

## Description of the Action

Version of December 2015

Name of applicant:	The Council of Europe	
Title of the action:	Joint European Union/Council of Europe Project against Economic Crime in Kosovo <sup>1</sup> (PECK II)	
Location of the action:	Pristina, Kosovo	
<b>Total eligible cost of the action (A)</b>	<b>Amount requested from the Contracting Authority (B)</b>	<b>% of total eligible cost of action (B/Ax100)</b>
EUR 2,225,000	EUR 2,000,000	89.89%
Total duration of the action:	36 months	
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<sup>1</sup> 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.

## Contents

1	PROJECT SUMMARY	3
2	BACKGROUND	5
2.1	Current situation	5
2.2	Government policy and institutions	9
2.3	International policy	17
2.4	Rationale and needs to be addressed	20
2.5	Lessons learnt	27
2.6	Link to previous financial assistance	27
3	THE INTERVENTION	32
3.1	Overall objective	32
3.2	Project purpose	32
3.3	Expected Results, Activities and Deliverables	32
4	ASSUMPTIONS AND RISKS	37
4.1	Assumptions	37
4.2	Risks	37
4.3	Sustainability	38
5	IMPLEMENTATION	40
5.1	Methods of implementation and reasons for the proposed methodology	40
5.2	Budget Implementation Tasks	40
5.3	Directly Implemented Activities	40
5.4	Physical and non-physical means	41
5.5	Organisation and implementation procedures	45
5.6	Timetable	47
5.7	Costs and financing plan	47
6	CROSS-CUTTING ISSUES	48
6.1	Environment and climate change (and if relevant disaster resilience)	48
6.2	Engagement with civil society (and if relevant other non-state stakeholders)	48
6.3	Equal opportunities and gender mainstreaming	48
6.4	Minorities and vulnerable groups	49
7	FACTORS ENSURING SUSTAINABILITY	50
7.1	Policy support	50
7.2	Institutional and management capacity (public and private)	50
7.3	Economic and financial analysis	50
8	MONITORING AND EVALUATION	50
8.1	Definition of indicators	50
8.2	Reports/evaluations	52
	APPENDICES	54
8.3	Annex I - Logical Framework Matrix	55
8.4	Annex II - Indicative Timetable	60
8.5	Annex III - Detailed budget breakdown	63
8.6	Annex IV - List of Acronyms	64
8.7	Annex V - Communication/Contacts/Interviews	65

# 1 PROJECT SUMMARY

Project title	<b>Joint European Union/Council of Europe Project against Economic Crime in Kosovo (PECK II)</b>
Duration	36 months
Budget/funding	EUR 2,225,000 (EU/IPA II 2014/032353/Kosovo/PECK II: €2.0 million; CoE: €225,000)
Objectives of the action	<p><b>Overall Objective</b> 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> 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 Result 1	<b>Institutional capacities of anti-corruption stakeholders to effectively implement and coordinate anti-corruption measures are further strengthened</b>
Activities	<p>1.1 Conduct <b>Risk analysis and assessments</b> (in up to three priority areas as identified in the initial Assessment Report from PECK I) in order to assess regulatory and institutional obstacles to efficiently prevent and fight corruption;</p> <p>1.2 Provide legal and technical opinions and legislative proposals and support their implementation to make the relevant <b>anti-corruption legislation</b> compliant with international standards;</p> <p>1.3 Review legal and institutional <b>whistleblowing</b> mechanisms and provide proposals for improvement;</p> <p>1.4 Strengthen KAA <b>investigative capacities</b> 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);</p> <p>1.5 Review and update Kosovo's <b>anti-corruption action plan</b>;</p> <p>1.6 Provide methodologies, guidelines and tools in implementing <b>asset declarations and conflict of interest</b> regulatory framework to KAA, government officials, investigative journalists and NGOs;</p> <p>1.7 Support the <b>dialogue and consultation processes between public authorities and civil society</b> organisations on anti-corruption reform initiatives.</p>
Expected Result 2	<b>Inter-agency information exchange and cooperation mechanisms are streamlined to ensure effective coordinated measures against economic crime</b>
Activities	<p>2.1 Assist <b>KAA and FIU</b> (including here Police, Tax, Customs, and Prosecution Services) to carry out reviews and gap analysis of their <b>inter-agency cooperation</b> mechanisms;</p> <p>2.2 Provide recommendations and support their implementation aimed at improving <b>inter-agency cooperation mechanism</b>;</p>

	<p>2.3 Develop <b>inter-agency SOPs, manuals and guidelines</b> in relation to economic crime;</p> <p>2.4 Enhance <b>monitoring, evaluation and reporting</b> on economic crime policy documents and action plans.</p>
Expected result 3	<b>Assessment Report of anti-corruption measures is available</b>
Activities	<p>3.1 Carry out an <b>anti-corruption assessment</b> 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 <b>Kosovo institutions in peer assessments</b> on anti-corruption measures based on European monitoring methodology;</p> <p>3.3 Provide assessment driven <b>recommendations</b> on anti-corruption regulatory, institutional and policy related areas;</p> <p>3.4 Publish and disseminate <b>Anti-corruption assessment report and compliance matrix</b> in English, Albanian and Serbian.</p>
Expected result 4	<b>Assessment Report of anti-money laundering and combating financing of terrorism measures is available</b>
Activities	<p>4.1 Carry out an <b>anti-money laundering and combating financing of terrorism assessment</b> 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 <b>Kosovo institutions in peer assessments</b> on anti-money laundering and combating financing of terrorism measures based on European and international monitoring methodology;</p> <p>4.3 Provide assessment driven <b>recommendations</b> on anti-money laundering and combating financing of terrorism regulatory, institutional and policy related areas;</p> <p>4.4 Publish and disseminate <b>Anti-money laundering and combating financing of terrorism assessment report and compliance matrix</b> in English, Albanian and Serbian.</p>
Main counterparts	<ul style="list-style-type: none"> <li>▪ Kosovo Anti-corruption Agency (KAA);</li> <li>▪ Financial Intelligence Unit (FIU).</li> </ul>
Other Beneficiaries	<ul style="list-style-type: none"> <li>▪ 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>
Implementation	Council of Europe (Economic Crime and Cooperation Unit, DG I)

## 2 BACKGROUND

### 2.1 Current situation

#### 2.1.1 Corruption

The Joint European Union/Council of Europe Project against Economic Crime in Kosovo (PECK) has produced in two consecutive cycles the first assessment of Kosovo's compliance with European and international standards in the anti-corruption (AC) field. Adopted in June 2013 and December 2014, the AC assessment reports constitute the first-of-its-kind comprehensive assessment of Kosovo based on GRECO adjusted methodology and practice specifically tailored to Kosovo. They analyse the AC framework, identify deficiencies and provide recommendations for bringing legislative, institutional and operational reforms to improve compliance with international standards. The initial assessment report addressed 62 recommendations to Kosovo covering different themes such as:

- Fundamental safeguards and corruption prevention in respect of judges, prosecutors, police, public administration, members of Parliament, financing of political parties and election campaigns, and public procurement;
- Criminal law, law enforcement and criminal procedure: incriminations, independence, specialisation and means, investigation and criminal procedure, identification, seizure and confiscation of corruption proceeds, immunities, prevention of legal persons being used as shields for corruption, and
- International cooperation.

While acknowledging different anti-corruption legal and institutional measures undertaken by Kosovo, the AC assessment report emphasises the necessity for proper and effective implementation of legislation in this area. It invites authorities to engage proactively in line with its specific recommendations to further integrate international standards and address the main shortcomings identified in thematic areas as above which cover *inter alia* clear focus and priority for enhanced/streamlined co-operation and coordination by various authorities responsible for detecting, investigating and prosecuting corruption offences; more proactive approach in investigating corruption offences; integrated, extensive and more targeted prevention measures, including enhanced supervision, control and enforcement capacities in relation to declaration of assets, prevention of conflicts of interest and related and associated ethical and integrity issues and risk analysis tools of the most vulnerable sectors; adequate and strengthened monitoring tools; collection of appropriate and detailed information and statistics in order to periodically assess and improve effectiveness of the system and efficiency of investigation/prosecution, sanctioning, prevention of corruption and awareness and participation.

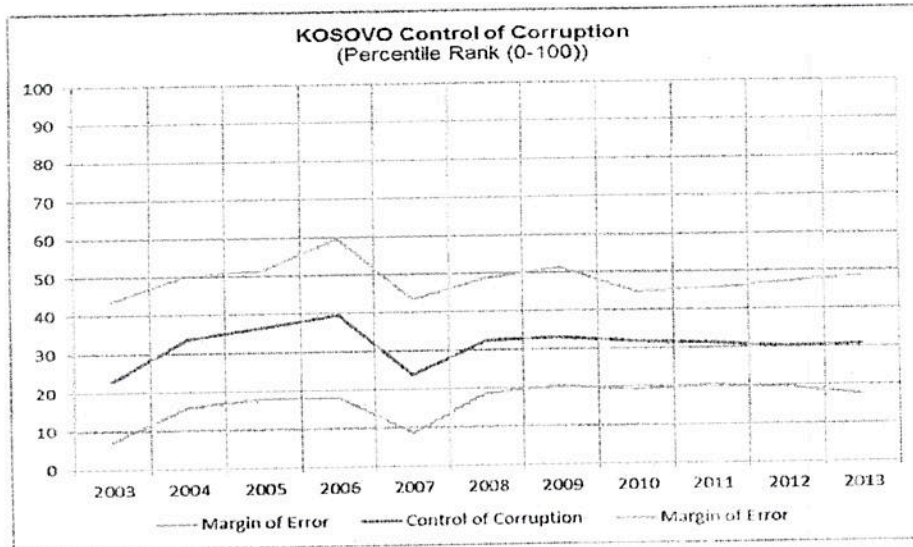
Corruption remains a serious challenge for Kosovo. It affects all sectors of society and takes place at all levels. Transparency International's 2013 Global Corruption Barometer<sup>2</sup> provides the following results:

- 65% of the respondents in Kosovo believe that over the past two years, the level of corruption has increased, while 26% say it has stayed the same and only 8% think that corruption has decreased;
- 73% of respondents think that anti-corruption measures of the government have not had any effect, while only 10% believe that the measures have been effective (for 16% they are neither effective nor ineffective);
- 16% of users have been paying a bribe to receive a service from at least one of eight different service providers in the past 12 months.

<sup>2</sup> <http://www.transparency.org/gcb2013/country/?country=kosovo>

Transparency International's 2014 Corruption Perception Index rates Kosovo at 33 (with 100 representing the lowest level of corruption), the lowest rating of Balkan States.<sup>3</sup>

According to the World Bank's Worldwide Governance Indicators, Kosovo's control of corruption has shown no improvement since 2008, and remains low at more or less 30% (100% representing full control of corruption), with no clear tendency since 2008:



(Source: World Bank, <http://info.worldbank.org/governance/wgi/>)

Freedom House's Nations in Transit ratings show also no relevant improvement since the first assessment in 2004:

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Rating	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75	6.00	6.00

(Source: [www.freedomhouse.org](http://www.freedomhouse.org); the ratings are based on a scale of 1 to 7, with 1 representing the highest level of progress.)

Kosovo Assembly adopted the Anti-Corruption Strategy 2013-2017, which includes a corruption risk assessment of priority sectors. The strategy, however, lacks a budget and necessary mechanisms for its implementation by various institutions.

High levels of corruption and impunity are perceived and reflected in public opinions and surveys. The judicial system (followed by political parties) is identified by several sources and surveys as the institution most affected by corruption in Kosovo<sup>4</sup>. In more than half of all bribery cases (56.6%), the payment of the bribe is (explicitly or implicitly) requested by the public official or through a third party. As little as 3.7 per cent of bribes paid by businesses are reported to official authorities, mostly to the police<sup>5</sup>.

The overlap between political or official and private interests is another impediment. According to the EC 2013 Progress Report, hundreds of Kosovo public officials have more than two jobs, often owning several private businesses, which demonstrates fairly weak preventive measures to control conflicts of interest.

<sup>3</sup> <http://www.transparency.org/cpi2014/results>. The 2013 CPI index is similar whereas in 2012 it has been 34.

<sup>4</sup> <http://www.transparency.org/qcb2013/>

<sup>5</sup> UNODC Business, Corruption and Crime in Kosovo : The impact of bribery and other crime on private enterprise, 2013: [http://www.unodc.org/documents/data-and-analysis/statistics/corruption/Kosovo\\_Business\\_corruption\\_report\\_EN.pdf](http://www.unodc.org/documents/data-and-analysis/statistics/corruption/Kosovo_Business_corruption_report_EN.pdf)

Project against Economic Crime in Kosovo (PECK II)

The cooperation level between the various institutions remains poor and inconsistent. There is a weak enforcement capacity. Anti-corruption efforts suffer from a lack of cohesive, forceful action and follow-through with punitive measures. Some reforms have been implemented successfully; however, Kosovo still needs to address a multitude of issues to comply with international standards of good governance.

According to the US Department of State 2013<sup>6</sup>, courts are inefficient, cases are plagued by long delays and there is an extreme lack of enforcement of current laws and court decisions.

Kosovo authorities are aware of diverse challenges in fighting corruption and organised crime<sup>7</sup> that require further action, such as ineffective multi-mechanism approach in fighting corruption, insufficient law enforcement, lack of sufficient expertise and know-how in different institutions fighting corruption and organised crime, inadequate and insufficient coordination and cooperation between different institutions, overlapping and complex institutional set-up, weak capacities and resources, inconsistent administrative data on anti-corruption.

In terms of asset recovery, Kosovo faces serious difficulties in demonstrating sustained efforts and data concerning seizure and confiscation of illegal assets and proceeds.

Investigation and adjudication of corruption offences in Kosovo in 2013 <sup>8</sup>	Reported suspects	Investigations	Dismissed criminal reports	Terminated investigations	Indictments	In procedure	Imprisonments	Fines	Other (probation, acquittal, etc.)
Anti-corruption Agency	196								
Police	634								
Others	216								
Prosecutors	+1,115	665	139	214	312	1,496			
Courts							22	48	34

<sup>6</sup> <http://www.state.gov/e/eb/rls/othr/ics/2013/204671.htm>

<sup>7</sup> Diagnostic Report: Kosovo on its path towards the European Union (a supportive analysis for a national strategy for European integration) - [http://www.president-ks.gov.net/repository/docs/Diagnostic\\_Report\\_ENG.pdf](http://www.president-ks.gov.net/repository/docs/Diagnostic_Report_ENG.pdf)

See also Kosovo's Strategy for European Integration 2014-2020: [http://www.kryeministri-ks.net/repository/docs/National\\_Strategy\\_for\\_European\\_Integration\\_Kosovo\\_2020\\_ENG.PDF](http://www.kryeministri-ks.net/repository/docs/National_Strategy_for_European_Integration_Kosovo_2020_ENG.PDF)

<sup>8</sup> Based on: Kosovo Prosecutorial Council Annual Report 2013 on Harmonisation of Statistics under the Inter-institutional Mechanism on Harmonisation of Statistics for Characteristic Criminal Offences, February 2014, [http://www.psh-ks.net/repository/docs/ANNUAL\\_REPORT\\_\(2013\)\\_ON\\_TRACKING\\_MECHANISM.pdf](http://www.psh-ks.net/repository/docs/ANNUAL_REPORT_(2013)_ON_TRACKING_MECHANISM.pdf)

Concerning trials, figures refer to the Kosovo Agency of Statistics publication on Jurisprudence Statistics for Adult Persons (2013): [https://ask.rks.gov.net/ENG/justice/publications/doc\\_download/1193-jurisprudence-statistics-for-adult-persons-2013](https://ask.rks.gov.net/ENG/justice/publications/doc_download/1193-jurisprudence-statistics-for-adult-persons-2013)

Figures refer to persons.

Project against Economic Crime in Kosovo (PECK II)

Investigation and adjudication of corruption offences in Kosovo in the first half of 2014 <sup>9</sup>	Reported suspects	Investigations	Dismissed criminal reports	Terminated investigations	Indictments	In procedure	Convicted persons	Acquitted persons	Dismissed/Rejected indictments
Anti-corruption Agency	156								
Police	234								
Others	146								
Prosecutors	+1,508	556	117	191	248	1,488			
Courts							34	5	9

### 2.1.2 Money Laundering/Terrorism Financing

The Joint European Union/Council of Europe Project against Economic Crime in Kosovo (PECK) has produced in two consecutive cycles' assessment reports of Kosovo compliance with European and international standards in the anti-money laundering and combating the financing of terrorism (AML/CFT) areas. Adopted in June 2013 and December 2014, the AML/CFT assessments reports constitute the first complete assessment of Kosovo based on the FATF Recommendations 2003 and the Special Recommendations on Terrorist Financing 2001 of the Financial Action Task Force (FATF) and were prepared using the FATF/MONEYVAL AML/CFT assessment Methodology 2004<sup>10</sup>.

There is little shared knowledge, recognized information or any publicly available statistical data on the phenomenon of ML or TF in Kosovo notwithstanding the National Risk Assessment (NRA) undertaken by the Kosovo authorities during 2013.

The Financial Intelligence Unit (FIU) produces annual activity reports which are as from 2011 published on the FIU website. Moreover, the FIU and other relevant institutions maintain minimal statistics on STRs/CTRs received and disseminated and feedback information on the outcome of disseminations to law enforcement. Although there are reported ML-related cases investigated during last years, there is however a lack or very low level of indictments. So far, there has not yet been a single final court decision in ML cases in Kosovo, either convictions or acquittals.

However, the extent of money laundering is related to the extent of the informal black economy (drug dealing, prostitution, smuggling of illegal goods and other criminal activities), excluding, in this context, tax evasion, as part of the grey economy. Data corroborate the importance of black economy in Kosovo through excessive incoming and especially outgoing cross-border cash movements<sup>11</sup>.

<sup>9</sup> Based on: Kosovo Prosecutorial Council Bi-annual Report (January-June 2014) on Harmonisation of Statistics under the Inter-institutional Mechanism on Harmonisation of Statistics for Characteristic Criminal Offences, 2014, [http://www.psh-ks.net/repository/docs/Bi-annual\\_Report\\_of\\_the\\_Tracking\\_Mechanism\\_2014.pdf](http://www.psh-ks.net/repository/docs/Bi-annual_Report_of_the_Tracking_Mechanism_2014.pdf)

Figures refer to persons.

