

Controlling Corruption through Law Enforcement and Prevention in Moldova (CLEP)

1st Progress Report

1 June 2017 – 30 April 2018

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Abbreviations

ABA/ROLI	American Bar Association / Rule of Law Initiative
ACA	Anti-Corruption Alliance
ARO	Asset Recovery Office
CAPC	Centre for Analysis and Prevention of Corruption
CARIN	Camden Assets Recovery Interagency Network
CEC	Central Electoral Commission
CIJ	Centre for Investigative Journalism
CoE/EU JP	Joint Programme between the Council of Europe and the European Union
DNFBP	Designated Non-Financial Businesses and Professions
EC	European Commission
ECtHR	European Court of Human Rights
EU	European Union
FATF	Financial Action Task Force
GPI	General Police Inspectorate
GPO	General Prosecutor's Office
GRECO	Council of Europe's Group of States against Corruption
MIA	Ministry of Internal Affairs
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
MP	Member of Parliament
NAC	National Anti-corruption Centre
NIA	National Integrity Authority
NJI	National Justice Institute
NIAS	National Integrity and Anti-Corruption Strategy
NII	National Investigative Inspectorate
OECD	Organisation for Economic Co-operation and Development
FIU	Office for Prevention and Fight against Money Laundering
PEP	Politically exposed persons
PPA	Public Procurement Agency
SIENA	Secure Information Exchange Network Application
SIM	Special Investigative Measures
SPIA	Department of internal protection and anti-corruption/MIA
TI	Transparency International
UN	United Nations
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development

1. EXECUTIVE SUMMARY

The Project “Controlling Corruption through Law Enforcement and Prevention” (CLEP) in the Republic of Moldova is a Joint Programme of the Council of Europe (CoE) and the European Union (EU). The Project’s duration is 36 months (1 June 2017 – 31 May 2020) with a total budget of 2 225 000 Euros, funded by the EU and the CoE, and implemented by the CoE.

This report covers the first year of implementation of the project, in accordance with contractual amendments to reflect the actual start date of the Project (1 June 2017). The inception phase activities (1 June – 30 September 2017) have been reported in detail in the Inception Report, which included a description of start-up workshops with authorities, the set-up of the Project team, as well as the Project Launching Conference.

From the beginning, the Project initiated its actions aiming at the review and assessment of **strategic and institutional frameworks** concerning key anti-corruption, anti-money laundering and asset recovery agencies in Moldova. This included:

- Review of the Anti-Money Laundering Strategy of Moldova and recommendations for its updating;
- Evaluation of the anti-corruption component of the Justice Sector Reform Strategy of Moldova;
- Assistance in the development of institutional strategies of the National Integrity Authority (NIA) and the Asset Recovery Office (ARO);
- Support to establish and pilot a monitoring and reporting system applicable to all anti-corruption action plans at the local level.

The Project provided **institutional support** to key selected agencies. The **Asset Recovery Office** benefitted from a comprehensive needs assessment as well as standard operating procedures on handling asset recovery cases. Bilateral contacts were facilitated between the ARO and Europol aimed at establishing ARO access to the SIENA (Secure Information Exchange Network Application) system. Technical work to implement this connection is on-going.

The **National Integrity Authority** received project support in the development of Guidelines on solving conflicts of interest for managers of public institutions and on Guidelines for the work of the Integrity Inspectors, including seven Operational Procedures. The Project developed and disseminated a video tutorial on electronic asset declarations for civil servants.

CLEP supported the **National Anti-Corruption Centre** (NAC) with capacity building trainings on links between corruption and human rights in the context of ECHR case-law. The project also facilitated **inter-agency cooperation** between the NAC and NIA, resulting in a formal cooperation arrangement through specifically designated focal points in each institution. Specific guidelines for interagency coordination and information exchange were also developed.

