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## Project against Economic Crime in Kosovo\* – Phase II (PECK II)

### Project Summary

March 2016

Project title	Project against Economic Crime in Kosovo (PECK II)
Budget	2,225,000 Euro: 89.89% European Union and 10.11 % Council of Europe
Funding	IPA II 2014: CRIS No. 2015/372-097 Indirect Management through Delegation Agreement from EU under EU/CoE Joint Programme Framework
Implementation	Economic Crime and Cooperation Unit (ECCU) Action against Crime Department Information Society and Action against Crime Directorate Directorate General Human Rights and Rule of Law - DG I Council of Europe
Duration	36 months (1 January 2016 – 31 December 2018)

#### 1. BACKGROUND AND JUSTIFICATION

Economic crime – including corruption, money laundering and terrorist financing, trafficking in human beings, cybercrime and other forms of financial and organised crime – are of important concerns in Kosovo. With regard to economic crime, the Council of Europe has been supporting Kosovo for a number of years through technical cooperation activities which focused on support to legislative drafting, training and policy advice in cooperation with United Nations Mission in Kosovo (UNMIK), the Organisation for Security and Cooperation in Europe (OSCE), and the European Union Rule of Law Mission in Kosovo (EULEX Kosovo). This included drafting of the (provisional) criminal and criminal procedure codes, specific legislation concerning prosecution and investigation procedures, anti-corruption and anti-money laundering legislation, capacity building for the anti-corruption agency, and training with regard to use of special investigative means, financial investigations, witness protection and other measures against organised crime and money laundering.

Previously between 2012 and 2015 the joint European Union/Council of Europe Project against Economic Crime in Kosovo (PECK I) has produced in two consecutive cycles the first comprehensive and structured assessment of Kosovo's compliance with European and international standards in the anti-corruption (AC) and the anti-money laundering and combating the financing of terrorism (AML/CFT) areas. Adopted in June 2013 and December 2014, the AC and AML/CFT assessment reports constitute the first-of-its-kind comprehensive assessment of Kosovo based on GRECO and FATF/MONEYVAL adjusted methodologies and practices specifically tailored to Kosovo. The reports provide an in-depth analysis of the AC and AML/CFT institutional, legal and policy frameworks, identify deficiencies and provide recommendations for bringing necessary legislative, institutional and operational reforms in compliance with applicable European and international standards.

Furthermore, EC 2015 Report on Kosovo echoes PECK I Project findings and recommendations:

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

“Kosovo is at an early stage in the fight against corruption. [...] Overall progress has been limited and strong political will and commitment is needed to tackle this phenomenon properly. [...] There is a general disconnect and lack of integration between the main anti-corruption bodies in Kosovo, which suffer from overlapping mandates and an unclear division of tasks.” “Kosovo should make an effort to align its legislation and practices to the FATF recommendations. [...] Cooperation between the Financial Intelligence Unit in the Ministry of Finance and key bodies in the anti-money laundering chain needs to be further enhanced.”

The second phase of PECK Project (PECK II) builds on the results and lessons learned from the first phase and aims to support economic crime reforms and efforts with particular emphasis on anti-corruption related measures, and to contribute to strengthening capacities and sustainability of economic crime efforts. It will assist Kosovo authorities with the implementation of specific recommendations from the previous assessment cycles conducted within PECK I through targeted technical assistance while continuing with structured assessment of AC and AML/CFT frameworks vis-à-vis evolving international standards.

Technical assistance activities will cover the two components (corruption and money laundering) by addressing economic crime-related capacity building aspects in connection with legislative, institutional, policy and operational reforms. Strengthened capacities to effectively implement and coordinate anti-corruption measures will be coupled with further streamlining of inter-agency information exchange and cooperation mechanisms to ensure effective coordinated measures against economic crime.

Moreover, technical assistance activities will further support Kosovo authorities to better participate the forthcoming assessment process that will be carried out during the last year of PECK II (2018).

**2. OVERALL OBJECTIVE, EXPECTED RESULTS AND ACTIVITIES**

Objectives	<p><b>Overall Objective</b></p> <p>To contribute to democracy and the rule of law through the prevention and control of corruption; money laundering; and the financing of terrorism in Kosovo.</p> <p><b>Purpose</b></p> <p>To strengthen institutional capacities to counter corruption; money laundering; and the financing of terrorism in Kosovo in accordance with European standards through targeted technical assistance and assessments for improving and streamlining economic crime reforms.</p>
Expected results	<p><b>Result 1</b> - Institutional capacities of anti-corruption stakeholders to effectively implement and coordinate anti-corruption measures are further strengthened</p> <ul style="list-style-type: none"> <li>1.1 Conduct Risk analysis and assessments in up to three priority areas;</li> <li>1.2 Provide legal and technical opinions and legislative proposals and support their implementation to make the relevant anti-corruption legislation compliant with international standards;</li> <li>1.3 Review legal and institutional whistleblowing mechanisms and provide proposals for improvement;</li> <li>1.4 Strengthen KAA investigative capacities and improve quality of reporting to law enforcement authorities as a result of the development and/or revision of methodologies, guidelines and Standards Operating Procedures (SOPs);</li> <li>1.5 Review and update Kosovo’s anti-corruption strategy and action plan;</li> <li>1.6 Provide methodologies, guidelines and tools in implementing asset declarations and conflict of interest regulatory framework to KAA,</li> </ul>