<sup>10</sup> The Cycle 2 PECK AML/CFT Assessment Report 2014 (hereafter "PECK AML/CFT Assessment Report") covers the entire 40+9 FATF Recommendations:  
[http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/PECK-Kos/Assessments/2590 PECK AML-CFT%20assessment%20report\\_FINAL%20%282%29.pdf](http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/PECK-Kos/Assessments/2590_PECK_AML-CFT%20assessment%20report_FINAL%20%282%29.pdf)

<sup>11</sup> See the Government Situation Report 01/2014 on Prevention of Informal Economy and Financial Crimes in Kosovo, page 20, Table 3. In 2013 cash transaction reports amount to 604,331 whereas they represent around 25% (or 121,002) for the first three months of 2014 (*Idem*, page 25).  
In the case of the Euro, the outgoing cross-border cash movements amount to €655 million in 2012 and €645 million in 2013.



Therefore, it does not come as a surprise that for the period 2010 – 2013 an average of 481,967 cash transactions (above € 10,000) are reported to the FIU each year, a number which is extremely high compared to the size of Kosovo's population and economy. At the same time, the FIU also reports that it has observed several suspicious transactions with regards to financing of terrorism.

Although a NRA was conducted in 2013 this does not include the assessment of sectorial risks, which, according to the Kosovo authorities will be undertaken later. According to the Action Plan on the implementation of findings from the NRA action 2.2.2, all Kosovo institutions are obliged to undertake the Sectorial Assessment and it clearly specifies which sectors will be assessed based on the identified risks.<sup>12</sup>

The latest comprehensive PECK AML/CFT Assessment Report emphasises in many occasions the clear necessity to review the primary and secondary AML/CFT legislation in order to ensure Kosovo compliance with different respective international standards.

## 2.2 Government policy and institutions

### 2.2.1 Anti-corruption Framework

Important **legislation** and bylaws have been passed in Kosovo during last years, in particular:

- Law No. 2004/34 on Suppression of Corruption, OG 10/2007, 1 March 2007;
- Law No. 03/L-109 Customs and Excise Code of Kosovo, OG 43/2008, 11 November 2008 - Amended by Law No. 04/L-099, 04/L-115 and 04/L-273;
- Law No. 03/L-128 on Internal Audit, OG 59/2009, 29 October 2009;
- Law No. 03/L-141 on Managing Sequestered or Confiscated Assets, OG 58/2009, 10 August 2009;
- Law No. 03/L-149 on the Civil Service of the Republic of Kosovo, OG 72/2010, 25 June 2010;
- Law No. 03/L-159 on Anti-Corruption Agency, OG 65/2010, 5 February 2010;
- Law No. 03/L-174 on Financing of Political Entities, OG 82/2010, 21 October 2010 - Amended by Law No. 04/L-058 (OG 1, 12 January 2012) and Law No. 04/L-212 (OG 30, 23 August 2013);
- Law No. 03/L-199 on Courts, OG 79/2010, 24 August 2010 - Amended by Law No. 04/L-115 and 04/L-171;
- Law No. 03/L-215 on Access to Public Documents, OG 88/2010, 25 November 2010;
- Law No. 04/L-030 on Liability of Legal Persons for Criminal Offences, OG 16/2011, 14 September 2011;
- Law No. 04/L-042 on Public Procurement in Republic of Kosovo, OG 18/2011, 19 September 2011 - Amended by Law No. 04/L-237 (OG 25, 17 April 2014);
- Law No. 04/L-043 on Protection of Informants, OG 14/2011, 9 September 2011;
- Law No. 04/L-050 on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials, OG 16/2011, 14 September 2011 - Amended by Law No. 04/L-228 (OG 28, 28 April 2014);
- Law No. 04/L-051 on Prevention of Conflict of Interest in Discharge of Public Functions, OG 16/2011, 14 September 2011;

<sup>12</sup> A sectoral risk assessment for the construction sector is conducted and produced in draft version around the end of 2014.

- Law No. 04/L-082 on Criminal Code of the Republic of Kosovo, OG 19/2012, 13 July 2012 - Amended by Law No. 04/L-129 (OG 30, 9 November 2012) and Law No. 04/L-273 (OG 32, 15 May 2014);
- Law No. 04/L-123 on Criminal Procedure Code, OG 37/2012, 28 December 2012 - Amended by Law No. 04/L-273 (OG 32, 15 May 2014);
- Law No. 04/L-140 on Extended Powers for Confiscation of Assets Acquired by Criminal Offence, OG 5/2013, 8 March 2013;
- Law No. 04/L-213 on International Legal Cooperation in Criminal Matters, OG 33/2013, 2 September 2013;
- Law No. 04-L-273 on Amending and Supplementing laws related to the Mandate of the European Union Rule of Law Mission in the Republic of Kosovo, OG 32/2014, 15 May 2014, OG 34/2014;
- Law No. 04/L-274 on ratification of the International Agreement between the Republic of Kosovo and the European Union on the European Union Rule of Law Mission in Kosovo, OG 32/2014, 15 May 2014.

The legislative framework, although relatively recent and very often changed or amended, still calls for a streamlining process and remains ambiguous in certain areas.

A Draft Law on Amending and Supplementing Law No.04/L-051 on Prevention of Conflict of Interest in Discharge of Public Functions was adopted by the Government on 19 December 2014 (decision no. 03/03) and resubmitted with the same content to the Assembly.

The adopted Legislative Programme for 2015 foresees the following relevant laws and amendments<sup>13</sup>:

- Draft Amendments of the Constitution;
- Draft Law on Normative Acts;
- Draft Law on the Government;
- Draft Law on Amendments and Supplements to Law no. 03/L-075 for the Establishment of the Office of the General Auditor and Audit Office of Kosovo;
- Draft Law on Kosovo Customs and Tax Administration Inspectorate;
- Draft Law on Insurance;
- Draft Law on Amendments and Supplements to Law No. 04/L-014 on Accounting, Financial reporting and Audit;
- Draft Law on Amendments and Supplements to the Customs and Excise Code;
- Draft Law on Justice Academy;
- Draft Law on Misdemeanours;
- Draft Law on Amendments and Supplements to Law No. 03/L-199 on Courts;
- Draft Law on Amendments and Supplements to Law No. 03/L-223 on Kosovo Judicial Council;
- Draft Law on Amendments and Supplements to Law No. 03/L-224 on Kosovo Prosecutorial Council;
- Draft Law on Amendments and Supplements to Law No. 03/L-225 on State Prosecutor;
- Draft Law on Amendments and Supplements to Law No. 03/L-195 on Ombudsperson;
- Draft Law on Salaries of High Public Officials;
- Draft Law on Administrative Inspection;

<sup>13</sup> This is an indicative list as of mid-December 2014 and may be subject to further changes and/or additions. On 14 January 2015 the new Government in place since 9 December 2014 has adopted the Legislative Programme for 2015.

- Draft Law on Amendments and Supplements to Law No. 02/L-28 on Administrative Procedures;
- Draft Law on Amendments and Supplements to Law No. 03/L-149 on Civil Service of the Republic of Kosovo;
- Draft Law on Amendments and Supplements to Law No. 03/L-189 on State Administration of the Republic of Kosovo.

An **Anti-corruption Strategy and Action Plan** of 2013-2017<sup>14</sup> appears to be the general leading strategic document and the monitoring of its implementation is entrusted to the Kosovo Anti-corruption Agency<sup>15</sup>. A strategy on "Inter-institutional Co-operation in the Fight against Corruption and Organised Crime" (2013-2015) is adopted by the KPC<sup>16</sup>. A bi-annual review of the Action Plan for the implementation of the AC Strategy has to be carried out by the KAA in 2015, with need for technical assistance to support this process.

Institutions responsible for implementation of measures report to the KAA on a 6-month period basis and whenever required, whereas the KAA submits an annual report to the Assembly.

For the first time, the Kosovo authorities contributed under the KAA coordination and Council of Europe assistance to undertake an initial corruption risk assessment in priority sectors during the design of the AC Strategy and Action Plan (see Annex I of the AC Strategy). Domestic needs are expressed and technical assistance is requested to update and extend risk assessment tools including the undertaking of corruption sectoral risk assessments in specific areas of concern. Such undertaking is expected to be rather based on practical experience and measurable data as well as relevant research/indicators.

As for the **institutional** framework, the Prime Minister's **Office of Good Governance**, Human Rights, Equal Opportunities and Gender Issues (OGG) is dealing with – among other – anti corruption issues. However its role remains limited to co-ordination, advice and support to anti-corruption policy across sectors for the executive in consultation with various groups of interest and in close cooperation with the KAA.

The Kosovo **Anti-corruption Agency** (KAA) is the main operational anti-corruption policy and oversight body. It was established in July 2006 and started to be operational in February 2007. Composed of around 40 employees and with an annual dedicated budget of some 485,000 EUR, the KAA has managed to increase and strengthen some of its capacities, and operates under a recent Law on the Anti-corruption Agency of Kosovo.<sup>17</sup> According to Article 3 of the Law, the agency "is an independent and specialised body responsible for implementation of state policies for combating and preventing corruption in Kosovo". It is headed by a Director who is elected by the Assembly for a 5-year term with the right to be re-elected once. Its responsibilities include:

- detection and preliminary investigation of corruption;
- preparing and monitoring strategies and action plans against corruption;
- supervising and preventing cases of conflict of interest;

<sup>14</sup> Initially supposed to be adopted by the Parliament in spring 2012, the draft strategy and action plan were forwarded back to the executive for further improvement and review and were finally adopted by the Assembly on 11 February 2013.

<sup>15</sup> According to Article 5 of the Law No. 03/L-159 on Anti-Corruption Agency (2010), "in cooperation with the [Parliamentary] Committee, Government, other Institutions and non-government organisations [KAA] prepares strategy against corruption and action plan [...]."

<sup>16</sup> Infra footnote 37.

<sup>17</sup> Law No. 03/L-159 on the Anti-corruption Agency of Kosovo, OG 65/2010, published on 05/02/2010. Its powers were initially regulated by the Law No. 2004/34 on suppression of corruption (2005).

- supervising the wealth of senior public officials and other persons;
- supervising the acceptance of gifts by public officials;
- co-operation with public authorities on anti-corruption-related legislation;
- participation in international treaty negotiations;
- offering advice on drafting codes of ethics in public and private sectors;
- managing statistical data regarding corruption,
- raising public awareness;
- reporting to the Assembly and to the respective Oversight Committee;
- preparing and proposing the annual budget of the Agency.

So far, KAA has signed memoranda of understanding with the following counterparts: EULEX Chief Prosecutor's Office, Independent Judicial and Prosecutorial Commission, Financial Intelligence Centre/Unit, Ombudsperson Institution, Kosovo Customs, Public Procurement Regulatory Commission, Kosovo Police, State Prosecutor's Office, Tax Administration of Kosovo, Office of the Auditor General, Kosovo Judicial Council and Office of Disciplinary Prosecutor. Cooperation agreements with respective counterpart institutions of Albania and Montenegro have been signed as well.

In February 2012, an **Anti-corruption Council**<sup>18</sup> was set up under the initiative and the leadership of the President of Kosovo. The Council is chaired by the President of Kosovo while its other members are the Heads of relevant institutions and authorities involved in the fight against corruption. The Council aims to improve coordination and to raise awareness among all bodies and institutions involved in the fight against corruption. Besides any positive outcome to serve as a forum for exchange of information, its functions are rather general because of its consultative role and therefore its influence appears to be limited.

As for law enforcement and prosecution, the **Special Prosecutor's Office of Kosovo (SPRK)** was established in February 2010<sup>19</sup>. Being a permanent and specialised prosecutorial office operating within the Kosovo State Prosecutor, the SPRK deals with cases of high-level corruption. More specifically, it has exclusive competence to investigate and prosecute *inter alia* money laundering, terrorism offences, organised crime (article 5) as well as a subsidiary competence for offences defined in Article 9 of the Law (trafficking offences, counterfeiting money, corruption and fraud offences and other serious offences). SPRK is composed of 19 domestic prosecutors and 5 EULEX prosecutors. An Anti-corruption Task Force composed of special prosecutors and 30 police investigators was set up in 2011 to investigate economic and financial crime.

As far as prevention of corruption in the judiciary is concerned, the **Kosovo Judicial Council (KJC)** was established pursuant to UNMIK Regulation No. 2005/52 "On the establishment of the Kosovo Judicial Council". The Council shall ensure the independence and impartiality of the judicial system. It is responsible for recruiting and proposing candidates for appointment to judicial office. The Council is also responsible for the transfer of judges and disciplinary proceedings<sup>20</sup>. Within the KJC, the **Office of the Disciplinary Council** is the body responsible for addressing allegations of corruption and misconduct in the

<sup>18</sup> Decree No. DKKK-001-2012 on the Establishment of the National Anti-Corruption Council (Published in the Official Gazette on 16 February 2012), available at: <http://gazetazyrtare.rks.gov.net/SearchResults.aspx>

As a rule, the Council meets regularly at least four times per year. Since its establishment, 8 meetings have been organised (the last one as of August 2014).

<sup>19</sup> Law No. 03/L-052 on SPRK, OG 27/2008, published on 03/06/2008 - Amended by Law No. 04/L-273. See also Law No. 03/L-225 on State Prosecutor, OG 83/2010, published on 29/10/2010.

<sup>20</sup> Law No. 03/L-223 on the Kosovo Judicial Council, OG 84/2010, published on 03/11/2010 - Amended by Law No. 04/L-115 (OG 25, 07.09.2012).

judiciary<sup>21</sup>. However, oversight of the judiciary is inefficient and proper investigation in this domain has reportedly been lacking. In 2013, none of the few disciplinary sanctions against judges and prosecutors resulted in dismissal<sup>22</sup>. An equivalent body, the **Kosovo Prosecutorial Council** (KPC), exists for prosecutors. The KPC is responsible for recruiting, proposing for appointment or reappointment candidates for prosecutors as well as recommending dismissal of prosecutors, assessing, promoting, transferring, disciplining and determining policies, standards and instructions for the training of prosecutors<sup>23</sup>.

30 investigators of the **Kosovo Police**<sup>24</sup> (KP) are part of the SPRK's Task Force on Anti-Corruption. Furthermore, KP has established within the Investigation Department a Directorate against Economic Crime and Corruption Investigation (DECCI). DECCI deals with all types of financial crime and includes three units: Anti-corruption Unit, Financial Crimes Unit and Money Laundering Unit. EULEX Police Component is assisting KP through monitoring, mentoring and advising. EULEX police officers are co-located with their KP counterparts, but EULEX police officers act mainly in a supportive role, with KP being operationally in the lead<sup>25</sup>.

The KP is overseen by the **Ministry of Internal Affairs** (MIA). Within the MIA, the **Police Inspectorate of Kosovo** (PIK) was established in 2006 as an executive body. The PIK consists of the executive head who is responsible to the MIA and investigation/inspection officers, who are independent of the Kosovo Police service. They are mandated with criminal investigation and inspection of police units, interviewing police officers, collecting data on task accomplishment, and investigating criminal offences and disciplinary misconduct, including corruption allegations<sup>26</sup>. Besides overseeing the KP, the MIA is in charge of internal security in Kosovo in general, and thus of combating organized crime and corruption.

The **Agency for Managing Seized and Confiscated Assets** (AMSCA) was established in June 2010 as a body attached to the Ministry of Justice, following the promulgation of Law on Management of Seized and Confiscated Assets (Law No. 03/L-141). AMSCA's mandate is purely administrative and involves among other responsibilities: managing, administering, and/or selling seized or confiscated assets. AMSCA is staffed with 24 staff members and represents a structure which needs specialised capacities and skills to handle and manage cases of confiscated and/or seized assets and fostering cooperation with other institutions of relevance to their work. The annual budget of AMSCA is 409.195 Euro<sup>27</sup>. The functional and organizational structure of AMSCA is regulated with special sub-legal acts issued by the MoJ.

**International mutual legal assistance** remains problematic due to Kosovo's status situation. Several European states co-operate with Kosovo on an *ad hoc* basis, and only bilateral agreement basis, however several others do not<sup>28</sup>. Outside Europe, co-operation with law enforcement and judiciary is scarce. The lack of international co-operation by foreign states is damaging prosecution of crimes in Kosovo and other states.

<sup>21</sup> [www.kgjk-ks.org/?cid=2%2C152](http://www.kgjk-ks.org/?cid=2%2C152).

<sup>22</sup> Freedom House, Nations in Transit 2014, p. 15:

[https://www.freedomhouse.org/sites/default/files/13.%20NIT14 Kosovo\\_final.pdf](https://www.freedomhouse.org/sites/default/files/13.%20NIT14%20Kosovo_final.pdf)

<sup>23</sup> Law No. 03/L-224 on the Kosovo Prosecutorial Council, OG 83/2010, published on 29/10/2010 - Amended by Law No. 04/L-115 (OG 25, 07.09.2012).

<sup>24</sup> KP is currently regulated by the Law No. 04/L-076 on Police, OG 4/2012, published on 19/03/2012.

<sup>25</sup> [www.eulex-kosovo.eu/en/police/](http://www.eulex-kosovo.eu/en/police/).

<sup>26</sup> Law No. 03/L-231 on Police Inspectorate of Kosovo, OG 87/2010, published on 16/11/2010.

<sup>27</sup> According to Law No. 04/L-233 on Kosovo Budget for 2014.

<sup>28</sup> In areas of extradition, mutual legal assistance or judicial cooperation, mutual recognition and/or execution of judicial criminal decisions or transfer of convicted persons, Kosovo has signed or ratified bilateral agreements with Albania, Austria, Belgium, Croatia, the Czech Republic, the FYROM, Italy, Switzerland and Turkey. Similar agreements are under process or intended with a couple of other countries.