Support was provided to the **Financial Intelligence Unit** (FIU) through expert reviews of i) Guidelines on identification of suspicious transactions for financial institutions and

designated non-financial businesses and professions; ii) Guidelines on Identification of Terrorist Financing Suspicious Transactions and Activities; and iii) Guidelines on Politically Exposed Persons (PEPs). The reviews and recommendations issued were aimed at aligning the documents with international standards and Moneyval recommendations to Moldova. CLEP carried out targeted workshops with reporting entities to promote the implementation of these Guidelines.

Since the start of Project implementation, significant changes have occurred in the institutional set-up and management of key beneficiary agencies: new leadership has been recently assigned to NAC and NIA, an ARO has been created and the Financial Intelligence Unit (FIU) obtained independent status from the NAC as of 2018. Amendments to the Criminal Procedure Code and the new Law on the Assets Recovery Agency brought some uncertainties to the modalities of implementation and beneficiaries' future needs.

As seen during the Inception Phase, the level of engagement from all beneficiary institutions remains high. At the same time, existing differences in the institutional capacities of anti-corruption bodies have had a certain impact on the quality of cooperation. Longer-term planning of cooperation activities has been to date cumbersome vis-à-vis several institutions and numerous changes in the Workplan were requested in a short period of time.

Overall and in line with the Project's Objectives and Expected Results, the Project implemented 25 activities and field missions, which included 822 participants (55% men and 45% women). A total of eighteen Technical Papers¹ and three training curricula were produced.

Pursuant to the Communication and Visibility Plan, the project team is regularly updating the website: www.coe.int/clep, which contains all relevant information on the project, updates on activities and deliverables.

The amount spent is €427 222 representing 19.2% of the total project budget of €2 225 000.

¹ See Annex I.

2. DESCRIPTION OF ACTION

Name of Contact Person (EU Delegation):

Tsvetomir SVILENOV: Programme Manager, European Union Delegation to the Republic of Moldova

Name of Contact Person (Council of Europe)

Ardita ABDIU: Head, Economic Crime and Cooperation Division – DGI

Name of beneficiary(ies) and affiliated entity(ies) in the Action:

- National Anti-Corruption Centre (NAC)
- National Integrity Authority (NIA);
- Ministry of Justice (MoJ);
- General Prosecution Office (GPO);
- Anti-Corruption Prosecutor's Office (ACPO);
- Designated Non-Financial Businesses and Professions (DNFBP);
- Police Academy (PA);
- Public Procurement Agency (PPA);
- Customs Service (CS);
- Superior Council of Magistracy (SCM);
- Ministry of Internal Affairs (MIA);
- Internal Protection and Anti-Corruption Services of MIA (SPIA);
- National Bank of Moldova (NBM);
- National Institute of Justice (NIJ);
- Office for Prevention and Fight Against Money Laundering (FIU);
- Parliament;
- Prosecution for Combating Organized Crime and Special Cases (PCCOCS);
- State Tax Inspectorate (STI);
- National Commission for Financial Markets (NCFM);
- Superior Council of Prosecutors (SCP);
- Anti-Corruption Alliance (ACA);
- Centre for Investigative Journalism (CIJ);
- Transparency International (TI - Republic of Moldova);
- Centre for Analysis and Prevention of Corruption (CAPC).

Other beneficiaries are the financial sector and the industry (AML/CFT reporting entities), the civil society and journalists.

Title of the Action: Controlling Corruption through Law Enforcement and Prevention (CLEP)

Contract number: ENI/2016/381/731

The Project Controlling Corruption through Law Enforcement and Prevention (CLEP) in the Republic of Moldova is funded by the European Union and the Council of Europe, and implemented by the Council of Europe. The Project duration is 36 months (2017 –2020) and its budget is €2,225,000.

Overall objective

To strengthen the anti-corruption framework in the Republic of Moldova in line with the CoE conventions and other international treaties.