	<p>government officials, investigative journalists and NGOs;</p> <p>1.7 Support the dialogue and consultation processes between public authorities and civil society organisations on anti-corruption reform initiatives.</p> <p><b>Result 2</b> – Inter-agency information exchange and cooperation mechanisms are streamlined to ensure effective coordinated measures against economic crime</p> <p>2.1 Assist KAA and FIU (including here Police, Tax, Customs, and Prosecution Services) to carry out reviews and gap analysis of their inter-agency cooperation mechanisms;</p> <p>2.2 Provide recommendations and support their implementation aimed at improving inter-agency cooperation mechanism;</p> <p>2.3 Develop inter-agency SOPs, manuals and guidelines in relation to economic crime;</p> <p>2.4 Enhance monitoring, evaluation and reporting on economic crime policy documents and action plans.</p> <p><b>Result 3</b> – Assessment Report of anti-corruption measures is available</p> <p>3.1 Carry out an anti-corruption assessment measuring the level of compliance with European and international standards (based on the experience and criteria used by GRECO and other relevant bodies of the Council of Europe);</p> <p>3.2 Support and facilitate active participation of Kosovo institutions in peer assessments on anti-corruption measures based on European monitoring methodology;</p> <p>3.3 Provide assessment driven recommendations on anti-corruption regulatory, institutional and policy related areas;</p> <p>3.4 Publish and disseminate Anti-corruption assessment report and compliance matrix in English, Albanian and Serbian.</p> <p><b>Result 4</b> – Assessment Report of anti-money laundering and combating financing of terrorism measures is available</p> <p>4.1 Carry out an anti-money laundering and combating financing of terrorism assessment measuring the level of compliance with European and international standards (based on the experience and criteria used by MONEYVAL and other relevant international bodies);</p> <p>4.2 Support and facilitate active participation of Kosovo institutions in peer assessments on anti-money laundering and combating financing of terrorism measures based on European and international monitoring methodology;</p> <p>4.3 Provide assessment driven recommendations on anti-money laundering and combating financing of terrorism regulatory, institutional and policy related areas;</p> <p>4.4 Publish and disseminate Anti-money laundering and combating financing of terrorism assessment report and compliance matrix in English, Albanian and Serbian.</p>
Main counterparts	<ul style="list-style-type: none"> <li>▪ Kosovo Anti-corruption Agency (KAA); and</li> <li>▪ Financial Intelligence Unit (FIU).</li> </ul>
Other beneficiaries	<ul style="list-style-type: none"> <li>▪ Prime Minister’s Office, relevant ministries (covering the justice, internal affairs, finance and public administration areas), law enforcement institutions, specific government structures and central institutions, key executive agencies, financial sector, industry and civil society.</li> </ul>

### 3. IMPLEMENTATION ARRANGEMENTS

The Council of Europe and more specifically Economic Crime and Cooperation Unit (ECCU) of the Action against Crime Department will be responsible for the implementation of the Project and the use of the funds through a delegation agreement under indirect management by the European Union Office in Kosovo. The Council of Europe project team will be composed of a Project Advisor, a Senior Project Officer and a Project Linguistic Assistant based in Pristina and work directly with institutions in Kosovo. The field team will be supported and managed by ECCU in Headquarters when concerning quality and substance control. The project team will engage international and local consultants/experts, and will ensure the active participation of local professional skills where available.

The main counterpart institutions, i.e. Kosovo Anti-corruption Agency (KAA) and the Financial Intelligence Unit (FIU) will be responsible for the coordination of Project activities on behalf of Kosovo institutions and to this end will designate each a Project Coordinator as senior experts in the respective subject matters (corruption and money laundering). The Project's Steering Committee will consist of representatives from all beneficiary/target groups, the European Union Office in Kosovo and the Council of Europe.

Project activities will include assessments, provision of expert advice/opinions, conferences, roundtables and seminars, workshops, training courses and researches. The Project deliverables and results will be documented through technical papers, handbooks, or other written outputs which will be made available through the Project website.

### 4. TARGET GROUPS

In addition to the main counterparts – Kosovo Anti-Corruption Agency and Financial Intelligence Unit - the target groups for the Project will include representatives of relevant ministries (covering the justice, internal affairs, finance and public administration areas), law enforcement institutions, specific government structures and central institutions, key executive agencies, financial sector, industry and civil society.

### 5. CONTACT

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