selected AMLP staff as trainers and assist them in delivering training courses for the staff of other AML/CTF system participants</p>	<p>Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings</p>
<p>3.2</p>	<p>Organise up to 6 multi-agency study visits to CoE Member States to provide first-hand experience to overcoming difficulties in the implementation of international AML/CTF standards</p>	<p>Costs: Fees LTA/STA, per diems, international travel, translation/interpretation, conference cost. Inputs: LTA daily advise, STA consulting, meetings</p>
<p>3.3</p>	<p>Train the analytical staff of the FIUs on analysis and exchange of financial information</p>	<p>Costs: Fees LTA/STA, per diems, international travel, translation/interpretation, conference cost,</p>

		tuition cost. Inputs: LTA daily advise, STA consulting, expert opinions, meetings	
3.4	Translate and publish FATF typologies into Serbian language	Costs: translators' fees, publication costs	
Result 4 Capacity of law enforcement agencies, relevant service of the MOF and judiciary to detect, investigate, prosecute and adjudicate in the money-laundering, terrorist financing and economic crime cases (including tracing criminal money on the internet) is increased	<ul style="list-style-type: none"> - Increased number of investigations, prosecutions and adjudications for economic and financial crimes and for money laundering - At least 5 trainers in relevant services identified and trained - Improved effectiveness of the tracking of criminal money on the internet 	<ul style="list-style-type: none"> - Project training reports, including TNA - Feedback questionnaires and training certificates - Feedback workshops with law enforcement agencies 	<ul style="list-style-type: none"> - Agencies and services will apply their increased capacities - Training will continue beyond the duration of the project
Activities	Means		
4.1	In co-operation with the specialised training institutions in Serbia, support the preparation of training programmes, curricula and materials on AML/CTF for the law enforcement agencies and judiciary as recommended by Moneyval (2009) 29 report	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation, conference cost. Inputs: LTA daily advise, STA consulting, expert opinions, printing services	
4.2	Based on a comprehensive training needs analysis, deliver specialised training on economic and financial crime, AML/CTF and related topics to prosecutors, judges, staff of the law enforcement and financial investigation units	Costs: Fees STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting,	
Result 5 The capacity of regulators, supervisors and obliged institutions to fulfill their obligations under the AML/CTF legislation, to implement the Moneyval recommendations and take measures based on risk analyse is increased	<ul style="list-style-type: none"> - Number of false positives reduced by 50% - Reports of financial market regulators, supervisors and obliged entities are prepared in line with the instructions and contain necessary information for AML/CTF suppression - Training on the risk-based approach delivered to all financial regulators and at least 5 trainers identified and trained 	<ul style="list-style-type: none"> - National statistics - Training reports 	<ul style="list-style-type: none"> - Regulators, supervisors and obliged institutions will apply their increased capacities - Training will continue beyond the duration of the project

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Activities	Means		
5.1	Assist the supervisors and regulators in the determination of national standards of compliance with relevant legislation and international standards, producing guidelines and indicators for obliged institutions and implementing the relevant Moneyval recommendations	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings	
5.2	Organise seminars and workshops for the regulators/supervisors on best practices available in other European countries and on the application of the risk-based approach in the internal AML/CTF policies	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings	
5.3	Assist financial supervisors and regulators in the elaboration of training plans and curricula for obliged institutions in their sectors	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings	
<p>Result 6 Mechanisms and procedures reinforced for interagency cooperation and information exchange within the relevant bodies of the AML/CTF system in Serbia, including between public and private sector</p>	<ul style="list-style-type: none"> - Cooperation mechanism in place with MoUs and service level agreements concluded - Number and efficiency of investigations and prosecutions in financial crime cases 	<ul style="list-style-type: none"> - Moneyval reports - Official statistics - Training reports, questionnaires and certificates 	<ul style="list-style-type: none"> - Investigations and prosecutions will lead to successful adjudications - MOUs and agreements will be implemented
Activities	Means		
6.1	Organise annual typology meetings with law enforcement and regulatory authorities	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings	
6.2	Undertake assessment and propose t improvements to the system of data collection and analysis, information exchange and feedback between relevant services and institutions (including private	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting,	

	sector)	expert opinions, meetings	
6.3	Support preparation of yearly implementation plans of the National AML/CTF Strategy	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings	
Result 7 Technical infrastructure improved to collect, analyse and exchange information necessary to prevent and control money laundering, terrorist financing and predicate financial crimes	<ul style="list-style-type: none"> - Timely preparations of annual work plans - Existence of new software in the relevant units, as per needs assessment report - 80% of staff using software trained 	<ul style="list-style-type: none"> - Progress reports - Moneyval reports - Reports of the Standing Coordination Group - Invoice and acts of acceptance for purchased software 	<ul style="list-style-type: none"> - Readiness for cooperation among all involved actors and willingness to change inefficient data exchange practices - The Government of Serbia will complement the software by purchasing or upgrading the hardware and network infrastructure
Activities	Means		
7.1	Assess IT infrastructure needs to manage information flow across the network	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings	
7.2	Produce detailed technical specifications for the necessary equipment and software	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings	
7.3	Procure necessary software, make any adjustments necessary for efficient use of procured equipment and software and provide training on its use	Costs: Fees LTA/STA, per diems, international travel, translation/interpretation. Inputs: LTA daily advise, STA consulting, expert opinions, meetings	