Project Purpose

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

Expected results

- i. Gaps and deficiencies in the regulatory framework concerning prevention and fight against corruption and money laundering/terrorism financing are addressed in line with relevant CoE and EU practices.
- ii. Capacities of authorities to design and implement corruption and money laundering prevention measures are enhanced.
- iii. Strengthened asset recovery framework and capacities of relevant involved and dedicated structures.
- iv. Upgraded information sharing systems and capacities for the national mechanisms concerning corruption offences/violations and of tracing of assets and their recovery.
- v. National and international co-operation between the national and international law enforcement agencies on data exchange and international tracing of crime proceeds concerning corruption and other forms of economic crime are supported and enhanced.
- vi. Public awareness and participation in the fight against corruption is increased.

Inception period activities

During the Inception Phase a number of **start-up actions** were carried out in the form of multilateral workshops and bilateral consultations with beneficiary institutions, aimed at identifying their precise needs, agreeing on the project Workplan and calendar for implementation. A total of twelve institutions in addition to civil society contributed to the design of the CLEP project Workplan, which includes 21 outputs and 65 activities.

The **project team** was set up and became operational by mid-July 2017, comprising a project advisor, a local senior project officer, and a project linguistic assistant. In August 2017 the team proceeded with initiating a number of activities, where immediate assistance was requested by beneficiaries, namely: assistance in the preparation of a new AML/CFT strategy; support to the National Integrity Authority (NIA) to implement a new e-declaration system for civil servants; and assessing the results of the current Justice Sector Reform Strategy.

The **project steering committee (SC)** was successfully set-up and held its first meeting to finalize and adopt the project Workplan. A **high-level event** was held to officially launch the project, ensure the necessary political endorsement to its future activities and reinforce the overall visibility of the intervention.

Pursuant the Communication and Visibility Plan, the project team launched the **website**: www.coe.int/clep, which contains all relevant information on the project, activities and deliverables.

3. COUNTRY CONTEXT

The 2017 Transparency Corruption Perception Index rated the Republic of Moldova at 31 (122 out of 180 assessed countries)², therefore gaining one point compared to the previous analysis. For the World Bank Ease of Doing Business parameter³, Moldova moved from 52th in 2016 to 44th in 2017. On the other hand, for the Basel Institute AML Index⁴, Moldova went from 5.24 in 2016 to 5.43 in 2017, losing in ranking but remaining in the regional average. As reported in the 2017 NAC Activity Report, NAC gained three points in the Barometer of Public Opinion statistics compared to 2016 (12.1% to 15.5%)⁵. Similarly, there was progress in the Index on Public Integrity⁶, with Moldova improving by four positions as compared to 2015 (from 60 to 56, with 6.44 and 6.26 points respectively).

The latest Association Implementation Report on Moldova⁷ (jointly drafted by the European Commission and the European External Action Service) underlines the importance of urgent renewed efforts to fight corruption, *“with tangible results, as well as thorough, impartial and comprehensive investigations and prosecutions of all those involved in the massive banking fraud that was exposed in 2014”*. The report also notices that the business environment and investment climate remains affected by corruption.

According to the 2017 NAC Activity Report⁸, with regards to **combating corruption**, 40,426 case referrals, complaints and petitions were examined during 2017 by NAC officers, reporting an increase of 9% compared to the same period of the previous year. Investigators detected 881 crimes (of which 617 considered particularly serious crimes), 2.7% more than in 2016.

In total, NAC managed 1 939 criminal cases in 2017. In 90% of the cases, the courts ruled for a conviction. 69% of the convictions ended with a fine (average of 55 000 MDL). Whereas judges tightened the pecuniary sanctions, they applied them in 5% less of cases. 19% of cases ended in imprisonment with real enforcement, similarly to 2016.

On the side of the **Anti-Corruption Prosecution Office (ACPO)**, the cases sent to court in 2017 totalled 264. The ACPO worked on several high-profile cases involving Ministers and Deputy Ministers, judges and Members of the Parliament.