## 2.2.2 Anti-money-laundering/combating terrorism financing framework

With regard to **legislation** on anti-money laundering and combating financing of terrorism (AML/CFT), in addition to already mentioned pieces of legislation (see above section 2.2.1 on anti-corruption), the following relevant laws are in place:

- Law No. 03/L-196 on Prevention of Money Laundering and Terrorist Financing, OG 85/2010, 9 November 2010 - Amended by Law No. 04/L-178 (OG 5, 8 March 2013);
- Law No. 03/L-209 on Central Bank of the Republic of Kosovo, OG 77/2010, 16 August 2010;
- Law No. 04/L-080 on Games of Chance, OG 9/2012, 4 May 2012;
- Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions, OG 11/2012, 11 May 2012.

The MoF sponsored the drafting of the AML/CFT Law No. 03/L-196 which was adopted in September 2010. However, this law has been criticized as flawed by stakeholders, prompting the Ministry to initiate amendments. Various amendments to this Law were in fact initiated by the MoF following consultation with stakeholders and enacted in February 2013. As it has been pointed out by practitioners but also by the PECK AML/CFT Assessment Report, some of 2013 amendments have created additional difficulties rather than provided adequate solutions. As for the basic Law, upon the request of Kosovo authorities, the Council of Europe provided technical advice and opinion on earlier drafts of the basic law and amendments.

In the course of 2014, Kosovo authorities undertook the revision process of the AML/CFT Law and initiated through FIU a consultation process with relevant stakeholders. A Draft Concept Paper was prepared and a Working Group is to be set up in this regard. Under PECK Project Work Plan, a specific activity is added aiming to support through technical assistance and advise the revision process of the AML/CFT Law in order to meet respective European and international standards. Drafting, coordination and adoption process of the new AML/CFT Law may eventually take more time and go beyond the end of PECK Project (31 March 2015). Needs to be addressed in the revision process include issues already identified in the Draft Concept Paper, outstanding issues from the perspective of involved institutions, other stakeholders and the industry, those identified from the consultations process, identified technical deficiencies and errors as well as all shortcomings resulting from recommendations issued by the PECK AML/CFT Assessment Report. Consequently, the proposed action should envisage this eventuality and ensure needed and requested support without losing the momentum.

As far as the **institutional framework** is concerned, the **Financial Intelligence Unit (FIU)** was established at the end of 2010 and it inherited the building and structures of its predecessor the Financial Intelligence Centre (FIC), a body established by UNMIK<sup>29</sup> and later run by EULEX to perform the functions of an FIU. Sitting under the MoF, it is the central independent institution in charge to collect, receive, request, analyse and disseminate data and information for the prevention of money laundering (and related offences) and of terrorist financing. The FIU keeps a database of all cash transaction reports (CTRs) and suspicious transaction reports (STRs) and of all the data and information gathered whilst performing the analysis of such reports. Furthermore, the FIU disseminates intelligence data and information to the law enforcement agencies of Kosovo (Police, Tax Administration, Customs, Central Bank, etc.) and to other FIUs abroad. As an administrative type, the FIU does not conduct its own investigations, but rather provides other investigative bodies with intelligence/information to be used to initiate or proceed with investigations. However, the FIU does not receive sufficient and systematic feedback on the outcome of investigations and disseminations.

<sup>29</sup> UNMIK Regulation 2004/2 on the deterrence of Money Laundering and Related Criminal Offences.

The FIU has concluded memoranda of understanding (MoU) with neighbouring countries. Co-operation with other countries is – due to the status situation of Kosovo – uneven at best. Several foreign European FIUs have to date not responded to either intelligence on suspicious transactions provided for by the FIU or to requests for information. This lack of co-operation is probably seriously hampering law enforcement in Kosovo as well as in European countries.

Under full local ownership since June 2012, the FIU is staffed with 18 local and 3 international employees (two EULEX analysts and one advisor). The FIU is constantly training financial institutions on their obligations, but has not yet created sufficient internal capacity for on-site visits on compliance.

The **Central Bank of Kosovo** (CBK)<sup>30</sup> is the prudential supervisor and regulator of banks and financial institutions in Kosovo in accordance with Law on the CBK and Law on Banks. There is no capital market in Kosovo. All banks are primarily retail banks and 80% of them are owned by foreign financial institutions. Even though Kosovo is predominantly a cash economy, the confidence in the banking system is systematically increasing by around 20% per year.

Reportedly, all banks have compliance officers and apply a risk-based approach against money laundering and financing of terrorism.

Insurance companies have no compliance officers. The insurance market is primarily oriented on motor insurances (around 74% of all insurance policies are car insurances) with insignificant amounts of money transferred. Even though the money-laundering risk is regarded as very low, all transactions are dealt through the banking system (motor insurance policies can only be paid by bank transfers through online systems; there are no cash transactions). Pension funds have been affected by the financial crisis (10.4% drop at the value of the total assets) as they mainly invest in international markets (95%), however the value of the total assets has been picking up as markets are recuperating. According to the CBK, the main money laundering risks should be sought in the informal sector. International donors organised training activities for the CBK staff and compliance officers, some of them together with the FIU staff and/or the police.

By signing an MoU on 22 November 2013, different institutions such as KPC, KJC, MoJ, MoF, MIA, CBK, KIA and KAA agreed about basic principles for the setting-up and functioning of the **National Coordinator for Combating Economic Crime** (NCCEC). On the basis of the relevant KPC Regulation of December 2013 for the establishment and operation of the National Coordinator with the aim of increasing the efficiency in prosecution of crimes, sequestration and confiscation of material benefits deriving from crimes, in January 2014 a Prosecutor was appointed as the National Coordinator. According to the Regulation, the objective of the NCCEC is to promote, coordinate, monitor, evaluate and report activities of all public and private institutions which are concerned with prevention, detection, investigation, prosecution and adjudication of crime that generates material benefits by protecting the Kosovo financial system from the risk of ML, FT and tax evasion.

At the **policy** level, an AML/CFT strategy was adopted in January 2014 abrogating the previous strategy that had been endorsed in September 2012. In September 2012 the Kosovo Government also adopted four related strategies for the period 2012-2017 namely, a strategy against organized crime, a strategy against drugs, a strategy for fighting terrorism

<sup>30</sup> There are 94 institutions in total, including 9 banks, 1 representative office of a foreign neighbour bank, 16 insurance companies, 2 pension funds, 18 micro financial institutions, 5 insurance intermediaries, 5 non-bank financial institutions, 5 money transfer agencies and 33 foreign exchange bureaux.

and a strategy for protection of borders. As already mentioned above, a strategic plan for inter-institutional cooperation in the fight against organized crime and corruption has been prepared and adopted by the KPC. Its main aim is to improve the cooperation of the prosecutorial system with other institutions, particularly law enforcement authorities.

Kosovo is a member of the **World Bank** and the **International Monetary Fund (IMF)** since June 2009 and has been a full member of the **European Bank for Reconstruction and Development (EBRD)** since December 2012. In June 2013, Kosovo signed a framework agreement with the EIB. It became a member of the **Council of Europe Development Bank** in November 2013 whereas on 11 June 2014 it was invited by the Committee of Ministers of the Council of Europe to become a member of the **Venice Commission**. A membership application to the Egmont Group of Financial Intelligence Units with its total of 147 members has been submitted and is under process.

### 2.2.3 Conclusion

Several issues remain still a challenge for institutions in Kosovo:

- **Competences** for regulating and enforcing anti-corruption;
- Lack of **co-ordination** with regard to implementation of the anti-corruption action plan/strategy and to law enforcement;
- Lack or high turnover of **staff**;
- Strong need for **capacity** building in key areas such as prosecution, asset recovery or mutual legal assistance;
- Whereas **legislation** in some areas is comprehensive and relatively recent, there are still substantial needs for improvement of legislation in key areas, such as harmonisation between the Criminal Code and Criminal Procedure Code provisions, between these codes and other AC legislation and AML/CFT Law etc.;
- Lack of comprehensive **data** and information for assessing risks and measures;
- **Statistical data** that do not match among institutions and are not reliable;
- Poor level of **interagency cooperation**.

In addition, a serious external factor aggravates the situation: In the area of anti-corruption as well as anti-money laundering, **international co-operation** is hampered by a failure of many foreign jurisdictions to respond to requests for legal assistance or for financial intelligence; some jurisdictions do not even react to criminal or financial intelligence being shared by the Prosecutor's Office or by the FIU in Kosovo.

In view of the situation, a project phase II supporting economic crime reforms and efforts with particular emphasis to anti-corruption related measures should support strengthening of capacities and contribute to the sustainability of efforts. Moreover, taking stock of the previous experience under the implementation of PECK Project, the proposed action will support addressing and enhancing the still low implementation level of recommendations issued by PECK assessments reports. Furthermore, technical assistance activities will enable Kosovo authorities to be better prepared for the forthcoming assessment process that will be introduced and carried out during the last year of the proposed action.



## 2.3 International policy

### 2.3.1 Stabilisation and Association Process and other key references

Kosovo shares its European perspective with the rest of the region and participates in the Stabilisation and Association Process for the Western Balkans. In June 2013, the European Council authorised the opening of negotiations for a Stabilisation and Association Agreement (SAA) between the EU and Kosovo<sup>31</sup>. SAA negotiations were launched in October 2013 and the SAA was initialled between the EU and Kosovo in July 2014. Moreover, in January 2012, the European Commission launched the visa liberalisation dialogue with Kosovo that was followed by the visa liberalisation roadmap.

The 2012 Feasibility Study for a Stabilisation and Association Agreement between the EU and Kosovo and the Visa Liberalisation Roadmap set out clear requirements that Kosovo needs to meet in the rule of law area<sup>32</sup>. The main sub-sectors to be addressed by IPA II assistance are Judiciary, Home Affairs (with a strong focus on the fight against organised crime and corruption), and Fundamental Rights and Protection of Minorities. IPA II will also be mobilised to support Kosovo in taking over responsibilities from EULEX as of 2014.

Improving the rule of law is one of the key priorities identified in the EU Enlargement Strategy, the EC Feasibility Study for the Stabilisation and Association Agreement for Kosovo and the Indicative Strategy Paper for Kosovo 2014-2020 (Strategy Paper). In this respect and in the context of the political criteria, effective measures and institutions against corruption, money laundering and other forms of economic crime are of particular importance. According to the Strategy Paper, the Kosovo authorities need to effectively implement anti-corruption legislation and establish effective mechanism for the prevention of corruption, including increased number of investigated, prosecuted and adjudicated corruption cases. Increasing capacities of the individual institutions as well as inter-agency cooperation are also important issues that need to be addressed as a matter of priority.

The proposed action, with its integrated approach, will contribute to strengthening institutional capacities of involved stakeholders in the prevention and fight against corruption, enhancing effective implementation of anti-corruption measures and improving inter-agency cooperation, in combination with comprehensive assessments of the AC and AML/CFT frameworks vis-à-vis applicable international standards.

### 2.3.2 European Commission Progress Reports

The EC Progress Report of Kosovo for 2013 globally underlines the necessity to implement the legislative and policy frameworks, to provide concrete evidence of results in fighting organised crime and corruption as a matter of priority, and strengthen legislation and its implementation as well as to improve further the reliability of statistics in these areas. It further stresses the weak cooperation among involved agencies, the necessity of ownership, political continuous support and commitment from all stakeholders in the implementation of the strategy and action plan, the regular revision of risk assessment of vulnerable areas; the need to streamline the complex institutional setup and fragmentation of the system including respective roles and responsibilities and the necessity to give higher priority to effective prevention of corruption at all levels of society.

<sup>31</sup> [http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/ks\\_recommendation\\_2013\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/ks_recommendation_2013_en.pdf)

<sup>32</sup> [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/ks\\_feasibility\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/ks_feasibility_2012_en.pdf)

See also IPA II Indicative Strategy Paper for Kosovo (2014-2020), adopted on 20 August 2014: [http://ec.europa.eu/enlargement/pdf/key\\_documents/2014/20140919-csp-kosovo.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2014/20140919-csp-kosovo.pdf);

Declaration of Mid-Term Priority Policies 2014-2016: [http://www.kryeministri-ks.net/repository/docs/Declaration\\_of\\_Medium-Term\\_Policy\\_Priorities.pdf](http://www.kryeministri-ks.net/repository/docs/Declaration_of_Medium-Term_Policy_Priorities.pdf)

In its "Communication to the European Parliament and Council" on the "Enlargement Strategy and Main Challenges 2014-2015" the European Commission underlines the following with regard to Kosovo:

"Kosovo faces numerous challenges. The rule of law in Kosovo, including judicial independence, and limited results in the fight against organised crime and corruption remains a major concern. [...]

With regard to the fight against corruption and organised crime, [...] Kosovo is at an early stage in its fight against organised crime and corruption. Law enforcement agencies are reluctant to initiate financial investigations and the number of cases of freezing and confiscating assets ordered by the judiciary and executed by the police continues to be low. Witness intimidation is still a major concern. The new government and parliament need to show zero tolerance towards corruption and organised crime and a clear political will to the effective fight against corruption and organised crime<sup>33</sup>."

Moreover, the EC 2014 Progress Report stresses the following:

"The implementation of the anti-corruption strategy and action plan fails to generate effective results, due to weak political support. [...] The ACA's oversight function regarding the implementation of the strategy should be strengthened. The agency lacks the necessary analytical capacity to conduct risk assessments in sectors vulnerable to corruption. The quality of pre-investigation reports needs to improve to ensure better follow-up, and the prosecution needs to continue to ensure and provide feedback to the ACA. [...] The agency needs to organise more awareness-raising campaigns encouraging citizens to report corruption. Law on Prevention of the Conflict of Interest in the exercise of public office still needs to be aligned with the Criminal Code. [...] A standardised declaration form and verification guidelines with objective criteria should be developed. The sample quantity should increase, giving prioritisation to 'risk groups'. [...] Despite the high priority, results have been limited, with very few corruption cases resulting in judicial rulings.

[...] Overall, Kosovo has made limited progress and is at an early stage in the fight against corruption. Even though Kosovo judicial and prosecutorial councils prioritised corruption cases there is no track record of convictions. Corruption remains prevalent in many areas, including in public procurement, and continues to be a serious problem that needs to be addressed urgently. Real political commitment is needed to translate efforts into actual results in the fight against corruption. There also needs to be further strengthening of inter-institutional cooperation.

As regards the fight against money laundering and terrorism financing limited progress has been made. In general, legislative and operational structures are in place but tangible results in the fight against economic and financial crimes are lacking<sup>34</sup>."

<sup>33</sup> Enlargement Strategy and Main Challenges 2014-2015, October 2014, COM (2014) 700 final, pp. 26, 42: [http://ec.europa.eu/enlargement/pdf/key\\_documents/2014/20141008-strategy-paper\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2014/20141008-strategy-paper_en.pdf).

<sup>34</sup> EC Progress Report of Kosovo for 2014, SWD(2014) 306 final, pp. 15-16, 32: [http://ec.europa.eu/enlargement/pdf/key\\_documents/2014/20141008-kosovo-progress-report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2014/20141008-kosovo-progress-report_en.pdf).

EC Progress Report of Kosovo for 2013:  
[http://ec.europa.eu/enlargement/pdf/key\\_documents/2013/package/ks\\_rapport\\_2013.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2013/package/ks_rapport_2013.pdf)

### 2.3.3 Sector Assessment Approach

In May 2014 Kosovo adopted its Rule of Law Assistance Strategy, which will be the basis for the development of donor support to the sector for the period 2014-2019. The focus for Kosovo in the rule of law now needs to be on the implementation of strategies, action plans and legislation, to show results of the fight against organised crime and corruption, and to ensure independence of the judiciary.

This action is foreseen in **Rule of Law Assistance Strategy 2016 – 2019**<sup>35</sup> and its Strategic Objective 2 on improving the prevention and fighting of corruption and organized crime, including trafficking in human beings and narcotics, economic crime and money laundering, arms smuggling, cybercrime and terrorism. The above strategy states that "... the enforcement of legislation on preventing and fighting corruption and organized crime (including all types of serious crimes), as well as institutional capacity building in the field of the Rule of Law, continues to remain a challenge and an obstacle to economic and social development of Kosovo...". In terms of assistance, the strategy envisages support to the field of anti-corruption as a main area targeting different relevant stakeholders with capacity building and other assistance measures.

The **Anti-corruption Strategy 2013-2017**<sup>36</sup> and its respective Action Plan are structured around 7 priority areas that include 31 different objectives. They have been adopted and implemented slowly and need to be reviewed and updated. In addition, they have to face difficulties of adequate social and political consensus and ownership as well as due recognition and appropriate references from other sectoral policy documents. To date the implementation of the Anti-corruption Strategy 2013-2017 is quite low according to available KAA monitoring reports. This is concluded also in the **Mapping of Sector Strategies Report for Kosovo**<sup>37</sup> where it is stated that the Anti-Corruption Strategy 2013-2017 lacks the evidence based analysis and appropriate monitoring mechanisms. The KAA is expected to revise the Action Plan after the first two years of implementation (2013-2015) in accordance with new/reviewed priorities. Moreover, at the end of 2016 an evaluation of impact of this strategy is expected to be conducted. Although the aforementioned strategic document has been elaborated through a risk assessment process, risk assessment tools for anti-corruption purposes are still at an initial stage in Kosovo. Furthermore, the majority of 62 recommendations from PECK AC Assessment Report are yet pending and not really addressed by respective authorities.

In addition, the **Strategic Plan for Inter-institutional Cooperation in the Fight against Organised Crime and Corruption 2013-2015**<sup>38</sup> will need to be harmonised, monitored, updated and assessed through joint and coordinated efforts among law enforcement authorities and other relevant agencies. The same strategy is assessed in the Mapping of Sector Strategies Report for Kosovo as lacking the situation analysis and needs assessment. More concretely, the same report recommends that the Rule of Law related strategies are accompanied by clear short and medium term action plans that would include measures, responsible institutions, timelines and budget.

