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## Project against Money Laundering and Terrorist Financing in Serbia

### MOLI-Serbia – summary –

<b>Project title</b>	Project against Money Laundering and Terrorist Financing in Serbia (MOLI-Serbia)
<b>Project area</b>	Serbia
<b>Budget</b>	EURO 2 200,000.00
<b>Funding</b>	The European Union (90.91%) and Council of Europe (9.09%)
<b>National in-kind contribution</b>	The Government of Serbia (EURO 65,000.00- provision of hardware)
<b>Implementation</b>	Council of Europe: Economic Crime Division, Directorate of Cooperation, DGHL
<b>Duration</b>	36 months (15 November 2010 – 15 November 2013)

### BACKGROUND AND JUSTIFICATION

Economic and organized crime continues to be a serious threat for the economy of Serbia and to the development of democracy and the rule of law. According to the Administration for the Prevention of Money Laundering (APML) organised groups 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.

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 and terrorist financing. In September 2008 the Government of Serbia adopted the National Strategy for the Prevention of Money Laundering and Financing of Terrorism<sup>1</sup>, and an Action Plan for the implementation of the National Strategy covering the period of 2009-2013 was adopted in April 2009.

Certain progress has also 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 during 2006 – 2008.

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, implementation of the AML National Strategy, provision of further training and further IT improvements”. The current project is built on what has been achieved through PACO Serbia and the recommendations specified in its final report<sup>2</sup>. Moreover, EC 2009 Progress Report on Serbia<sup>3</sup>, among other things, recommends further actions to be taken in improving the criminal investigations in money laundering cases. The Communication from the Commission to the Council and the European Parliament on Enlargement Strategy and Main Challenges 2008-2009 of 5 November 2008<sup>4</sup> also states that “enforcement capacity to confiscate assets remains low. Investigation resources, inter-agency cooperation and enforcement capacity need to be further improved.”

In view of the above mentioned, this technical assistance project, aiming at contributing to these objectives, will serve as one tool for providing and supporting reforms and interventions in the following areas:

- Ensuring that the Serbian AML/CFT system is in compliance with the relevant international standards;

<sup>1</sup> [http://www.apml.org.rs/index.php?option=com\\_remository&Itemid=10&func=startdown&id=111&lang=en](http://www.apml.org.rs/index.php?option=com_remository&Itemid=10&func=startdown&id=111&lang=en)

<sup>2</sup> See page 6 of the Description of the Action

<sup>3</sup> [http://ec.europa.eu/enlargement/pdf/key\\_documents/2009/sr\\_rapport\\_2009\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2009/sr_rapport_2009_en.pdf)

<sup>4</sup> [http://www.europa.org.yu/upload/documents/key\\_documents/2008/strategy\\_paper\\_incl\\_country\\_conclu\\_en%202008.pdf](http://www.europa.org.yu/upload/documents/key_documents/2008/strategy_paper_incl_country_conclu_en%202008.pdf)

- Improving the 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;
- Capacity building of the Administration for the Prevention of Money Laundering (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;
- Ensure and enhance the effective interagency co-operation and co-ordination mechanisms;
- Support to the increase efficiency of the AML/CTF system by strengthening IT services and tools to collect and analyse financial data.

## OBJECTIVES AND EXPECTED RESULTS

<b>Overall objective</b>	To contribute to democracy and the rule of law through 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
<b>Project Purpose</b>	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
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 analysis 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

## PARTNERS/BENEFICIARIES

The main project partners from the Serbian side will be the **Administration for the Prevention of Money Laundering (APML)** and the **Ministry of Finance**. Project beneficiaries/target groups will also include:

- Ministry of Interior
- Public Prosecutor's Office of the Republic of Serbia
- Ministry of Justice
- Supreme Court of Cassation
- Judicial Academy
- Police Academy
- National Bank of Serbia
- Securities Commission
- Professional Associations
- Journalist's Associations and NGOs

## IMPLEMENTATION ARRANGEMENTS

The Council of Europe's project team in Belgrade (Serbia) is composed of a Long-term Consultant (LTC), a Local Project Officer (LPO) and a Local Project Assistant (LPA). The team based in Belgrade will work directly with the beneficiaries, and will be guided and supported by a Project Manager in Strasbourg, France. The entire team will be responsible for project management and implementation of project activities in Serbia on behalf of the Council of Europe. The Government's appointed National Project Coordinator will be a senior expert of the APML. He will function as the main counterpart in the organisation of project activities on behalf of the Serbian authorities.

Overall project management supervision will be ensured by the Corruption and Money Laundering Unit at the Department of Information Society and Action against Crime, Directorate of Cooperation, DG-HL of the Council of Europe in Strasbourg. A Workplan of Activities detailing all project actions, timing, engagement of short-term international and national consultants/experts and of responsible government institutions is available after the inception phase. 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 all project activities. All local experts are to be independent and free from conflicts of interests in Serbia.

## CONTACT

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