² Transparency International, 2018, [Transparency Corruption Perception Index 2017](#), accessed in April 2018;

³ World Bank, 2017, [Ease of Doing Business Index](#), accessed in April 2018;

⁴ Basel Institute on Governance, [Basel AML Index](#), accessed in April 2018;

⁵ Institute for Public Policies, [Public Opinion Barometer in the Republic of Moldova](#), accessed in April 2018;

⁶ Institute for Public Policies, [Integrity Index in the Republic of Moldova](#), accessed on in April 2018;

⁷ European Commissions, High Representative of the Union for Foreign Affairs and Security Policies, [Association Implementation Report on Moldova](#), page 1, accessed in April 2018;

⁸ National Anti-Corruption Centre, [Activity Report 2017](#), accessed in April 2018;

On 22 December 2017, the new AML/CFT Law was approved in the Parliament and published in February 2018. As part of the legislative changes, the **Financial Intelligence Unit (FIU)** will no longer be part of NAC but will become a separate institution under the Government. In addition, FIU will be equipped with more human resources and coordinating competences for sanctioning purposes.

After the new **asset recovery** legislative framework was approved in March 2017, NAC selected a head of the Assets Recovery Office (ARO) in August 2017. Since then, the ARO has not been equipped with necessary human, financial and logistics resources to operate effectively. Its structure was officially approved by the Parliament in December 2017, with an ambitious institutional structure composed of five different sections. However, there are currently significant human resources shortages. ARO has already received referrals from national and international authorities and has de facto initiated investigative work. In addition to this, ARO's competences were extended to investigate a larger scope of crimes based on a legislative amendment in December 2017.

With regard to the **National Integrity Authority**, a new leadership was selected in the end of 2017 and the institutional structure was approved by the Parliament in February 2018. The new structure foresees *inter alia* an Integrity Inspectorate composed of three directorates (with in total 46 inspectors), a Directorate for Policy Implementation, Evaluation and Prevention, a Legal Directorate.

The E-Declarations system (E-Integrity) for civil servants was launched on 1st of January 2018. Despite some initial concerns, users submitted their declarations with no major issues. It is worth mentioning that approximately 70,000 previously submitted disclosures represent a substantial backlog for this body. NIA's management launched the hiring process for the 46 integrity inspectors, nevertheless, due to budgetary constraints, only nine will be appointed until September 2018. As reported in NIA's 2017 Activity Report, the authority received 144 petitions and complaints. However, due to the lack of integrity inspectors, no steps were taken to analyse them but they were simply stored for future follow-up.

The **National Integrity and Anti-Corruption Strategy (2017-2020)** was officially published in June 2017, followed by the necessary Government Decisions. By January 2018, all targeted Ministries and institutions, with the exception of the health and education sectors, finalized the sectorial action plans. A dedicated unit in NAC is monitoring the implementation of the action plans and supporting the various authorities in their endeavours, including for data collection and reporting purposes.

Civil Society was generally active in organizing events and voicing their concerns over institutional changes and legislative amendments. With regards to local level, the number of active CSOs was found to be low, even lower considering those with basic knowledge about integrity concepts and monitoring strategic documents and action plans owned by public authorities.

During the reporting period, the following **relevant laws, amendments and Government decisions** were adopted:

- a) The National Integrity and Anticorruption Strategy and Action Plan entered into force (30 June 2017);
- b) Law on Integrity (7 July 2017);

- c) Government Decision on the approval of the mechanism for the development and coordination of sectorial and local anticorruption action plans for the years 2018 – 2020 (No. 676 of 29.08.2017) (1 September 2017);
- d) Amendments to the Law on banking activity (15 December 2017);
- e) Amendments to the Law on National Integrity Authority (21 December 2017 and 12 January 2018);
- f) Amendments to the Law on declaration of assets and personal interests (21 December 2017);
- g) Amendments to the Law on Assets Recovery Office and related amendments to the Criminal Procedure Code of the Republic of Moldova (12 January 2018);
- h) Amendments to the Law on Public Procurement (12 January 2018);
- i) Amendments to the Law on Prosecution activity (12 January 2018);
- j) New Law on preventing and combating money laundering and terrorism financing;
- k) Draft Law on amending the Law on National Integrity Authority and the Law on declaration of personal assets and interests, and related amendments to the Criminal and contravention Codes of the Republic of Moldova (20 April 2018, passed second reading).