The proposed PECK II action will address important needs under core strategic documents and will focus on core priorities including risk assessment tools and methodologies and

<sup>35</sup> [http://www.md-ks.org/repository/docs/Rule\\_of\\_Law\\_Assistance\\_Strategy\\_in\\_Kosovo\\_2016-2019\\_\(Justice\\_and\\_Internal\\_Affairs\).pdf](http://www.md-ks.org/repository/docs/Rule_of_Law_Assistance_Strategy_in_Kosovo_2016-2019_(Justice_and_Internal_Affairs).pdf)

<sup>36</sup> <http://akk-ks.org/?cid=2,17>

<sup>37</sup> [http://ec.europa.eu/enlargement/pdf/financial\\_assistance/phare/evaluation/2014/20140714-mapping-of-sector-strategies-final-report.pdf](http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/evaluation/2014/20140714-mapping-of-sector-strategies-final-report.pdf)

<sup>38</sup> [http://www.psh-ks.net/repository/docs/Strategic\\_Plan\\_for\\_Inter-Institutional\\_Cooperation\\_2013-2015\\_1.pdf](http://www.psh-ks.net/repository/docs/Strategic_Plan_for_Inter-Institutional_Cooperation_2013-2015_1.pdf)

assistance to implement recommendations issued from PECK assessment reports. It will also, in accordance with conclusions and recommendations of the Mapping of Sector Strategies Report for Kosovo, aim at increasing the KAA capacities for strategic planning and monitoring.

## **2.4 Rationale and needs to be addressed**

### **2.4.1 Problem and stakeholder analysis**

The comprehensive assessment carried out by the previous action, Project against Economic Crime in Kosovo (PECK) in the anti-corruption area showed that, although the legislative and institutional frameworks on anti-corruption are largely in place, there are legal loopholes, conflicts and uncertainties coupled with a complex institutional set-up. Furthermore, the assessment showed the lack of effectiveness of mechanisms in place, the need to enhance investigative capacities of the Kosovo Anti-corruption Agency (KAA) in close cooperation with other relevant agencies as well as lack of reliable and harmonised statistics in this particular field.

For the first time PECK Project implemented in Kosovo structured assessments of the effectiveness and impact of reforms and measures in the AC and AML/CFT areas and their compliance with applicable European and international standards. There is a need to continue to support Kosovo institutions in conducting this kind of comprehensive assessments in the light of updated relevant international standards. This action will ensure the continuity of usage of internationally recognised GRECO and MONEYVAL methodologies that would enable relevant Kosovo institutions to undertake necessary measures towards strengthening the fight against corruption and money laundering as well as combating the financing of terrorism in Kosovo.

In terms of institutional structure in Kosovo related to anti-corruption, there is Kosovo Anti-corruption Agency (KAA) that is functional since February 2007. The Agency reports directly to the Kosovo Assembly and its duties and competencies include investigation (of administrative nature), corruption prevention and education. It should be noted that during 2013 the Agency did not initiate or implement any awareness raising activity related to the fight against corruption. In 2014 the KAA carried out an anti-corruption awareness campaign with support of EULEX. The KAA has to cooperate closely with Kosovo Prosecutorial Council (KPC), Financial Intelligence Unit (FIU), Kosovo Police (KP), Tax Administration of Kosovo (TAK) and other relevant institutions. While different memoranda of understanding have been signed to officialise this cooperation, further strengthening and extended efforts are needed. Recent appointment of the anti-corruption coordinator within the KPC that maintains closed contacts with KAA is one of the aspects that leads toward improvement. This action will strive to improve the effectiveness of cooperation between KAA and all relevant stakeholders in anti-corruption area.

In addition to KAA, there is Kosovo National Anti-corruption Council, chaired by the President of Kosovo and serving as a consultative coordination body for the main stakeholders involved directly or indirectly in the fight against corruption. Furthermore, the office of the National Coordinator on Combating Economic Crime within the Kosovo Prosecutorial Council (KPC) has been established in January 2014 and among other things it should coordinate statistics from Police, KPC and KJC/Judiciary. Finally, the Special Prosecutor's Office of Kosovo (SPRK) was established in February 2010. The main task of the SPRK is to deal with cases of high level corruption. At present, one third of high profile corruption cases in the SPRK are assigned exclusively to the jurisdiction of local Kosovo prosecutors, although the most sensitive investigations are still under the purview of EULEX nominated international prosecutors.

The assessments conducted in the previous action concluded that there is a real need for a more comprehensive approach to prevent corruption and a greater and real involvement of decision-makers. In addition, a concerted approach by simplifying the institutional framework and avoiding overleaping of responsibilities should help to clarify and strengthen existing institutional arrangements and encourage exchanges of knowledge and experience and a more proactive operational activity<sup>39</sup>. Therefore, this action will directly contribute towards meeting the recommendations issued in the framework of the previous assessment cycles conducted within PECK (assessment years 2013-2014).

In terms of policy framework, Kosovo has an Anti-corruption Strategy (ACS) 2013-2017 and respective Action Plan which are structured around 7 priority areas that include 31 different objectives. These policy documents have been adopted in early 2013. The Action Plan needs to be reviewed and updated on bi-annual basis. In addition, they are facing difficulties of adequate social and political consensus and ownership as well as due recognition and appropriate references to other sectoral policy documents.

To date the implementation of the Anti-corruption Strategy 2013-2017 is quite low according to available KAA monitoring reports. Some sector strategic documents such as *inter alia* the Strategic Plan for inter-institutional cooperation in the fight against organised crime and corruption 2013-2015<sup>40</sup> will need to be harmonised, monitored, updated and assessed through joint and coordinated efforts among law enforcement authorities and other relevant agencies. The KAA should revise the Action Plan after the first two years of implementation (2013-2015) in accordance with new/reviewed priorities. The proposed action will support the KAA in this process. Moreover, at the end of 2016 an evaluation of impact of this strategy is expected to be conducted. Moreover, corruption risk assessment tools are still at an initial stage. The action aims at providing capacity building support to KAA in order for this agency to be able to conduct risk assessment and impact evaluation exercises.

Closely related to the anti-corruption policy framework, there are two key laws such as: Law on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials and Law on Prevention of Conflict of Interest in Discharge of Public Functions. The first has been recently amended and supplemented while the latter is still under revision process. Besides the law regulating itself, the KAA is responsible for the monitoring of implementation of both aforementioned laws. The following are the recommendations of PECK Cycle I AC assessment report of June 2013: "(i) to strengthen the control of the declarations of assets and interests in order to ensure proper implementation and monitoring; (ii) to intensify efforts to build capacity in individual institutions to prevent and detect conflicts of interest through close supervision and coordination mechanisms as well as by means of specific reference materials, guidelines and training; and (iii) an adequate and enforceable conflict of interest standard, including improper migration to the private sector ("pantouflage") be extended to every person who carries out a function in the public administration (including managers and consultants) at every level of government"<sup>41</sup>. This action will aim at supporting Kosovo institutions in meeting these recommendations. Lastly and related to anti-corruption measures, there is in place Law on Protection of Informants that was adopted in 2011 but its implementation is

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<sup>39</sup> PECK Assessment Report on compliance with international standards in the anti-corruption area, Cycle I, June 2013:  
[http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/PECK-Kos/Assessments/2590\\_PECK\\_AC%20Assessment%20Report\\_FINAL.pdf](http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/PECK-Kos/Assessments/2590_PECK_AC%20Assessment%20Report_FINAL.pdf)

See also the AC Follow-up Report:

[http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/PECK-Kos/FOLLOW%20UP/AC/2590-PECK-AC\\_Follow-up\\_Report\\_F.pdf](http://www.coe.int/t/DGHL/cooperation/economiccrime/corruption/Projects/PECK-Kos/FOLLOW%20UP/AC/2590-PECK-AC_Follow-up_Report_F.pdf)

<sup>40</sup> Supra footnote 37.

<sup>41</sup> PECK AC Assessment Report, supra footnote 38.

not satisfactory. In this regard, the proposed action will aim to review the current framework and provide support for further efficient implementation of this law.

While aiming to ensure continuity of the previous action, the proposed project offers an important technical assistance set of activities as well as covers needs for further structured assessment.

#### 2.4.2 Technical assistance needs

In spite of significant assistance provided to Kosovo over a decade, existing human resources and institutional capacities are not yet at a desired level.

According to the Thematic Evaluation of Rule of Law Judicial Reform and Fight against Corruption and Organised Crime in the Western Balkans<sup>42</sup> and more specific reference to Kosovo, "more needs to be done in terms of the number of cases of corruption being investigated and prosecuted, the financing of political parties needs to be reviewed, public procurement and declarations of assets by senior civil servants for conflict of interest situations need to be monitored better". While some of these measures have been already undertaken (i.e. Law on Financing of Political parties and Law on Declaration of Assets by Senior Public Officials are revised), the number of corruption cases investigated and prosecuted is still relatively low. Furthermore the statistics on these cases are not harmonised by different institutions. This Action will address directly the findings and conclusions of this report, including the increase of Kosovo institutions' capacities, such as KAA to coordinate with other relevant stakeholders to be able to track the fight against corruption better.

The low level of implementation of recommendations issued under PECK Assessment reports clearly demonstrates observed limitations and concerns. Paragraph 275 of PECK Follow-up Report on compliance with international standards in the area of anti-corruption (AC) states: "Overall, the level of compliance with the Assessment Report recommendations is quite low. The Kosovo authorities have not implemented the majority of the recommendations most of which require revision and adoption of core relevant legislation, while several others call for the efficient implementation in practice of the relatively new legislation<sup>43</sup>."

The interventions through the proposed Action will be expected to enhance capacities, systems and policies to implement necessary economic crime related reforms at a higher professional level and in line with international standards.

The following needs and problems will be addressed by this action:

- Increase institutional capacities to implement and coordinate anti-corruption measures:
  - Introduce risk assessment capacities to assess regulatory and institutional obstacles and difficulties

The action will assist in conducting adequate identification and assessment of corruption risks and up to 3 sectors at risks in Kosovo. The first risk assessment tool that is annexed to the current anti-corruption strategy was also prepared through support and assistance of Council of Europe. During 2013 and 2014, through the support of UNDP, three sectoral risk assessments were initiated for health, education and energy sector. While the health risk

<sup>42</sup> Thematic Evaluation of Rule of Law, Judicial Reform and Fight against Corruption and Organised Crime in the Western Balkans - Lot 3, Main Report, December 2012, February 2013 respectively: [http://ec.europa.eu/enlargement/pdf/financial\\_assistance/phare/evaluation/2013\\_final\\_main\\_report\\_lot\\_3.pdf](http://ec.europa.eu/enlargement/pdf/financial_assistance/phare/evaluation/2013_final_main_report_lot_3.pdf)

<sup>43</sup> Supra footnote 38.

assessment has been finalised, the energy and education sector risk assessments are still being developed. Still, domestic capacities to manage and carry out such action at periodical stages and especially prior to any further revision of AC strategic documents should be developed. The proposed assistance will aim to set up and provide to domestic authorities the risk assessment methodology and to jointly undertake sectoral risk assessment analysis. Furthermore, obtained results will serve to be used when reviewing anti-corruption policies, strategies and action plans.

- Harmonise anti-corruption legislation

Review and assistance in legal drafting of relevant laws and/or regulations will aim to address priority areas as identified in PECK assessment reports. With regard to eventual examples, adequate harmonisation between Criminal Code, Criminal Procedure Code and other relevant legislation is not yet addressed. Respective regulations and guidelines on conflict of interest prevention and detection, integrity, reception of gifts, revolving doors and ethical rules are lacking in some cases or continue to reflect different loopholes. Further, criminal incriminations on bribery-related issues, statute of limitation, effective regret, liability of legal persons, some provisions related to the scope of confiscation of corruption-related proceeds are not fully in compliance with relevant international standards. Last but not least, the AML/CFT legal framework, contradictory or inconsistent provisions in respective codes, discrepant proof standards used, seizure and confiscation issues, lack of legal framework that would enable freezing and seizing terrorist related funds are some of very important challenges to be tackled thoroughly.

- Review and strengthen whistleblowing framework

There are problems with the implementation of the whistleblowing legal and institutional framework (see Law on Protection of Informants already mentioned above in section 2.2.1), and the level of trust towards some public institutions is still low in the absence of adequate reporting channels and follow-up. The proposed action will assist in streamlining the existing whistleblowing framework in accordance with relevant international standards and practices (i.e. Recommendation CM/Rec(2014)7 on Protection of Whistleblowers adopted by the Committee of Ministers of the Council of Europe on 30 April 2014).<sup>44</sup>

- Strengthen the KAA investigative capacities and improve quality of criminal reports

The important discrepancy between the flow of criminal reports received by prosecution authorities and the low number of subsequent indictments and further trials raises serious concerns on needs to enhance capacities of the Kosovo Anti-corruption Agency for effective improvement of its investigative capacities and adequate support and follow-up of law enforcement agencies to effectively meet their obligations. Ongoing EU funded technical assistance is addressing investigative capacities of Kosovo Police and to some extent prosecution authorities, but this does not include KAA.

- Review and update the anti-corruption action plan

There is a clear need to develop and/or streamline available tools and mechanisms in the implementation of the anti-corruption strategy and action plan. The latter needs to be reviewed and updated on bi-annual basis (2015).

- Enhance capacities of asset declaration, conflict of interest and integrity mechanisms

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<sup>44</sup> See also Resolution 1729 (2010) of the Parliamentary Assembly of the Council of Europe on protection of whistleblowers and EU Guidelines on Whistleblowing, SEC(2012) 679 final, 6 December 2012.

There should be appropriate strengthening of integrity framework and plans as well as capacity for preventing corruption with particular focus on efficient monitoring of asset declarations and prevention and detection of conflicts of interest in public administration institutions. Active cooperation with the civil society and awareness raising campaigns are also related to these needs.

- Intensify dialogue and cooperation between public authorities and civil society

To date the cooperation between relevant public institutions responsible in the economic crime area and civil society organisations has been irregular, not very constructive and lacking periodical consultation, due policy-related input and structured cooperation tools.

- Awareness raising on prevention and control of the economic crime

The action will contribute to increase public awareness on factors leading to and risks and consequences of corruption. Adequate awareness raising campaign will also be used as a useful tool for corruption prevention and building public confidence in state institutions in parallel to efficient whistleblowing protection tools in place to encourage the reporting of misconduct, fraud and corruption.

- Reinforce the inter-agency cooperation and information exchange:

Appropriate cross-sectoral tools and improved inter-institutional mechanisms aimed at implementing anti-corruption measures in key priority areas will be available at the end of this action.

- Review and gap analysis of existing inter-agency cooperation mechanisms and experience

The lack of cooperation and coordination between agencies, coupled with the insufficient implementation of existing laws and regulations, has had a great impact on the accountability and confidence in the institutions. Coordinated action between institutions is a major difficulty where most actions are conducted or expected to be carried out through stand-alone projects.

There is lack of or very initial experience in undertaking joint actions, exploring and having different opportunities for exchanging information between agencies and institutions and providing due and needed feedback and using proper monitoring tools and methods.

The action will particularly focus on the efficient vertical and horizontal cooperation between prevention and law enforcement institutions. Adequate tools for proper communication between relevant institutions in the economic crime area will be promoted through the strengthening of mechanisms for data exchange and verification (aimed to address inter alia loss of documents, lack of monitoring case flows, inadequate time limits and response actions, difficulties in updating the status of cases, interoperability and availability of data across the law enforcement and other agencies, regular feedback mechanisms, harmonised methodologies for collection and exchange of data as well as for statistical reporting).

This action needs to be closely coordinated with ongoing and upcoming EU-funded projects in this area. Moreover, this action will build on already achieved results supported by the relevant EU-funded projects, such as: IPA 2011 Project on Support to Kosovo Institutions for Combating Financial and Economic Crimes, IPA 2010 Twinning Project on Strengthening Criminal Investigation Capacities against Organised Crime and Corruption as well as the ongoing IPA 2011 Project supporting the area of sequestration and confiscation.



In this respect, existing inter-agency cooperation mechanisms need to be reviewed and respective gaps should be analysed with the support of main executive agencies. The action will support the development of gap analysis in relevant regulatory framework and assist to promote appropriate methodologies.

EU – Results Oriented Monitoring Report for PECK Project recommended to include in future IPA support related to the fight against economic crime individual components focusing on the collection, analysis and use of statistics in line with international and EU standards.

- Establish, streamline and enhance inter-agency cooperation mechanism/structure

Strategic and practical support will be provided to identify needs and gaps in inter-agency cooperation in economic crime area, to support updating and streamlining of cooperation platforms, procedures, guidelines and practices as well as concrete mechanisms for information and feedback exchange between relevant agencies and institutions. In the anti-corruption area, there are overlapping coordination structures, passive involvement of relevant institutions of the executive and difficulties from the KAA to ensure central coordination and/or receive adequate support from other stakeholders.

- Develop inter-agency SOPs, manuals and guidelines in relation to economic crime

Inter-agency SOPs, manuals and guidelines have to be set up and/or developed/improved in order to support the implementation of the above-mentioned needs under this component.

- Enhance monitoring, evaluation, and reporting on implementation of economic crime policy documents and action plans

Improved mechanisms for monitoring, evaluation and reporting on implementation of policy documents and action plans through enhanced capacities of coordination agencies and technical level coordination tools (working group or similar) have to be revisited and/or developed.

The expected overall outcome will be a reinforced capacity and streamlined available mechanisms of relevant anti-corruption bodies, in particular the KAA, to manage, coordinate and monitor anti-corruption agenda and efforts.

### **2.4.3 Continuation of structured assessment**

The two other remaining components of this action will be focused on the comprehensive and structured assessment process vis-à-vis revised international standards when available and in place as well as the necessity to prioritise and adequately address pending challenges and recommendations resulting from PECK. The continuity of the assessment and the increased understanding and capacity of Kosovo institutions to support and apply peer evaluations will significantly contribute to enhanced ownership of the process from the beneficiaries. Furthermore, assistance and support in implementation of the PECK recommendations will be adequately provided.

CoE Member States (including here also some non-member States) are being evaluated, among others, by the following monitoring mechanisms: GRECO (Group of States against Corruption) in relation to anti-corruption standards and MONEYVAL (the Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures) with regard to anti-money laundering and combating the financing of terrorism measures<sup>45</sup>.

<sup>45</sup> See: [www.coe.int/greco](http://www.coe.int/greco) and [www.coe.int/moneyval](http://www.coe.int/moneyval)

Due to its status situation, Kosovo is subject to neither evaluation mechanism. While reforms related to corruption and money laundering have been underway for several years, there has been no structured, longer-term process to assess their progress and impact. Several isolated assessment exercises or specific periodic surveys are carried out by various international and national stakeholders and include Kosovo as well,<sup>46</sup> but without a structured and direct involvement of the beneficiaries. There was also no compliance procedure available, nor were there coherent and comprehensive standards as assessment criteria.