8.2 Annex II –Indicative Timetable

Expected results	Proposed Activities	2010	2011				2012				2013		
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Inception phase													
0.1	Recruit project staff.												
0.2	Equip project offices.												
0.3	Prepare a detailed work-plan and an inception report.												
0.4	Organise a start-up event.												
ER 1. Legislative proposals available to make Serbian legislation compliant with the applicable European and international standards													
1.1	Analyse Serbian legislation and practice and support in the preparation of the necessary legislative drafts												
1.2	Organise a series of training events on practical implementation of new European AML/CTF standards, Moneyval recommendations, CoE Convention 198 and application of new standards and procedures for core group of staff												

ER 2. Increased public support to efforts to prevent and control economic crime													
2.1	Ensure and enhance the visibility and transparency of the AML/CTF system and in particular that of AMLP through distribution of information materials and through training the staff in relevant public agencies in media relations and in the provision of information to the public;												
2.2	Organise awareness raising or training workshops for journalists to gain public support to measures against money-laundering and economic crime.												
2.3	Organise, present and publish up to 5 (five) research studies on the risks of money laundering												
2.3	Organise a high level awareness raising event to sensitise politicians and attract public attention to the efforts undertaken by the state to increase efficiency in the fight against economic crime.												
ER 3. Capacities of the APML to carry out its inline with the AML/CTF legislation and Moneyval recommendations is increased													
3.1	Support the AMLP in preparing further training plans for their staff, train selected AMLP staff as trainers and assist them in delivering training courses for the staff of other AML/CTF system participants.												
3.2	Organise up to 6 multi-agency study visits to CoE Member States to provide first-hand experience to overcoming difficulties in the implementation of international AML/CTF standards												

3.3	Train the analytical staff of the FIUs on analysis and exchange of financial information.												
3.4	Translate and publish FATF typologies into Serbian language												
ER 4. Capacity of law enforcement agencies, relevant service of the MOF and judiciary to detect, investigate, prosecute and adjudicate in the money-laundering, terrorist financing and economic crime cases (including tracing criminal money on the internet) is increased													
4.1	Support the preparation of training programmes, curricula and materials on AML/CTF for the law enforcement agencies and judiciary as recommended by Moneyval (2009) 29 report.												
4.2	Based on a comprehensive TNA, deliver specialised training on economic and financial crime, AML/CTF and related topics to prosecutors, judges, staff of the law enforcement and financial investigation units.												
ER 5. The capacity of regulators, supervisors and obliged institutions to fulfill their obligations under the AML/CTF legislation, to implement the Moneyval recommendations and take measures based on risk analyse is increased													
5.1	Assist the supervisors and regulators in the determination of national standards of compliance with relevant legislation and international standards, producing guidelines and indicators for obliged institutions and implementing the relevant Moneyval recommendations .												

5.2	Organise seminars and workshops for the regulators/supervisors on best practices available in other European countries and on the application of the risk-based approach in the internal AML/CTF policies												
5.3	Assist financial supervisors and regulators in the elaboration of training plans and curricula for obliged institutions in their sectors.												
ER 6. Mechanisms and procedures reinforced for interagency cooperation and information exchange within the relevant bodies of the AML/CTF system in Serbia, including between public and private sector													
6.1	Organise annual typology meetings with law enforcement and regulatory authorities.												
6.2	Undertake assessment and propose improvements to the system of data collection and analysis; information exchange and feedback between relevant services and institutions (including private sector)												
6.3	Support preparation of yearly implementation plans of the National AML/CTF Strategy.												
ER 7. Technical infrastructure improved to collect, analyse and exchange information necessary to prevent and control money laundering, terrorist financing and predicate financial crimes													

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<p>7.1</p>	<p>Assess IT infrastructure needs to manage information flow across the network</p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>
<p>7.2</p>	<p>Produce detailed technical specifications for the necessary equipment and software</p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>
<p>7.3</p>	<p>Procure necessary software, make any adjustments necessary for efficient use of procured equipment and software and provide training on its use</p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>