4. PROGRESS DURING FIRST YEAR OF IMPLEMENTATION

The majority of the activities planned and carried out in the period covered by this report contribute to ER1, ER2, ER3 and ER5 (for the national interagency component). Activities under ER4 and ER6 have been recently initiated and will therefore be reported upon in subsequent progress reports.

Expected Result 1

Gaps and deficiencies in the regulatory framework concerning prevention and fight against corruption and money laundering/terrorism financing are addressed in line with relevant CoE and EU practices

Activity 1.1.4. Review of Sanctions linked to corruption and economic crimes offences

As part of the support to NAC, CLEP provided a legal opinion on the draft law on corruption sanctions. This draft law aimed at aligning with the general requirements of international anti-corruption and anti-money laundering legal instruments for the sanctions, namely effectiveness, dissuasiveness and proportionality. The legal opinion provided recommendations on drafting techniques, harmonization of the terminology used as well as with other relevant legislation, e.g. Integrity Law.

Activity 1.1.5. Review of the sanctions linked to AML/CFT infringements

CLEP provided an expert opinion on the current state of play of the sanctions regime for AML/CFT infringements. The recommendations paved the way to draft the Law on Sanctions foreseen in the new AML Law, which shall render the regime clearer and the sanctions more dissuasive and proportionate. It also suggested the establishment of a working group to ensure a uniform approach among the supervisory entities. Further

support in this area may be needed to establish a multilevel functioning regime for AML/CFT sanctions.

Activity 1.2.1. Assessment of the Justice Sector Reform Strategy, Pillar IV

The project provided the MoJ with an in-depth assessment of the implementation of the Justice Sector Reform Strategy 2011-2017. CLEP focused on Pillar IV (Integrity of the Justice Sector Actors), producing a technical report enclosing fifteen concrete recommendations for the MoJ, on substance, consultation process and monitoring and evaluation framework (e.g. indicators and progress reporting) to advise the formulation of the next strategic document. The CLEP team will monitor if they are addressed with the aim to improve quality and consistency of the new document. No further support for the Justice Sector Reform Strategy is currently envisaged.

Activity 1.2.3. Update guidelines for Politically Exposed Persons (PEPs)

CLEP provided support to amend guidelines on PEPs, with the aim to fully comply with international AML/CFT standards. Consequently, the guidelines were amended by FIU. As a follow-up, CLEP organized four consecutive workshops with about one-hundred representatives of the reporting entities (banks, Designated Non-Financial Businesses and Professions (DNFBPs), lawyers and notaries, insurance and securities sector, dealers in precious stones and metals) which increased their knowledge on the concept of PEPs and enhanced due diligence measures.

Activity 1.2.6: Update guidelines on identification of suspicious transactions

CLEP provided support to amend guidelines on the identification of suspicious transactions, with the aim to fully comply with international AML/CFT standards. The guidelines envisage a change in the reporting system, shifting from mandatory reporting when a transaction or activity meets a suspicious indicator to a system of reporting where the indicators' role is to help reporting entities determine whether a transaction is in fact suspicious⁹. The guidelines also clarify the scope of the reporting requirements and fully reflect the results of the National Risk Assessment. In relation to these guidelines, three consecutive workshops with reporting entities (119 participants, 38% men and 62% women) raised awareness on the new provisions and shed light on the concrete application of AML requirements. Additionally, CLEP supported the review of the Guidelines Identification of Terrorist Financing Suspicious Transactions and Activities.

Activity 1.3.1: Human rights and corruption training for NAC

CLEP prepared and delivered an in-depth curriculum on "Human rights and corruption" (30 participants, 60% men and 40% women) for the NAC. The programme introduced the link between corruption and human rights through *inter alia* the jurisprudence of the European Court of Human Rights related to articles 6, 8 and 10 and interactive discussions with the audience. Integrity checks in relation to potential violations of human rights were central to the training programme, along with the use of special investigative measures and their limits. Two interactive case studies, where participants were asked to act as governmental agents, judges or members of the Grand Chamber respectively, were very positively assessed.