In this context PECK Project undertook such a comprehensive task: carry out a comprehensive and structured assessment process, as done by Council of Europe monitoring bodies. Even though Kosovo cannot participate in, and benefit from, GRECO and MONEYVAL directly, the experience and criteria used by both monitoring bodies would be useful if specifically tailored to Kosovo as this has been clearly demonstrated during the implementation of PECK. These monitoring bodies could be the indirect reference framework for assessing measures against corruption and money laundering in Kosovo, and preparing recommendations for reform.

In this context, the relevant applicable European and international standards (see below section 3.3.4) would allow the assessments to be based on a comprehensive and unified set of regulations.

Therefore, a structured and regular assessment would allow for the following positive impact with regard to the beneficiaries' need:

- Government institutions would develop or enhance mechanisms of collection and processing of data necessary for the reporting on anti-corruption reforms;
- Government institutions would strengthen their reporting capacities in line with assessment methodology on anti-corruption (as government institutions have already taken part in a comprehensive international assessment against international and European standards under PECK implementation, there is a previous successful practical experience up to date for such exercise with all lessons learnt in relation to the process, domestic specificities and tailoring needs);
- Government institutions could place their policy and legislation decisions on a comprehensive and coherent assessment according to European and international standards;
- The involvement of government institutions in the assessment procedure would contribute to the clarification of competencies and to interagency co-operation;
- Specific recommendations would allow for immediate legislative or organisational actions;
- Progress of implementation of the recommendations could be followed;
- Assessments on money laundering would support Kosovo's membership with Egmont Group;
- Increased public awareness through the assessment procedure;
- Increased confidence and familiarity with the anti-corruption and anti-money laundering systems in Kosovo by and of foreign investors as a result of assessments.

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See below at section 2.6 for a description of both monitoring instruments.

<sup>46</sup> See e.g. footnotes 2 to 6 and 21 above.

## 2.5 Lessons learnt

Previous experience of Council of Europe technical assistance projects in Kosovo and in the region has been in overall satisfactory. However, certain good practices and lessons learned are worth of sharing and being kept under consideration for future actions in order to improve impact and quality of assistance. Those would include:

- Close co-ordination with EUO in relation to the ongoing and upcoming EU funded projects in the same area;
- Local ownership through maximum involvement of beneficiaries throughout project design and implementation;
- Capacity building of local staff and involving of beneficiaries "on job" in project deliveries;
- Thorough consideration of the historical, cultural and ethnic values and circumstances in the field where the project is being involved;
- Ensuring sufficient absorption of capacities available and avoiding donor congestion when organising activities that may fall under the same theme umbrella with other donors and technical assistance providers;
- Sufficient financial planning of support and management time for project team (in Kosovo and in Strasbourg) in order to ensure smooth and quality oriented actions;
- Follow-up and information dissemination when delivering project results in order to maintain the momentum as well as ensure continuation of reforms;
- Information sharing and planning with other governmental and non-governmental organisations in Kosovo and in the region in order to avoid duplication, but also ensure joint partnerships and co-ordination of efforts.

## 2.6 Link to previous financial assistance

The project builds and expands the work of previous actions through technical assistance and co-operation programmes of the Council of Europe that took place and were carried out in Kosovo and the region during the past in the field of economic and serious crime (corruption, money laundering, financing of terrorisms, trafficking in human being, cybercrime and international co-operation in criminal matters). More specifically, these activities that Council of Europe provided before through PACO Impact, CARDS, and PROSECO will be expanded and their sustainability will be ensured through the actions and interventions of this project. Further on, it will support the work and capacities of key ministries and structures in Kosovo (such the Kosovo Anti-corruption Agency, law enforcement authorities, Ministry of Justice, Ministry of Interior, Ministry of Finance and Judiciary) to address issues of reform concerning measures against corruption and money laundering as well as terrorism financing based on the analysis and recommendations already issued under the PECK assessment reports.

The proposed action will take stock of the consolidated experience and practice of CoE monitoring mechanisms (GRECO and MONEYVAL) in terms of further assessments as well as of various strengths of Council of Europe in technical assistance during previous actions including PECK in order to bring qualitative contribution towards a pragmatic, inclusive and integrated long-term approach. In addition, the established network of institutions and contacts, and experience gained through PECK and other actions will be used to further enhance the sense of ownership and accountability.

Project against Economic Crime in Kosovo (PECK II)

Technical assistance providers and donor organisations, and in particular the EU, have supported the fight against corruption through other projects in the past years. Moreover a project on Support to Anti-corruption Efforts in Kosovo (SAEK) is funded by Swiss Development Cooperation (SDC) and Norway grant and implemented by UNDP Kosovo for the period from May 2013 to April 2016. Its objective is to strengthen institutional transparency, accountability and integrity, with a particular focus on empowering citizens and access to information. However, despite real needs of focused support to anti-corruption institutions in Kosovo, so far, most projects have concentrated on the development of legal framework and policies in this area or even on organisational and institutional capacities. The current project builds on these efforts, but focuses on harmonised implementation of relevant standards and practical-oriented aspects as well as the creation of horizontal and vertical links based on the cooperation and communication among the key stakeholders. This action is complementary to projects which support enhancement of investigative capacities and skills, the efficient prosecution and adjudication of corruption, money laundering and terrorism financing and other related aspects, and contribute to enhanced implementation capacities in Kosovo.

This project will build on previous and current EU and other international organisations' assistance to rule of law and good governance:

Name of project (budget € million)	Start/ End	Activities/Results
EU Twinning Project "Strengthening Criminal Investigation Capacities against Organised Crime and Corruption"  € 2.0 million (IPA 2012)	2014-2016	The project aims to strengthen criminal investigation capacities on central and local level in order to effectively fight organised crime and corruption. Expected results: 1. Increased coordination and cooperation between law enforcement agencies, in particular between the police and the prosecutors, to enhance the prevention, detection, investigation and prosecution of serious crimes; 2. Capacities of the Kosovo Police and (special) prosecutors to investigate and prosecute organised crime, cybercrime, fighting economic and financial crime and corruption improved; 3. Track record of successful investigations and prosecution of serious crimes to be developed; 4. Internal oversight mechanism of the Kosovo Police strengthened and corruptive behaviour and misconduct decreased; 5. Regional and international cooperation strengthened, including joint investigation teams and joint operations. (Implemented by Consortium of Germany, Hungary, Lithuania)
EU-funded twinning project "Improving the Approximation of Laws and Coherence of the legal Framework"  € 1.0 million (IPA 2012)	2013-2015	The first two components deal with the consolidation and approximation of Kosovo's national legislation with the EU <i>acquis</i> (by reviewing selected laws and required legislative measures, where applicable). The third component is aimed at laying the foundations for a database covering Kosovo's national legislation. (Implemented by IRZ - German Foundation for International Legal Co-operation)
EU funded Project "Witness Protection in the Fight against Serious Crime and Terrorism II" (WINPRO II)	2014-2015	The project aims to strengthen the institutional capacity of the Witness Protection Units for the protection of witnesses and collaborators of justice.

Project against Economic Crime in Kosovo (PECK II)

Name of project (budget € million)	Start/ End	Activities/Results
€ 0.5 million (IPA 2012)		
EU Funded Project "Support to the Agency for Managing Seized and Confiscated Assets" € 1.0 million (IPA 2011)	2013-2016	The purpose of this project is to support the AMSCA in its efforts and actions towards becoming an efficient and fully functioning Agency as per its legal mandate. Furthermore, the project targets the prosecution with capacity building activities in regard to sequestration and confiscation. (Implemented by B&S Business and Strategies Europe)
EU Funded Project "Support to Kosovo institutions in combating financial and economic crime" € 1.0 million (IPA 2011)	2013-2015	This project aims to support Kosovo authorities to strengthen the rule of law by further supporting general law enforcement and the overall fight against organised crime with a focus on financial and economic crime. (Implemented by B&S Business and Strategies Europe)
EU-funded project "Further Support to Legal Education Reform" € 2.0 million (IPA 2011)	2013-2015	The project focuses on the following components: <ul style="list-style-type: none"> <li>• establishment of a judicial resource centre;</li> <li>• improvement of court management;</li> <li>• improvement of the managerial abilities of judges, public prosecutors and judicial authority employees;</li> <li>• consultation on draft Bills.</li> </ul> (Implemented by IRZ - German Foundation for International Legal Co-operation)
EU-funded twinning project on Integrated Border Management and Fight against drug trafficking € 2.0 million (IPA 2011)	2012-2015	This project aims to support Kosovo authorities to strengthen the rule of law by further supporting integrated border management by aligning with and implementing the EU <i>acquis</i> .
EU/CoE JP against Economic Crime in Kosovo (PECK) € 1.2 million (IPA 2011)	2012-2015	This project aims at strengthening institutional capacity to counter corruption, money-laundering and financing of terrorism in Kosovo in accordance with European standards based on thorough assessments and recommendations for improving and streamlining of reforms targeting economic crime. (Implemented by Council of Europe)
Support to the Kosovo Judicial and Prosecutorial Councils € 1.89 million (IPA 2010)	2011-2016	The purpose of the Project is to develop and strengthen the independence, performance, professionalism and efficiency of the Kosovo Judicial Council and the Kosovo Prosecutorial Council up to a European level. The Project provides strategic support to develop organisational capacities and professional capabilities to execute their mandates according to the new relevant legislation. (Implemented by Hulla & Co Human Dynamics KG (Austria), Conselho Superior da Magistratura (Portugal))
Support the Assembly of Kosovo to meet the challenges of EU integration by increasing capacities to build a professional and effective civil service € 1.5 million (IPA 2010)	2011-2014	The project aims to enhance administrative capacity in the Assembly to ensure that the Presidency and Assembly Committees fulfil their tasks properly and to improve technical competences in relation to EU approximation and implementation of EU best practices.

Project against Economic Crime in Kosovo (PECK II)

Name of project (budget € million)	Start/ End	Activities/Results
Civil Registration Agency and unified address system  € 4.75 million (IPA 2009)	2009-2015	Introduction of a unified address system in Kosovo, which will allow the registration of citizens with a clearly identifiable address, thus improving the functionality of the civil registry, delivery of services to citizens and increasing the efficiency of the justice system.
Effective Rule of Law Program (EROL) USAID US\$ 22,842,421	2011-2015	1) Assist KPC to draft its Strategic Plan, draft rules and regulations aiming to implement the KPC Law and improve its communication with the public; 2) Contribute to building and strengthening the capacities of the Constitutional Court in drafting written opinions, the Ministry of Justice (MOJ) in areas such as litigation, international cooperation and legislation; and the Office of the President in developing procedures and policies for the selection of judges and prosecutors; 3) Enable the KJI to develop in-house training skills and training materials; 4) Work closely with Civil Society Organizations (CSO) that will monitor and report on the justice sector; 5) Refurbish all courts in Kosovo.
Support to Anti-Corruption Efforts in Kosovo (SAEK)  € 2.16 million  (Swiss Agency for Development and Cooperation, Norwegian MFA)	2012-2016	1. Capacity of the Kosovo Anti-Corruption Agency (KAA) to monitor and prevent corruption in selected institutions, key service areas and municipalities increased. 2. Civic engagement in strengthening transparency and accountability increased and access to information at the local level enhanced through social media. 3. The ability of the judiciary to fight corruption internally and externally is increased. 4. Improved ethics and transparency of public administration (Implemented by UNDP Kosovo)

The following initiatives and permanent international advisory and monitoring mechanisms established in relation to the fight against corruption and money-laundering and counter terrorism financing will serve as models, networks and initiatives in terms of delivery of this project:

**GRECO** – Group of States against Corruption - a monitoring body of the Council of Europe since 1999 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 contributes 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. Including 49 member states (all Council of Europe members, Belarus and United States of America), 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). Its findings, conclusions and recommendations can be an important source of information on the deficiency of measures in a given country.

**FATF** - Financial Action Task Force-an inter-governmental body with worldwide membership (36 members) 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. In February 2012, in order to adapt the

standards and to meet its objective, FATF has published the revised "Forty recommendations on money laundering" that are applied by over 180 countries and that set a special emphasis on effectiveness criteria of the AML/CFT systems. In February 2013, FATF has also issued the new methodology for mutual evaluation process, which is used also by MONEYVAL.

**MONEYVAL** - The Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures - (formerly PC-R-EV) - was established in 1997. This evaluation and peer pressure mechanism reviews the anti-money laundering measures and measures to counter the financing of terrorism in Council of Europe member States (and Council of Europe applicants and other non-member states which apply to join the terms of reference) which are not members of the Financial Action Task Force (FATF). Currently, it has 30 members and 22 observers. 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.

**CARIN** - Launched in September 2004, the Camden Asset Recovery Inter-Agency Network (CARIN) is an informal network of contacts dedicated to improving co-operation in all aspects of tackling the proceeds of crime. It aims to increase the effectiveness of members' efforts in depriving criminals of their illicit profits through co-operative inter-agency co-operation 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 (all Western Balkan's countries - Albania, Bosnia and Herzegovina, Croatia, FYROM, Montenegro, Serbia and Kosovo have an observer status to CARIN). As of 2013, CARIN includes 65 members and observers, including all 28 EU member states.

**Egmont Group**<sup>47</sup> - established in 1995 as a group of Financial Intelligence Units (FIUs) that decided to establish an informal network whose goal was to facilitate international co-operation. Now known as the Egmont Group, the 147 FIU members meet regularly to find ways to co-operate, especially in the areas of information exchange, training and the sharing of expertise. More specifically: expanding and systematizing international co-operation in the reciprocal exchange of information; increasing the effectiveness of FIUs by offering training and promoting personnel exchanges to improve the expertise and capabilities of personnel employed by FIUs; fostering better and secure communication among FIUs through the application of technology, such as the Egmont Secure Web (ESW); fostering increased co-ordination and support among the operational divisions of member FIUs; promoting the operational autonomy of FIUs; and promoting the establishment of FIUs in conjunction with jurisdictions with an AML/CFT program in place, or in areas with a program in the early stages of development.

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<sup>47</sup> [www.egmontgroup.org](http://www.egmontgroup.org).

In 2013, Kosovo FIU has applied for membership to the Egmont Group but no formal decision was taken during the 2014 Egmont Plenary Meeting in Lima following an on-site assessment of the FIU earlier prior to the Plenary.

### 3 THE INTERVENTION

#### 3.1 Overall objective

The overall objective of the Project is 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.

#### 3.2 Project purpose

The Project's purpose is 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 recommendations for improving and streamlining economic crime reforms.

#### 3.3 Expected Results, Activities and Deliverables

##### 3.3.1 Expected results

**ER 1: Institutional capacities of anti-corruption stakeholders to effectively implement and coordinate anti-corruption measures are further strengthened**

##### Activities:

- 1.1 Conduct **Risk analysis and assessments** (in up to three priority areas as identified in the initial Assessment Report from PECK I) in order to assess regulatory and institutional obstacles to efficiently prevent and fight corruption;
- 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;
- 1.3 Review legal and institutional **whistleblowing** mechanisms and provide proposals for improvement;
- 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);
- 1.5 Review and update Kosovo's **anti-corruption action plan**;
- 1.6 Provide methodologies, guidelines and tools in implementing **asset declarations and conflict of interest** regulatory framework to KAA, government officials, investigative journalists and NGOs;
- 1.7 Support the **dialogue and consultation processes between public authorities and civil society** organisations on anti-corruption reform initiatives.

**ER 2: Inter-agency information exchange and cooperation mechanisms are streamlined to ensure effective coordinated measures against economic crime**



**Activities:**

- 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;
- 2.2 Provide recommendations and support their implementation aimed at improving **inter-agency cooperation mechanism**;
- 2.3 Develop **inter-agency SOPs, manuals and guidelines** in relation to economic crime;
- 2.4 Enhance **monitoring, evaluation and reporting** on economic crime policy documents and action plans.

**ER 3: Assessment Report of anti-corruption measures is available**

**Activities:**

- 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);
- 3.2 Support and facilitate active participation of **Kosovo institutions in peer assessments** on anti-corruption measures based on European monitoring methodology;
- 3.3 Provide assessment driven **recommendations** on anti-corruption regulatory, institutional and policy related areas;
- 3.4 Publish and disseminate **Anti-corruption assessment report and compliance matrix** in English, Albanian and Serbian.

**ER 4: Assessment Report of anti-money laundering and combating financing of terrorism measures is available**

**Activities:**

- 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);
- 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;
- 4.3 Provide assessment driven **recommendations** on anti-money laundering and combating financing of terrorism regulatory, institutional and policy related areas;
- 4.4 Publish and disseminate **Anti-money laundering and combating financing of terrorism assessment report and compliance matrix** in English, Albanian and Serbian.

### 3.3.2 Nature of Deliverables

Under Expected Results 1 and 2 the deliverables<sup>48</sup> will include:

- Risk assessment reports with concrete recommendations how to address corruption risks and threats;
- Training events (multidisciplinary and specialised), materials and curricula;
- Legal and technical advice, opinions and recommendations;
- Draft regulatory acts;
- Awareness raising and visibility tools/events/workshops;
- Research studies;
- Publications and information materials;
- Workshops and conferences;
- Study visits.

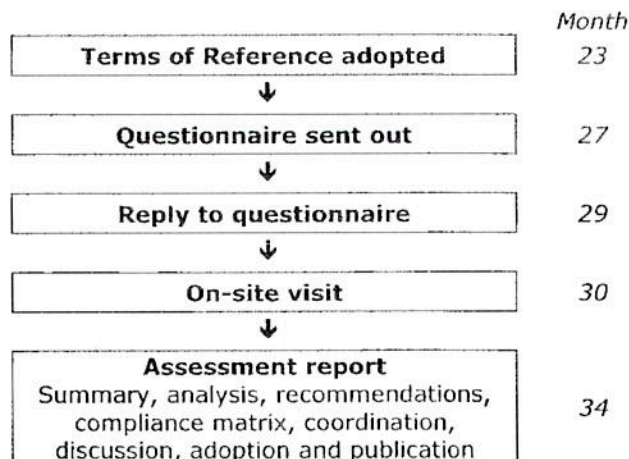
Under Expected Results 3 and 4 the deliverables will include:

- Terms of Reference on the assessment methodology and procedure;
- AC and AML/CFT assessments and compliance matrixes;
- Trainings on international assessment exercises;
- Workshops and conferences.

### 3.3.3 Overview of assessment sequencing

The activities related to ER 1 and ER 2 are listed and described below in Annex I (Logical Framework Matrix).

The activities under ER 3 (anti-corruption assessment) and ER 4 (anti-money laundering/terrorism financing assessment) would each follow a similar sequence:



The Terms of Reference (ToR) will set out the guiding procedures for the assessment methodology, timelines and modalities for both expected results. Each assessment report will

<sup>48</sup> To be specified in detail in the Inception Report.

be adopted in plenary sessions of the evaluation teams and beneficiaries, and will be published in agreement with the beneficiaries.

For each component, a team of international experts will be formed to work with the relevant institutions in Kosovo and in coordination with EULEX. The Kosovo Anti-corruption Agency and Financial Intelligence Unit will be the co-ordinating institutions for each of the two components respectively.

Anti-corruption component' Assessment Key Experts Team	
International Team	Anti-corruption Agency (KAA)
1 legal AC expert 1 public administration expert 1 judicial/LE expert	Up to 2 experts including 1 with legal background

AML/CFT component' Assessment Key Experts Team	
International Team	Financial Intelligence Unit (FIU)
1 legal AML expert 1 financial expert 1 judicial/LE expert	Up to 2 experts including 1 with legal background

### 3.3.4 Reference standards of assessment components

#### Expected result 3:

Undertake one assessment in line with existing standards in order to assess the level and quality of measures against corruption according to the priority and applicable standards in the following list:

- Twenty Guiding Principles for the Fight against Corruption (Resolution (97) 24);
- Criminal Law Convention on Corruption (ETS No. 173) and its Additional Protocol (ETS No. 191);
- Civil Law Convention on Corruption (ETS No. 174);
- Recommendation on Codes of Conduct for Public Officials (CM Recommendation No. R (2000) 10);
- Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns (CM/Rec(2003)4);
- The Recommendation on the Protection of Whistleblowers (CM/Rec(2014)7).

#### Expected result 4:

Undertake one assessment in line with existing applicable standards in order to assess the level and quality of measures against money laundering and terrorism financing according to the following:

- The revised 2012 Financial Action Task Force (FATF) 40 Recommendations using the 2013 FATF Methodology;
- The UN Convention on Illicit Traffic of Narcotic, Drugs and Psychotropic Substances (Vienna Convention);
- United Nations Convention against Transnational Organised Crime (Palermo Convention);
- The Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (Strasbourg Convention);
- Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, (Warsaw Convention) CETS 198;
- United Nations Convention for Suppression of the Financing of Terrorism, relevant UN Security Council Resolutions for the Freezing of terrorist assets;

- Directive 2005/60/EC of the European Parliament and of the Council "on the prevention of the use of the financial system for the purpose of money laundering and terrorism financing";
- European Commission Directive 2006/70/EC "laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis";
- Directive 2007/64/EC of the European Parliament and the Council on payment services in the internal market.

## **4 ASSUMPTIONS AND RISKS**

### **4.1 Assumptions**

Political commitment to further strengthening the capacities to prevent, detect, investigate, prosecute and adjudicate corruption and money laundering cases in accordance with European standards and best practices is the key assumption made under this Project. That means Kosovo will maintain this priority in spite of possible political instability. This assumption has been supported by official anti-corruption policy documents adopted by the Kosovo authorities and through the recent adoption of relevant legislation.

It is assumed that Project stakeholders, and in particular the key institutions of Kosovo, shall be committed to the achievement of this Project's results, are willing and able to enhance co-operation and co-ordination with each other and nominate suitable persons to the Steering Committee. This is based on consultations that took place within a year time during the design and preparations of this Description of Action. Furthermore, almost all institutions, and especially the Anti-Corruption Agency and the Financial Intelligence Unit as main beneficiary institutions have expressed agreement and readiness to undertake actions as per this programme. Other major institutions as listed in the Beneficiary List have also endorsed the documents in its preliminary stage.

These assumptions appear to be reasonable in the light of the positive previous experience and the endorsement of this Project by the beneficiaries. However, on a more cautious note, not all institutions seem to have the same level of understanding with regard to the rationale of the Project since its nature is quite different from the classical technical assistance projects and its expected results are connected to assessments and recommendations based on the model of monitoring mechanisms and structures of the Council of Europe. Therefore, the Project will have to invest more effort for some institutions especially during the inception phase.

### **4.2 Risks**

Potential risks in implementation phase may include:

- Possible changes in the commitment of beneficiary institutions during project implementation.
- Potential negative rivalry between some agencies.
- Indifference and/or formal approach of some of the stakeholders to cooperation and coordination efforts.
- Kosovo institutions distancing themselves from the responsibility of achieving specific objectives or activities of the project.

Some of the main preconditions include:

- Active involvement and assumed leadership or proactive position of the KAA and FIU in inter-agency work and other relevant project activities.
- Maintaining close cooperation as in previous action between EUD and project team in order to seek and ensure the active involvement of key stakeholders in the process.
- Appointment of relevant and appropriate staff by the beneficiaries to participate in project activities as per work plan.

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

- Lack of political stability

Proposed response: The President election was held in Kosovo as recent as April 2011, parliamentary elections in June 2014. Without early elections, the project could run until 2018 without change of government. Besides, political instability would not be 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 Kosovo on its way to European standards 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<sup>49</sup> allows perceiving 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 clear procedure and structure of the project and the focal responsibility of KAA and FIU as well as OGG will ensure the sustainability of the co-ordination process. In case any state institution should show a lack of co-ordinated action within the project, an intervention by the Prime Ministry's Office (OGG) and/or the Council of Europe's Office and the EU Office in Kosovo should lead to adequate co-operation.

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

Proposed response: The focus of the project is on the assessment of necessary legislative, policy and institutional reforms, and on identifying needs trainings and where capacity building requires enhancement, hence, the expected results do not all require any substantial investments by Government, rather than maintain the sustainable budgetary resources as allocated to the institutions in charge of operating under the improved policy/institutional and legislative reforms. Furthermore, all state institutions co-operating with and benefitting from the projects are established and operational.

### 4.3 Sustainability

Sustainability of the Project's outcomes will be supported by the following factors:

- The focus in supporting anti-corruption and money laundering reforms in Kosovo, while also ensuring continuity in assessing and benchmarking under the GRECO and MONEYVAL modelled mechanism/exercise will support and enhance the **institutional capacities** of the relevant Kosovo structures.
- The assessments will be consulted and shared with **international bodies** (Council of Europe, the World Bank, the IMF, the European Union, the EULEX, UN, UNDP and national development agencies) and thus form a streamlined basis for all technical assistance in the area of economic crime in Kosovo in line with European and international standards.
- The Project will support and enhance the institutional **capacities** of the relevant Kosovo structures.
- As a result of the Project's recommendations achieved under GRECO and MONEYVAL modelled mechanisms, lasting **legislative** and organisational improvements are expected to follow.

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<sup>49</sup> The last relevant project is the EU/CoE Joint Project against Economic Crime in Kosovo (PECK) [www.coe.int/peck](http://www.coe.int/peck).

- It is expected that the assessment exercise itself (information collection and replies to questionnaires) will lay ground for **clarifications** of competences and needs of co-ordination.
- All project activities and results will eventually lead to the setting up or strengthening of **sustainable practices** that will enable relevant responsible institutions and stakeholders to implement an effective credible anti-corruption policy, measures and instruments.
- The project also targets the setting up of a **checks and balance mechanism** for all institutions targeted in order to ensure efficient accountability.
- The Project would allow **peer** dialogue and good practice exchanged among professionals, practitioners and equivalent institutions in other countries.
- Additionally, it would include a cross border approach increasing **networking** and regional co-operation on criminal matters and especially those related to economic crime.

## **5 IMPLEMENTATION**

### **5.1 Methods of implementation and reasons for the proposed methodology**

The action aims to embed and implement in the Kosovo legal framework the provisions of evolving international standards in the area of anti-corruption, anti-money laundering and combating the financing of terrorism. The Council of Europe adopted conventions and other instruments on these issues, which are also a key aspect of the EU *acquis* for accession countries. Its expertise in this area together with its experience in advising enlargement countries makes it the most suitable organisation to implement the action. Moreover, this action constitutes the second phase of the EU/CoE joint project successfully implemented by the Council of Europe in Kosovo.

The methodology of implementation of these activities, and thus of the project itself is evident in the above description of activities and through the proposed logical framework which includes budget implementation tasks and directly implemented activities.

### **5.2 Budget Implementation Tasks**

The Council of Europe will act as the entrusted entity of the European Commission under this Delegation Agreement, being in charge of the budget implementation tasks. This includes carrying out the necessary procurement procedures and awarding, signing and executing the resulting procurement and service contracts (in line with the rules foreseen in the Special Conditions) for works, services, supplies and other benefits to be provided to the beneficiary of this Agreement (i.e., Kosovo).

### **5.3 Directly Implemented Activities**

The assessment methodologies, including assessment questionnaires, are CoE products designed and applied by GRECO and MONEYVAL to their member states. Through the PECK project Kosovo will benefit from this process and CoE deliverables which will be specifically adjusted and tailored to its context. In addition to the comprehensive AC and AML/CFT assessments based on the methodologies of Council of Europe monitoring bodies – GRECO and MONEYVAL the Council of Europe will also be directly implementing a series of technical assistance and capacity building activities foreseen under Expected Result 1 and Expected Result 2 of the Action. More specifically, those would include: support relevant legislative reforms; capacity building; improving implementation of relevant legal frameworks; specialised training and institutional building. All those actions will be provided through the following types of inputs, using and further developing/adjusting to Kosovo context when necessary, already existing relevant Council of Europe methodologies/manuals/guidelines. In addition to direct deliverables which will be produced by the project, Kosovo will benefit from deliverables produced by the CoE under its ordinary budget, e.g. manuals on basic anti-corruption concepts, on investigating and prosecuting financial crimes, risk assessment methodologies, etc. which will be adapted, as necessary, to specific needs of beneficiary institutions:

- Expert advice – provided partly for by the Project Advisor within his/her competence/ experience or, as necessary, and mainly by short-term experts 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/Secretariat specialised advice – 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 or/and the CoE Secretariat with specialised knowledge in this area. This includes inter alia necessary consultations with GRECO and MONEYVAL secretariats on evolving standards and new evaluation cycles, as well as inputs of other CoE secretariat paid by the CoE and not funded by the project.
- 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-operation 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.
- Study visits – to allow participants to better familiarise with the institutional set-up, experience and good practice of EU and CoE Member States institutions involved in the fight against economic crime and to establish and/or strengthen bilateral cooperation.
- 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.

## 5.4 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:

### 5.4.1 Premises and office equipment

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

The following staff will be funded under the Project:

- **Project Adviser in Pristina** (international recruitment [Administrator] at Grade A1/A2/A3]–100%);

- **Senior Project Officer in Pristina** (local recruitment [Grade B5]–100%);
- **Project Linguistic Assistant in Pristina** (local recruitment [Grade B3] – 100%);and
- **Substance Control and Coordination in Strasbourg** (i.e.,: a 50% of time of Senior Project Officer/Coordinator [Grade B5] and a about 39% of time of Project Assistant [Grade B2], and 11% of time for an Administrator/Programme Adviser [grade A2/A3] to carry out substance and quality control of deliverables).

All above listed members of the project management team will be recruited in line with Council of Europe Human Resource rules. No permanent staff of the Council of Europe will be funded under this Project.

The Project's Consultants/Experts will be selected by the Council of Europe in a transparent procedure based on the consultancy contracts and procurement procedures of the Council of Europe.

During the Inception Phase, the Project Team will propose a Workplan and Calendar and provide a detailed pool of short-term consultants/experts that will be commissioned for the implementation of specific project activities as indicated in the Logical framework. 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 Kosovo shall not be recruited as consultants within the project implementation team. They may provide short-term inputs as necessary but in that case shall not be remunerated.

#### **Project Adviser – Pristina (Grade: A1/A2/A3) – 100%**

The post-holder will be deployed in Pristina 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 institutions, the implementation of the measures and activities agreed upon in the Project Workplan.

This includes:

- Be part of the project team and support the assessment teams/experts in their daily work;
- Ensure day-to-day implementation of the Workplan and liaison with the counterparts in the beneficiary institutions assigned to the project, with the Project Management, and with the donor;
- Assist the overall management and coherence of the project;
- Co-ordinate the project Workplan and its calendar of activities in co-operation with the Project Management and institutional designated Project Co-ordinators;
- Assist and advise Key Experts/consultants and short-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;

- Regularly report to and regularly co-ordinate with EUO, as well as exchange information and co-ordinate with other donors and ensure dissemination of information, assessments and issuance of recommendations with EUO, EULEX and other organisations;
- Support and provide advice to the assessment teams on the relevant legal and institutional aspects of the assessments against the environment of legal system in Kosovo and the GRECO and MONEYVAL models.

### **Senior Project Officer – Pristina (Grade B5) – 100%**

The post-holder will be recruited locally and be based Pristina. S/he in cooperation with the Project Adviser and other team members shall be responsible for the implementation of project's overall and specific objectives through co-operation with the counterparts and the lead beneficiary institutions and coordination of measures aimed at carrying out activities agreed upon in the Project Workplan.

This includes:

- Be part of the project team and support the Project Adviser in his/her daily work;
- Coordinate on daily basis with project management in Strasbourg;
- Ensure day-to day implementation of the workplan and liaison with the counterparts in the beneficiary institutions assigned to the project, and during the absence of Project Adviser;
- Assume responsibility for overall coordination and any necessary advice concerning the management and the coherence of the project;
- 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 Project Adviser and the Project Management team in Strasbourg;
- Ensure office management and organise the work of the Project Assistant;
- Ensure relevant contribution to project reporting, including financial reports;
- Support and advise the consultant/experts while in Pristina when necessary.

### **Project Linguistic Assistant – Pristina (Grade: B3) – 100%**

The post-holder will be recruited locally and be based in Pristina. S/he will be responsible for assuming the general secretarial and administrative support functions:

- Be part of the project team and provide logistical and secretarial assistance to the Project team in Pristina and Strasbourg in the planning, organisation and follow-up of project activities in accordance with the project Workplan and calendar of activities and in co-operation with the counterparts in the beneficiary institutions assigned to the project;
- Assist Project management in Strasbourg as well international consultants/experts when carrying out tasks and missions in the field;
- Handle all administration, correspondence and financial arrangements concerning the project activities, in accordance with Council of Europe rules;
- Translate and proofread in Albanian and/or English and vice-versa relevant project reports, publications and various activity-related documents;

- Interpret consecutively during meetings between international consultants/experts and representatives of beneficiary institutions and in meetings between the international and local experts.

#### **Senior Project Officer – Strasbourg (Grade: B5) – 50%**

- Assume responsibility for the coordination and reporting in line with Council of Europe rules on the delivery of all Project's results;
- Assume responsibility for overall co-ordination within the project team in HQ and Field;
- Assume responsibility for the execution of the Project budget in line with the Project's workplan and substance related expected results;
- Officially represent the Council of Europe vis-à-vis the EUO 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 EUO;
- Co-ordinate the necessary administrative processes within the Council of Europe;
- Ensure the quality and substance of the regular project reporting and its deliverables including budgetary issues when necessary;
- Ensure co-ordination and synergies with other projects implemented by the Council of Europe;
- Review the terms of reference in terms of closer defining the substance of the tasks/assignments of short term experts/consultants
- Act as the focal point for the Project between Strasbourg and Pristina in terms of exchange of information and dissemination of overall project outcomes and deliverables.

#### **Project Assistant – Strasbourg (Grade: B2) – 39 %**

The post-holder will be a member of the project team and assist part-time the entire team in Pristina and in Strasbourg in their daily work on issues related to logistics and finances of the project management. The tasks of the Project Assistant will be:

- Provide logistical and secretarial assistance to the project team in the planning, organisation and time-sheet accuracy in accordance with the project Workplan and the financial and administrative rules of the Council of Europe;
- Contribute to the practical organisation and administrative follow-up of events in Strasbourg and outside Strasbourg, including venue preparation, travel, accommodation of experts, trainers and trainees;
- Provide secretarial and logistical assistance for international and local experts/consultants participating in the project activities;
- Assist the project team with other administrative issues;
- Maintain project website by regularly publishing project news and deliverables under guidance of the Project Management.

#### **5.4.2 Services**

Given the nature of the activities undertaken, consultancy and interpretation services will constitute a major input into the Project's implementation.

## 5.5 Organisation and implementation procedures

### 5.5.1 Contracts

The implementation of the Programme will be based on a Delegation 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.

### 5.5.2 Roles and participation by various actors

#### The European Union Office to Kosovo (EUO)

EUO will be responsible for:

- Providing funds for project implementation;
- Supervising and monitoring the project implementation through a designated Task Manager;
- Exercising *ex-post* control over the expenditures on the contract;
- Approving inception, progress and final (narrative and financial) reports;
- Approving any budget modifications;
- Approving workplan and any modification in the course of the project implementation.

#### The Steering Committee

The Steering Committee of this project will consist of representatives of

- the Prime Minister's Office of Good Governance;
- the Kosovo Anti-corruption Agency;
- the Ministry of Justice;
- the Financial Intelligence Unit;
- the Ministry of Finance;
- the Kosovo Police;
- the Kosovo Judicial Council;
- the Kosovo Prosecutorial Council;
- the Special Prosecutor's Office;
- the Kosovo Central Bank;
- the European Union Office to Kosovo;
- and of the Economic Crime and Cooperation Unit 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. 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 6 times during the implementation of the project, and ad hoc whenever such need arises. The responsibilities of the Steering Committee are the following:

- Monitoring the implementation of the project and discussing its achievements;
- Approving workplans and calendar of activities;
- Assessing emerging issues for sound project implementation and approving the resulting guidelines for the Project Management; and
- Approving the necessary departures from the original ToR or Workplan.