Expected Result 2

⁹ FIU receive 3,792,227 reports on suspicious transactions in 2017, 82% coming from banks.

Capacities of authorities to design and implement corruption and money laundering prevention measures are enhanced

Activity 2.1.2. Design of draft AML/CFT Strategy

CLEP organized a scoping mission to discuss with FIU and other relevant institutions the necessary steps to be taken in the process of drafting a new AML/CFT Strategy. As a result of the activity CLEP provided a clear roadmap and recommendations to Moldovan authorities on the scope of the new AML/CFT Strategy based on international good practices.

Activity 2.2.1 Support to establish and pilot a monitoring and reporting system applicable to all action plans, local level

CLEP delivered a monitoring and reporting methodology for the anti-corruption action plans at the local level. The Project met with local level representatives from the municipalities and from the *raions* (first and second level local public administrations respectively) to gather experiences and concerns from the implementation of previous anti-corruption action plans. This methodology, tailored to the needs and capacities of local level officials, will guide local level public administrations in systematically collecting data and providing consistent and comparable progress to NAC for biannual reporting purposes.

Activity 2.2.2. Training on Strategy monitoring for pillars' focal points (local level)

Local level officials from the second level public administrations (*raions*) are mandated to draft, implement and monitor local level anti-corruption action plans based on a model developed by NAC. Based on the methodology developed under activity 2.2.1., CLEP carried out six training sessions on data collections and reporting in Orhei, Hincesti, Cahul, Ungheni, Soroca and Causeni with local level officials. 163 officials (56% women and 44% men,) including 3 participants from the Gagauzia Administrative Territorial Unit took part in these events, which also gave NAC the opportunity to explain relevant concepts enshrined in the Integrity Law. In order to cover the whole country, two more trainings are planned in June 2018.

Activity 2.3.5. Support to building the Sectorial Action Plan for the Ministry of Health

By January 2018, all anti-corruption sectorial action plans were finalized, with the exception of the health and education sectors. While the UNDP anti-corruption project, which terminated in January 2018, provided the Ministry of Health with a diagnosis of the problems, the sectorial action plan was yet to be finalized. In March and April 2018, CLEP, together with NAC, provided expert support and facilitation to draft the action plan, including a review from a gender perspective. This action included also two targeted working group meetings involving a variety of health related institutions and civil society (38 participants, 35% men and 65% women). The Ministry budgeted the actions and started the final consultation process, before submitting the document for approval as Government Decision.

Activity 2.4.1. Preparation of guidelines as tutorial for filling out assets declarations

CLEP facilitated the implementation of the on-line e-declaration system by raising awareness among civil servants about the use of the new system. For this purpose CLEP created an animated video illustrating the novelties introduced by the online system (*E-Integritate*) and the steps necessary to submit the assets and personal interest declarations. The video also serves the purpose of promoting the work of NIA and the Law on Assets Declaration and

Personal Interest. The video was launched by NIA on 26 December 2017 and uploaded at the link: <http://ani.md/ro/node/62>. The tutorial is an important training tool for focal points in the various institutions but is also directly available for about 60.000 subjects of declaration throughout the country. NIA reported to CLEP that the video tutorial was opened on their website by 303,433 people¹⁰. The same link on www.youtube.com received 16,000 views.

Activity 2.4.2. Guidelines on solving conflict of interest and training for managers

As of October 2017 CLEP supported NIA in drafting guidelines for managers of public institutions on identifying and solving conflict of interest. The Guidelines are prepared to support the implementation of the Law on assets declaration and personal interest, which gives new emphasis to the role of the manager of a public institution concerning conflict of interests for employees under her/his supervision. The preparation of the guidelines involved meetings with a variety of actors including NIA, NAC, State Chancellery and civil society representatives. Cases dealt with by the former National Integrity Commission were analysed to create examples as close as possible to the practical context. A series of workshops to present the tool at the local level are envisaged. The Guidelines will be updated with the latest legislative amendments, printed and published.

Activity 2.5.1. Advice on the draft methodological guidelines for inspections conducted by NIA (including role and responsibilities of the inspectors)

Throughout February 2018, CLEP worked closely with NIA to revise the draft guidelines for inspectors and devise a methodology for the inspection and verification processes. This resulted in a set of concrete recommendations on the guidelines, related to structure, scope and clarity as well as procedures and overall functioning. The guidelines were completed with a set of 7 annexes (Operational Procedures) covering the main areas of NIA's mandate, thereby setting a methodology. NIA has already revised the Operational Procedures to internalize them and has drafted a separate code of conduct and professional ethics for inspectors, as recommended by the project.

Activity 2.5.2 Development of an institutional Strategy and Action Plan for NIA, including management, cooperation and institutional positioning

Throughout February 2018, CLEP supported NIA in drafting an institutional strategy and action plan. The document targets issues identified through an initial problem analysis and proposes four strategic objectives focused on institutional capacities building, path to building a track record of cases linked to NIA's mandate, running preventive and education activities and developing a communication and reporting plan. As per NIA's Law, the Strategy shall be approved by the Integrity Council before NIA can start its implementation. CLEP project team's efforts have been directed towards advocating for the strategy vis-à-vis the Integrity Council. Once approved, CLEP will facilitate the public launch of the strategy jointly with NIA's management.

Activity 2.5.2. Support the conceptualization of Intelligence-Led Policing for the National Investigative Inspectorate

CLEP organized an intensive three-day training targeting different sections (anti-trafficking, anti-drugs, organized crimes, economic crimes, etc.) of the National Investigation Inspectorate (NII), ACPO and PCCOCS representatives (22 participants, 85% men and 15%

¹⁰ Data provided by the Head of NIA on 3rd April 2018. The system can distinguish multiple openings from the same IP.

women). The training focused on intelligence-led policing concepts and plans, applied to money laundering cases and investigations. This activity also included a session run by the FIU to explain the changes in the legislation and showcase two successful investigations.

Expected Result 3

Strengthened asset recovery framework and capacities of relevant involved and dedicated structures

Activity 3.1.1. Needs assessment for the new ARO and other relevant institutions

CLEP prepared and delivered a comprehensive needs assessment for the ARO based on a series of targeted meetings with relevant stakeholders. The assessment touches upon the following areas: clarification on role and competences of ARO and ARO's staff (under the Law 48 on the Agency for Criminal Assets Recovery and following the amendment approved in the Parliament on 8 December 2017), organization and structure (as per organigram approved by the Parliament), personnel, national and international co-operation needs, SOPs, regulation and strategic documents needed, specific capacity building, data collection and reporting, administration, budgeting, supporting functions and logistics (premises, vehicles, IT, servers, etc.). The needs assessment also proposes informational flow charts to explain the necessity to organize the work behind a delegation request coming from different sources (prosecution office or NAC, competent foreign authorities or foreign ARO). Apart from the guiding document for ARO in the coming months, the assessment served as an advocacy tool underlining budgetary needs of the new body internally and vis-à-vis development partners.

Activity 3.1.2. Development of an effectiveness oriented assets recovery strategy

Throughout February 2018, CLEP supported ARO in drafting an institutional strategy and action plan. The document targets issues identified through a SWOT (strengths, weaknesses, opportunities, threats) analysis carried out during an expert's mission with ARO's staff and contributions from specialized prosecution offices and tax authorities. The document will guide ARO's strategic direction for the next three years in all the sectors in need for development, stabilization or improvements. On 15 May 2018, CLEP plans to launch the document publicly together with the management of NAC and ARO, in the presence of representatives from Moldovan institutions, diplomatic community, development partners, civil society and media.

Activity 3.1.3. Development of guidelines for asset recovery and confiscation

CLEP supported ARO in drafting their first Standard Operating Procedures (SOPs) on the internal functioning of the institution. These procedures provide a step-by-step description of the investigation, asset tracing and interagency information exchange processes to be followed by the ARO in asset recovery cases.