The SC chairing will be decided at and during the inception phase by taking into consideration the PECK I previous evolving experience where beneficiaries ended up chairing the SC meetings after a while they were co-chaired by donor and implementing agency—thus moving ahead and demonstrating more ownership.

### **Designated Institutional Co-ordinators and counterparts**

In the course of implementing this project, and especially at its inception phase and delivering the assessment reports (including the recommendations), the CoE will address and communicate its actions and results to the office of the Prime Minister through its Office of Good Governance, Human Rights, Equal Opportunities and Gender Issues (OGG) as well as to both key project co-ordinators. Given the fact that this project will involve two components, which will entail many relevant institutions as beneficiaries, it will be of advantage to have an overall, high level focal point for co-ordination with the Kosovo authorities.

Key project's Co-ordinators will be from: the Kosovo Anti-corruption Agency which will be the Central Co-ordinator for the Anti-corruption component, and the Financial Intelligence Unit will be the co-ordinator for the anti-money laundering component.

Other beneficiary institutions include Ministry of Justice (legislative drafting and inspections), Ministry of Finance (as the FIU hosting institution), Ministry of Internal Affairs and Kosovo Police (economic crime investigations), the Kosovo Judicial Council, the Prosecutorial Council, the Special Prosecutor's Office, the Agency for Managing Sequestered and Confiscated Assets (AMSCA) as well as the Central Bank of Kosovo. With regard to ER 3 and ER 4 (assessment process), the Council of Europe will designate 3 international experts/peers to each component (see section 3.3.3 above). The experts in each team shall participate in the Project's assessments considering the role of each in policy making, legislative reforms as well as capacity building.

The institutional counterparts will be actively involved throughout the whole exercise. The 2 project assessment teams coordinated and supported by the project team will be the main centers for each assessment chapter. They will initiate and carry out each respective assessment and recommendations through typical peer assessment exercises. Those include: from self-assessment of each relevant institution through questionnaires, workshops/roundtables with experts to discuss the relevance of produced and outstanding information, co-ordination with other state institutions to bring information, answers and findings into cross-sector agreement.

Other institutions and structures and law enforcement agencies, the financial sector and the industry, as well as the civil society will be involved in different specific activities of the project. Final beneficiaries include society at large to the extent that it benefits from an efficient anti-corruption and anti-money laundering/countering the financing of terrorism framework.

The involvement of civil society and NGOs will be ensured in this project especially during the assessment plenary sessions and when recommendations are issued and disseminated to the public as agreed upon in the Terms of Reference.

## **The Council of Europe**

The Council of Europe, through 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. In close coordination with the EU office in Pristina, the project will be daily managed by the CoE project team based in Pristina, while substance and quality control concerning workplan reliance with contractual arrangement and reporting will be managed from the HQs in Strasbourg (Economic Crime and Cooperation Unit). 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 and finance them directly. Within the Council of Europe, the Economic Crime and Cooperation Unit will be responsible for co-ordination and supervision of the project.

## **5.6 Timetable**

The envisaged duration of the Project is 36 months. An indicative Project Calendar 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.

## **5.7 Costs and financing plan**

The award is based on the EU Financial Regulation Article 58(c) and Article 188 that refers to the Implementation of external actions through indirect management as well as Rules of Application of the Financial Regulation, Article 43 on specific provisions for indirect management with International Organisations. The Action will be implemented through the indirect management, following the conclusion of the indirect management delegation agreement with the Council of Europe for an amount of €2.0 million. A co-financing of 10.11% or in indicative amount of €225,000 will be provided by the Council of Europe.

The total cost of the Project for the 36-month period is €2,225,000, provided by the European Union (€2.0 million) and by Council of Europe (€225,000).

## **6 CROSS-CUTTING ISSUES**

### **6.1 Environment and climate change (and if relevant disaster resilience)**

Environmental protection is an indirect benefit of the action. The links between corruption in relevant administrations and environmental harm are acknowledged as well as obvious. The proposed project will not have a negative impact on the environment nor jeopardise environment, health and security in the future. The project will be delivered in the most environmentally friendly way possible, including the recycling of paper and the reduction of paper-based activities to the absolute minimum, including through distribution of project materials through internet and use of alternative ways.

### **6.2 Engagement with civil society (and if relevant other non-state stakeholders)**

Civil Society engagement in this sector has always been an important part of the CoE's approach in Kosovo. Under the PECK Project the focus has been to capitalise on the existing knowledge and experience of civil society organisations and their approaches/concerns/proposals during on-site visits and referring to their findings in respective assessment reports. Participation and involvement of CSOs for assessment purposes will be very useful by building on the previous similar actions. In addition, their role will be valuable during the implementation of technical assistance activities including inter alia risk assessment process, monitoring, reviewing and updating respective anti-corruption strategies and action plans and, when available, in the assessment of the level of corruption and effects of anti-corruption measures, as well as in the measurement of public awareness and perception of corruption.

The industry in the financial sector (commercial banks, micro-finance institutions, money or value transfer service providers, exchange bureaus), non-profit organisations, designated non-financial businesses and professions (lawyers, notaries, auditors, accountants, casinos, real estate agents, dealers in precious metals and stones and trust and company service providers) as well as professional associations (Kosovo Bar Association, Chamber of Notaries, Auditors Association, etc.) will be important within the framework of the AML/CFT assessment process.

### **6.3 Equal opportunities and gender mainstreaming**

Achieving gender equality being central to the protection of human rights, the functioning of democracy, and the respect for the rule of law, the highest body the Council of Europe, the Committee of Ministers, has adopted a strategy on Gender committing to gender equality in all areas of action of the Council of Europe. All Council of Europe decision-making, advisory and monitoring bodies should indeed support and actively contribute to the achievement of the goal and the strategic objectives of the Gender Equality Strategy. The Gender Equality Commission has been set up to follow closely the implementation of the Strategy.

Gender equality will be taken into consideration in the organisation of project activities. The project will promote the requirements of gender equality and a more active participation of women who remain to a certain extent underrepresented. In addition to this, the services and outputs produced by the project will conform to the relevant principles of equal opportunities and non-discrimination.



## **6.4 Minorities and vulnerable groups**

Respect and protection of minorities and vulnerable groups are key values of the EU and the Council of Europe. The project will take them into account in all its activities and will strive to involve as much as possible all minority groups in Kosovo and ensure that information is provided in the recognised minority languages. Through its activities the project will also aim to enhance the responsiveness of involved beneficiary institutions towards all citizens including those belonging to national minority groups.

## **7 FACTORS ENSURING SUSTAINABILITY**

### **7.1 Policy support**

This Project is the continuation of a Council of Europe action implemented between 2012 and 2015 in full co-operation with the Kosovo 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. Furthermore, this project has the potential to unfold synergies with several other technical assistance projects (see section 2.6 above).

### **7.2 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.

The Council of Europe has an office in Pristina which can provide support to the Project Team staff. Previous projects implemented by the CoE in the region were run successfully and achieved their expected results in spite of a difficult political situation, thanks to the support of and co-operation with all partners.

A concerted effort of the EU and the CoE, based on the experience of many successful joint projects in this area would be an appropriate approach to ensure that European standards and practices are clearly followed when applied in Kosovo. Such an effort would contribute to coherent anti-corruption and money laundering reforms in Kosovo, also to the benefit of EULEX Kosovo, thus making reform results more sustainable and bring them in line with European standards.

### **7.3 Economic and financial analysis**

As already mentioned above (see section 4.2 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.

## **8 MONITORING AND EVALUATION**

### **8.1 Definition of indicators**

Indicators, expected milestones against baseline and sources of verification are provided in the table below while related assumptions are included in logical framework, in Annex I.

**Indicator Measurement**

<b>Indicator</b>	<b>Description</b>	<b>Baseline (Year)</b>	<b>Last available (Year)</b>	<b>Milestone 2017</b>	<b>Target 2020</b>	<b>Source of information</b>
<p>Level of compliance by Kosovo institutions with international standards in the anti-corruption and anti-money laundering area</p>	<p>Level of compliance by Kosovo institutions with international standards (GRECO and FATF/MONEYVAL) in the area of fight against corruption and money laundering</p>	<p>0</p>	<p>(2013): 3% of compliance with 2013 recommendations</p>	<p>50% compliance with 2013-2014 PECK assessments recommendations</p>	<p>80% compliance with 2013-2014 PECK assessments recommendations</p>	<p>PECK and Kosovo Government Assessment reports based on GRECO and MONEYVAL methodologies</p>
<p>Kosovo's ranking in the Global Integrity Report improved (category VI-3 - Judicial Independence, Fairness, and Citizen Access to Justice)</p>	<p>Cross-annual comparison of reported, investigated, prosecuted and adjudicated corruption cases</p>	<p>(2012) statistics: KAA : 52 cases against 159 persons; Kosovo Police : 266 persons; Prosecution: 132 persons and Courts: 50 cases</p>	<p>(2012) statistics: KAA : 52 cases against 159 persons; Kosovo Police : 266 persons; Prosecution: 132 persons and Courts: 50 cases</p>	<p>30% increase of investigated and prosecutorial and judicial procedures of corruption cases</p>	<p>50% increase of investigated and prosecutorial and judicial procedures of corruption cases</p>	<p>Global Integrity Report (<a href="http://www.globalintegrity.org">www.globalintegrity.org</a>)</p>
<p>Level of developed and approved policies enabling judicial reform in Kosovo</p>	<p>Kosovo rating in the Comparative based Monitoring of Anti-Corruption Progress initiative (CIMAP)</p>	<p>(2011): EU anti-corruption requirements: measuring progress in Albania, Kosovo, FYR Macedonia and Turkey</p>	<p>(2011): EU anti-corruption requirements: measuring progress in Albania, Kosovo, FYR Macedonia and Turkey</p>	<p>Minimum 3 policy decisions and strategic documents issued by Ministry of Justice</p>	<p>Minimum 6 policy decisions and strategic documents issued by Ministry of Justice</p>	<p>Transparency International reports</p>



## 8.2 Reports/evaluations

### 8.2.1 Reports

The daily implementation and reporting of specific activities of the project will be monitored by the Project Advisor in Pristina and the Project Officer in Strasbourg. The latter will ensure that reports are prepared and submitted as required, and provide all necessary support to the Project Team in Pristina. The former will ensure timely feedback on behalf of Kosovo partners. All Reports must be approved by the Contracting Authority as stipulated in the applicable General Conditions or superseding provisions.

The Council of Europe will submit the following reports:

The Nature and Content	Type	Reporting Period	Recipients
<p><b>Inception Report</b> <i>English, Albanian and Serbian Versions</i></p>	<p>The inception report will contain an update on any relevant changes in the institutional framework in Kosovo, 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 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 EUO, OGG, KAA, FIU and members of the Steering Committee.</p>	<p>To be submitted 15 days following 3 months of the start up of the implementation.</p>	<p><u>Submitted to:</u> OGG, KAA, FIU, EUO</p>
<p><b>Annual Progress Reports</b> <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, supported by case statistics.</p>	<p>To be submitted every 12 months not later than 60 days after the end of the reporting period in English. Accompanying further pre-financing payment request when and as foreseen under the Special Conditions.</p>	<p><u>Submitted to:</u> OGG, KAA, FIU, EUO and presented to the very next Steering Committee meeting following the reporting period.</p>
<p><b>Final Report</b> (Narrative and Financial) <i>English, Albanian 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 contain lesson learnt and</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> OGG, KAA, FIU, EUO and presented to all Steering Committee members.</p>

The Nature and Content	Type	Reporting Period	Recipients
	recommendations to be followed up by the beneficiary. The report will be finalised after incorporation of any comments from the EUO, OGG, KAA, FIU, and members of the Steering Committee.		

Regular briefing and information sharing meetings with the designated Task Manager of the EU Office in Kosovo will take place and provide the opportunity to assess on-going progress and identify potential difficulties. Monthly information notes presenting highlights of the action will be provided upon request of the contracting authority.

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.

### 8.2.2 Evaluations

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

External evaluation through Result Oriented Monitoring (ROM) missions may assess progress of delivery of specific project results and towards achievement of project objectives.

The Council of Europe and EUO may commission an external evaluation of the project three months prior to its scheduled end. The evaluators shall be independent from any involvement with this project and the contracting organisations. The external evaluation provides an assessment of the overall project progress from its start until the end against the objectives and indicators of achievement, as well as its overall impact, by addressing i. a. the following points:

- Results and impact produced;
- Efficiency/effectiveness of implementation;
- Assumptions/influence of external factors;
- Sustainability potential;
- Relationship with other projects/donor actions;
- Conclusions and implications for future projects.

## APPENDICES

- Annex I:** Logical framework matrix
- Annex II:** Indicative Project Timetable
- Annex III:** Detailed budget breakdown and planning for contracting procedures
- Annex IV:** List of Acronyms
- Annex V:** Communication/Contacts/Interviews





### 8.3 Annex I - Logical Framework Matrix

Project against Economic Crime in Kosovo (PECK II)			
<b>Overall objective</b>	<b>Objectively verifiable indicators (OVIs)</b>	<b>Sources of verification</b>	
To contribute to democracy and the rule of law through prevention and control of corruption, money-laundering and financing of terrorism in Kosovo	Kosovo rating in the Comparative Indicator-based Monitoring of Anti-corruption Progress Initiative (CIMAP)	- Transparency International Reports	
<b>Specific Objective</b>	<b>Objectively verifiable indicators (OVIs)</b>	<b>Sources of verification</b>	<b>Assumptions</b>
To strengthen institutional capacities to counter corruption, money-laundering and financing of terrorism in Kosovo in accordance with European standards through targeted technical assistance and assessments for improving and streamlining economic crime reforms	<ul style="list-style-type: none"> <li>- Level of compliance by Kosovo institutions with international standards (GRECO and FATF/MONEYVAL) in the area of fight against corruption and money laundering;</li> <li>- Cross-annual comparison of reported, investigated, prosecuted and adjudicated corruption cases.</li> </ul>	<ul style="list-style-type: none"> <li>- Project assessment and compliance reports</li> <li>- EC Annual Progress Reports for Kosovo</li> </ul>	<ul style="list-style-type: none"> <li>- Political will continues to exist to prevent corruption, money laundering and terrorism financing, if necessary through legislative means</li> <li>- Political will exists in all beneficiary institutions</li> </ul>
<b>Expected results</b>	<b>Objectively verifiable indicators (OVIs)</b>	<b>Sources of verification</b>	<b>Assumptions</b>
<p>1. Institutional capacities of anti-corruption stakeholders to effectively implement and coordinate anti-corruption measures are further strengthened.</p> <p>2. Inter-agency information exchange and cooperation mechanisms are streamlined to ensure effective coordinated measures against economic crime.</p> <p>3. Assessment Report of anti-corruption measures is available.</p>	<ul style="list-style-type: none"> <li>- At least three risk assessments in the AC area conducted by the KAA in coordination with other stakeholders;</li> <li>- At least ten legal opinions and technical papers for concrete anti-corruption measures and/or initiatives produced.</li> <li>- Reviewed, updated and developed inter-agency Standard Operating Procedures (SOPs), manuals and guidelines in the AC field;</li> <li>- Periodical reports of law enforcement, judiciary and other main executive agencies are produced with harmonised statistics.</li> <li>- Assessment conducted and completed by 2017-2018 on the basis of reviewed and applicable international standards;</li> </ul>	<ul style="list-style-type: none"> <li>- Project progress and activity reports</li> <li>- Official statistics of key institutions: Kosovo Anti-Corruption Agency, Kosovo Prosecutorial and Judicial Council, Kosovo Police, Tax Administration</li> <li>- Project assessment reports and compliance matrix</li> <li>- Media reports on corruption and related offences</li> <li>- Training needs, statistics and capacities report</li> </ul>	<ul style="list-style-type: none"> <li>- Willingness of key institutions to cooperate in risk analysis and to implement its recommendations</li> <li>- Readiness of beneficiaries to fully and regularly report, exchange information and provide/receive feedback</li> <li>- Sufficient absorption capacity of stakeholders to be fully involved in project activities</li> <li>- Availability and quality of baseline data</li> <li>- Sustainability of all administrative and reform oriented actions is ensured</li> <li>- Trainees selected</li> </ul>

<p>4. Assessment Report of anti-money laundering and combating financing of terrorism measures is available.</p>	<ul style="list-style-type: none"> <li>- Assessment reports made publicly available by Kosovo institutions;</li> <li>- Assessment conducted and completed by 2017 on the basis of reviewed and applicable international standards;</li> <li>- Assessment reports made publicly available by Kosovo institutions.</li> </ul>	<p>appropriately</p> <ul style="list-style-type: none"> <li>- Readiness and commitment to co-operate in conducting assessment</li> <li>- Commitment and co-operation to implement assessment recommendations</li> <li>- Full reporting by beneficiaries on the impact of activities</li> </ul>
<p><b>ACTIVITIES</b></p>		<p><b>ER INDICATIVE COST</b></p>
<p><i>Activities to achieve Result 1:</i></p>		
<p>1.1 Conduct <b>Risk analysis and assessments</b> (in up to three priority areas as identified in the initial Assessment Report from PECK 1) in order to assess regulatory and institutional obstacles to efficiently prevent and fight corruption</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 70 s/days of STC (incl. international travel and per-diems)</li> <li>- Studies/research</li> <li>- Up to 4 Technical Papers</li> <li>- Cost of up to 9 (1 day) workshops</li> <li>- Cost of up to 2 visibility events</li> <li>- Translation/interpretation</li> <li>- Publication and dissemination costs</li> </ul>	<p>ER 1 indicative cost: fees for STC, per diems, international travels, studies/research, technical papers, conferences/workshops/visibility events and materials, trainings including trainings of trainers, translation/interpretation, publication and dissemination.</p> <p><b>667,808 EUR</b></p>
<p>1.2 Provide legal and technical opinions and legislative proposals and support their implementation to make the relevant <b>anti-corruption legislation</b> compliant with international standards</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 70 s/days of STC (incl. international travel and per-diems)</li> <li>- Up to 11 Technical Paper</li> <li>- Cost of up to 14 (1 day) workshops/round tables</li> <li>- Translation/interpretation</li> </ul>	
<p>1.3 Review legal and institutional <b>whistleblowing</b> mechanisms and provide proposals for improvement</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 20 s/days of STC (incl. international travel and per-diems)</li> <li>- Up to 4 Technical Papers</li> <li>- Cost of up to 4 (1 day) workshops/round tables</li> <li>- Translation/interpretation</li> </ul>	
<p>1.4 Strengthen KAA <b>investigative capacities</b> and improve quality of reporting to law enforcement authorities as a result of the development and/or revision of methodologies, guidelines and Standards Operating</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 40 s/days of STC (incl. international travel and per-diems)</li> <li>- Up to 6 Technical Papers</li> <li>- Cost of up to 6 (1 day) workshops/training sessions</li> <li>- Cost of up to 2 (3-4 day) study visits (incl.</li> </ul>	

<p>Procedures (SOPs)</p>	<ul style="list-style-type: none"> <li>- international travel and per-diem(s)</li> <li>- Translation/interpretation</li> </ul>	
<p>1.5 Review and update Kosovo's <b>anti-corruption action plan</b></p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 40 s/days of <b>STC</b> (incl. international travel and per-diem(s))</li> <li>- Up to 6 Technical Papers</li> <li>- Cost of up to 10 (1 day) workshops/training sessions</li> <li>- Cost of up to 2 (1 day) conferences/visibility events</li> <li>- Translation/interpretation</li> </ul>	
<p>1.6 Provide methodologies, guidelines and tools in implementing <b>asset declarations and conflict of interest</b> regulatory framework to KAA, government officials, investigative journalists and NGOs</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 30 s/days of <b>STC</b> (incl. international travel and per-diem(s))</li> <li>- Up to 5 Technical Papers</li> <li>- Cost of up to 8 (1 day) workshops/training sessions</li> <li>- Cost of up to 2 visibility events</li> <li>- Translation/interpretation</li> <li>- Publication and dissemination costs</li> </ul>	
<p>1.7 Support the <b>dialogue and consultation processes between public authorities and civil society</b> organisations on anti-corruption reform initiatives</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 30 s/days of <b>STC</b> (incl. international travel and per-diem(s))</li> <li>- Up to 2 Technical Papers</li> <li>- Cost of up to 10 (1 day) workshops/training sessions</li> <li>- Cost of up to 6 visibility events</li> <li>- Translation/interpretation</li> <li>- Publication and dissemination costs</li> </ul>	
<p><i>Activities to achieve Result 2:</i></p>		
<p>2.1 Assist <b>KAA and FIU</b> (including here Police, Tax, Customs, and Prosecution Services) to carry out reviews and gap analysis of their <b>inter-agency cooperation</b> mechanisms</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 20 s/days of <b>STC</b> (incl. international travel and per-diem(s))</li> <li>- Studies/research</li> <li>- Up 4 Technical Papers</li> <li>- Cost of up to 4 (1 day) workshops/round tables</li> <li>- Translation/interpretation</li> </ul>	<p>ER 2 indicative cost: fees for <b>STC</b>, per diems, international travels, studies/research, technical papers, conferences/workshops/visibility events and materials, trainings including trainings of trainers, translation/interpretation, publication and dissemination.</p>
<p>2.2 Provide recommendations and support their</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 25 s/days of <b>STC</b> (incl. international</li> </ul>	<p><b>302,540 EUR</b></p>

<p>implementation aimed at improving <b>inter-agency cooperation mechanism</b></p>	<ul style="list-style-type: none"> <li>- travel and per-diems)</li> <li>- Up to 4 Technical Papers</li> <li>- Cost of up to 5 (1 day) workshops/round tables</li> <li>- Translation/interpretation</li> </ul>	
<p>2.3 Develop <b>inter-agency SOPs, manuals and guidelines</b> in relation to economic crime</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 40 s/days of STC (incl. international travel and per-diems)</li> <li>- Up to 6 Technical Papers</li> <li>- Cost of up to 12 (1 day) workshops/training sessions/conferences</li> <li>- Cost of 1 (3-4 days) study visit</li> <li>- Translation/interpretation</li> <li>- Publication and dissemination costs</li> </ul>	
<p>2.4 Enhance <b>monitoring, evaluation and reporting</b> on economic crime policy documents and action plans</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 35 s/days of STC (incl. international travel and per-diems)</li> <li>- Up to 4 Technical Papers</li> <li>- Cost of up to 9 (1 day) workshops/training sessions</li> <li>- Translation/interpretation</li> </ul>	
<p><i>Activities to achieve Result 3</i></p>		
<p>3.1 Carry out an <b>anti-corruption assessment</b> 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>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 100 s/days of STC (incl. international travel and per-diems)</li> <li>- Studies/research</li> <li>- Cost of up to 9 (1 day) workshops/conferences/visibility events</li> <li>- Translation/interpretation</li> </ul>	<p>ER 3 indicative cost: fees for STC, per diems, international travels, studies/research, technical papers, conferences/workshops/visibility events and materials, assessment questionnaire, compliance matrix, assessment report and related assessment papers, translation/interpretation, publication and dissemination.</p>
<p>3.2 Support and facilitate active participation of <b>Kosovo institutions in peer assessments</b> on anti-corruption measures based on European monitoring methodology</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 20 s/days of STC (incl. international travel and per-diems)</li> <li>- Cost of up to 6 (1 day) workshops</li> <li>- Translation/interpretation</li> </ul>	<p><b>174,580 EUR</b></p>
<p>3.3 Provide <b>assessment driven recommendations</b> on anti-corruption regulatory, institutional and policy related areas</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 20 s/days of STC (incl. international travel and per-diems)</li> <li>- Cost of up to 6 (1 day) workshops</li> <li>- Translation/interpretation</li> </ul>	

660

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<p>3.4 Publish and disseminate <b>Anti-corruption assessment report and compliance matrix</b> in English, Albanian and Serbian.</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Cost of 1 (1 day) conference/visibility event</li> <li>- Translation/interpretation</li> <li>- Publication and dissemination costs</li> </ul>	
<p><i>Activities to achieve Result 4:</i></p>		
<p>4.1 Carry out an <b>anti-money laundering and combating financing of terrorism assessment</b> measuring the level of compliance with European and international standards (based on the experience and criteria used by MONEVAL and other relevant international bodies)</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 130 s/days of STC (incl. international travel and per-diem)</li> <li>- Studies/research</li> <li>- Cost of up to 9 (1 day) workshops</li> <li>- Translation/interpretation</li> </ul>	<p>ER 4 indicative cost: fees for STC, per diems, international travels, studies/research, technical papers, conferences/workshops/visibility events and materials, assessment questionnaire, compliance matrix, assessment report and related assessment papers, translation/interpretation, publication and dissemination.</p> <p style="text-align: center;"><b>192,080 EUR</b></p>
<p>4.2 Support and facilitate active participation of <b>Kosovo institutions in peer assessments</b> on anti-money laundering and combating financing of terrorism measures based on European and international monitoring methodology</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 20 s/days of STC (incl. international travel and per-diem)</li> <li>- Cost of up to 6 (1 day) workshops</li> <li>- Translation/interpretation</li> </ul>	
<p>4.3 Provide assessment driven <b>recommendations</b> on anti-money laundering and combating financing of terrorism regulatory, institutional and policy related areas</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Up to 20 s/days of STC (incl. international travel and per-diem)</li> <li>- Cost of up to 6 (1 day) workshops</li> <li>- Translation/interpretation</li> </ul>	
<p>4.4 Publish and disseminate <b>Anti-money laundering and combating financing of terrorism assessment report and compliance matrix</b> in English, Albanian and Serbian</p>	<ul style="list-style-type: none"> <li>- Project Team</li> <li>- Cost of 1 (1 day) conference/visibility event</li> <li>- Translation/interpretation</li> <li>- Publication and dissemination costs</li> </ul>	

8.4 Annex II – Indicative Timetable

Project Activities		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
<b>Inception phase (3 months)</b>													
0.1	Recruit project staff	X											
0.2	Equip project offices	X											
0.3	Prepare a detailed work-plan and an inception report	X											
0.4	Organise a start-up event	X											
<b>Expected Result 1 – Institutional capacities of anti-corruption stakeholders to effectively implement and coordinate anti-corruption measures are further strengthened</b>													
Conduct <b>Risk analysis and assessments</b> (in up to three priority areas as identified in the initial Assessment Report from PECK 1) in order to assess regulatory and institutional obstacles to efficiently prevent and fight corruption													
1.1.		X	X	X	X	X	X	X					
Provide legal and technical opinions and legislative proposals and support their implementation to make the relevant <b>anti-corruption legislation</b> compliant with international standards													
1.2		X	X	X	X	X	X	X					
Review legal and institutional <b>whistleblowing</b> mechanisms and provide proposals for improvement													
1.3		X	X	X	X	X	X	X					
Strengthen KAA <b>investigative capacities</b> 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)													
1.4		X	X	X	X	X	X	X		X			
Review and update Kosovo's <b>anti-corruption action plan</b>													
1.5								X				X	
Provide methodologies, guidelines and tools in implementing <b>asset declarations and conflict of interest</b> regulatory framework to KAA, government officials, investigative journalists and NGOs													
1.6					X	X	X						

Project Activities		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
1.7	Support the dialogue and consultation processes between public authorities and civil society organisations on anti-corruption reform initiatives		X	X	X		X	X			X		X
<b>Expected Result 2 – Inter-agency information exchange and cooperation mechanisms are streamlined to ensure effective coordinated measures against economic crime</b>													
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		X	X		X							
2.2	Provide recommendations and support their implementation aimed at improving inter-agency cooperation mechanism			X	X	X	X						
2.3	Develop inter-agency SOPs, manuals and guidelines in relation to economic crime		X	X	X	X	X						
2.4	Enhance monitoring, evaluation and reporting on economic crime policy documents and action plans			X		X		X	X				X
<b>Expected Result 3 – Assessment Report of anti-corruption measures is available</b>													
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)								X				
3.2	Support and facilitate active participation of Kosovo institutions in peer assessments on anti-corruption measures based on European monitoring methodology								X	X	X		
3.3	Provide assessment driven recommendations on anti-corruption regulatory, institutional and policy related areas										X	X	
3.4	Publish and disseminate Anti-corruption assessment report												X

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Project Activities		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
and compliance matrix in English, Albanian and Serbian													
Expected Result 4 – Assessment Report of anti-money laundering and combating financing of terrorism measures is available													
4.1	Carry out an <b>anti-money laundering and combating financing of terrorism assessment</b> measuring the level of compliance with European and international standards (based on the experience and criteria used by MONEYVAL and other relevant international bodies)								X				
4.2	Support and facilitate active participation of <b>Kosovo institutions in peer assessments</b> on anti-money laundering and combating financing of terrorism measures based on European and international monitoring methodology								X	X	X		
4.3	Provide <b>assessment driven recommendations</b> on anti-money laundering and combating financing of terrorism regulatory, institutional and policy related areas										X	X	
4.4	Publish and disseminate <b>Anti-money laundering and combating financing of terrorism assessment report and compliance matrix</b> in English, Albanian and Serbian												X

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### 8.5 Annex III – Detailed budget breakdown

	Budget (€)		Timeline	
	Total	EU contribution	Launch of procedure	Contract signature <sup>50</sup>
Implementation modalities				
Indirect management				
Indirect Management Delegation Agreement with the Council of Europe	2,225,000	2,000,000	Early 2015	End 2015
<b>TOTAL</b>	<b>2,225,000</b>	<b>2,000,000</b>		

<sup>50</sup> Contract signature date: if relevant; i.e. for Direct Grants mainly

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## 8.6 Annex IV – List of Acronyms

AC	Anti-corruption
AML	Anti-money laundering
AMSCA	Agency for Managing Sequestered and Confiscated Assets
CBK	Central Bank of Kosovo
CETS	Council of Europe Treaty Series
CFT	Combating financing of terrorism
CoE	Council of Europe
DGHL	Directorate General of Human Rights and Legal Affairs
EC	European Commission
EU	European Union
ETS	European Treaty Series
EULEX	European Union Rule of Law Mission in Kosovo
EUO	European Union Office to Kosovo
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
GRECO	Group of States against Corruption
HQ	Headquarter
KAA	Kosovo Anti-corruption Agency
KFOR	NATO Kosovo Force
KIPRED	Kosovar Institute for Policy Research and Development
KJC	Kosovo Judicial Council
KJI	Kosovo Judicial Institute
KP	Kosovo Police
KPC	Kosovo Prosecutorial Council
MIA	Ministry of Internal Affairs
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
MoF	Ministry of Finance
MoJ	Ministry of Justice
MoU	Memorandum of Understanding
PACO project)	Implementation of Anti-corruption Plans in South-Eastern Europe (regional project)
OAG	Office of the Auditor General
OG	Official Gazette
OGG Issues	Office of Good Governance, Human Rights, Equal Opportunities and Gender Issues
PECK	EU/CoE Joint Project against Economic Crime in Kosovo (2012-2015)
PC	Project Co-ordinator
PIK	Police Inspectorate of Kosovo
Q	Quarter
SC	Steering Committee
SIGMA	Support for Improvement in Governance and Management
SOP	Standard Operating Procedure
SPO	State Prosecutor's Office
SPRK	Special Prosecution Office of the Republic of Kosovo
ST	Short Term
STC	Short Term Consultant
STA	Short Term Adviser
TI	Transparency International
ToR	Terms of Reference
UNMIK s/days	United Nations Interim Administration to Kosovo service days
WB	World Bank

## 8.7 Annex V – Communication/Contacts/Interviews

The following persons/institution representatives (January-November 2014) have been met, interviewed, contacted/communicated or participated in view of the preparation of the project from the very beginning and have been presented with the project's objectives and expected results, assessment of needs and consulted when designing the project's actions. In sum the DoA presents now a document which in general has been built through consultations with the beneficiaries of this project, and more details have been consulted with the two main counterpart institutions of this project (Kosovo Anti-Corruption Agency and Financial Intelligence Unit).

### 23, 28, 31 January 2014

Demush Shasha, Secretary General, Ministry of European Integration
Krenare Bektashi, Senior Officer on Law Enforcement, Ministry of European Integration
Florim Canolli, Director, Office for Coordination of EU Assistance, Ministry of European Integration
Kastriot Halili, Senior Official of Public Administration, Ministry of European Integration
Tim Cartwright, Head of office, Council of Europe Office to Pristina
Andrew Forde, Deputy Head of office, Council of Europe Office to Pristina
Hasan Preteni, Director, Kosovo Anti-corruption Agency
Blerim Kelmendi, Director of Combating Corruption Department, Kosovo Anti-corruption Agency
Behar Xhema, Deputy Director, Financial Intelligence Unit
Edmond Dunga, Advisor, EU/CoE Joint Project against Economic Crime in Kosovo
Luljeta Plakolli, Local Project Officer, EU/CoE Joint Project against Economic Crime in Kosovo

### 27 May 2014

Blerim Kelmendi, Director of Combating Corruption Department, Kosovo Anti-corruption Agency
Behar Xhema, Deputy Director, Financial Intelligence Unit

### 29 May 2014 – Rule of Law Coordination Meeting

Blerim Kelmendi, Director of Combating Corruption Department, Kosovo Anti-corruption Agency
Behar Xhema, Deputy Director, Financial Intelligence Unit
Maria Bamieh, Prosecutor, EULEX
Peter Carson, Advisor for Customs Procedures and Post Clearance Audit, EULEX
Gareth Reed, Customs & Border Management Advisor - Anti-Smuggling and Risk Assessment, EULEX
Marjana Papa, Advisor, EULEX
Vlora Marmullakaj, Senior Anti-corruption Officer, EULEX
Edis Agani, Task Manager, European Union Office to Kosovo
Edmond Dunga, Advisor, EU/CoE Joint Project against Economic Crime in Kosovo
Luljeta Plakolli, Local Project Officer, EU/CoE Joint Project against Economic Crime in Kosovo

### 17 June 2014 - Rule of Law Coordination Meeting

Blerim Kelmendi, Director of Combating Corruption Department, Kosovo Anti-corruption Agency
Mirlinda Dreshaj, Compliance Inspection Officer, Financial Intelligence Unit
Gareth Reed, Customs & Border Management Advisor - Anti-Smuggling and Risk Assessment, EULEX
Vlora Marmullakaj, Senior Anti-corruption Officer, EULEX

Project against Economic Crime in Kosovo (PECK)

Ulf Farnsveden, Consultant, Nordic Consulting Group AB
Edis Agani, Task Manager, European Union Office to Kosovo
Edmond Dunga, Advisor, EU/CoE Joint Project against Economic Crime in Kosovo
Luljeta Plakolli, Local Project Officer, EU/CoE Joint Project against Economic Crime in Kosovo

**14 July 2014**

Edis Agani, Task Manager, European Union Office to Kosovo
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**Intermediate 27-30 October 2014**

Artan Canhasi, Senior Researcher, Kosovo Democratic Institute
Edis Agani, Task Manager, European Union Office to Kosovo
Behar Xhema, Deputy Director, Financial Intelligence Unit
Hasan Preteni, Director, Kosovo Anti-corruption Agency
Habit Hajredini, Director, Office for Good Governance
Bajram Kosumi, Director, Department for Registration and Liaison with NGOs, Ministry of Public Administration
Shaip Havolli, Head of Economic Crime Investigation Section, Kosovo Police
Ehat Miftari, Head of Prosecutors Performance Evaluation Unit, Kosovo Prosecutorial Council
Atdhe Dema, Prosecutor/former AC Advisor, Kosovo Special Prosecution Office
Astrit Hoti, Head of the Legal Office, Kosovo Judicial Council
Violete Pllana, Head of Investigation Section Kosovo Customs
Osman Neziri, Manager for Compulsory Collection, Kosovo Tax Administration
Clemens Mueller, Legal Officer, EULEX
Vlora Marmullakaj, Senior Anti-corruption Officer, EULEX
Maia Mamulashvili, Project Manager, Council of Europe
Edmond Dunga, Advisor, EU/CoE Joint Project against Economic Crime in Kosovo
Luljeta Plakolli, Local Project Officer, EU/CoE Joint Project against Economic Crime in Kosovo