Activity 3.1.4. Technical Visit to Europol (The Hague, compliance of the new ARO to access SIENA)

CLEP supported ARO in visiting EUROPOL HQ to discuss the requirements necessary for the SIENA connection, CARIN membership and more generally, assets recovery trends. This visit resulted into the promotion of the new office but also in the establishment of direct

contacts with relevant officers in EUROPOL. In addition, ARO recently became a member of CARIN, which represented an important international step for a recently established body.

Expected Result 4

Upgraded information sharing systems and capacities for the national mechanisms concerning corruption offences/violations and of tracing of assets and their recovery

4.1.1. Needs assessment and feasibility study covering IT (including databases, interoperability and hardware)

CLEP initiated information gathering to carry out the IT needs assessment. A questionnaire drafted by a national IT expert was sent to the GPO, ACPO and PCCOCS. The first round of meetings with all relevant bodies has been finalized, while more information may be necessary to define the details and prioritize needs. The project team plans to finalize the assessment over summer 2018. This document will serve as basis for enhancements of the IT infrastructure of competent authorities, within the budgetary limits. Procurement and training initiatives will follow once the results of the needs assessment are finalized and a decision on which institution(s) to support is made. The assessment will also decide upon the feasibility of new connections between GPO's E-Case system and other institutions.

4.2.1. Procurement of visualization software/analytical tools for investigations

With the aim to map needs and prioritize them taking in due consideration the available budget, CLEP started collecting relevant information from anti-corruption investigative bodies. A standard questionnaire was created for this purpose and will serve as main material to draft an in-depth assessment, highlighting options and technical issues to solve, if any. The project team plans to finalize the assessment by June 2018 and initiate procurement processes, also in connection to the result of activity 4.1.1.

4.2.3. Development of database of people banned from holding public offices

While NIA, by law, has the duty to develop the database of people banned from holding public office and dignitary functions¹¹, the feasibility of this action and its costs are still unclear. CLEP started working with the E-Governance Centre and NIA to better understand the state-of-play and produce a concept, explaining the main features necessary for the register to function properly and its legal basis. Once this step is finalized, CLEP will support the draft of regulation on the use of the register.

Expected Result 5

National and international co-operation between the national and international law enforcement agencies on data exchange and international tracing of crime proceeds concerning corruption and other forms of economic crime are supported and enhanced

Activity 5.1.1. Liaison officers exchange between NIA and NAC

CLEP assisted with the improvement of the current interagency coordination framework through facilitating an exchange of liaison officers between NAC and NIA, which previously had not had an established coordination and cooperation arrangements. In order to achieve this goal, CLEP analysed the current legislation and regulations concerning NAC and NIA and the areas in need for closer interaction and coordination as well as areas of potential joint work. More information was gathered during an on-site visit by an international expert in

¹¹ Law No. 132, article 7.

November 2017, identifying potential for joint activities in the area of anti-corruption education and awareness-raising, as well as joint training programmes. CLEP organized a one-day workshop with staff from NAC and NIA to discuss the specific modalities of such coordination (27 participants, 74% men and 26% women). In December 2017 a formal exchange of focal/contact points between the two institutions took place. In February 2018, the institutions jointly trained 146 subjects of declaration and public agents from the Ministry of Finance. Overall, CLEP's efforts have laid the ground for better communication and showed the potential for cooperation, which is a remarkable improvement in the anti-corruption interagency landscape in Moldova.

Activity 5.1.3. Development of info exchange and coordination modalities guidelines

CLEP initiated the preparation of Coordination Guidelines covering all anti-corruption bodies in the Republic of Moldova, based on a comprehensive review of interagency cooperation practices. In preparation of the Guidelines the Project held numerous meetings (FIU, SPIA, GPO, ACPO, PCCOCS and NBM) to understand concrete needs, current shortcomings and challenges in interagency cooperation. It was found that coordination works differently among various institutions, with different degrees of organization, formality and effectiveness. Some of the mechanisms are very formalistic (e.g. exchange of official letters) and lack personal and institutional involvement vis-à-vis colleagues. Many bilateral MoUs are obsolete. Smoother mechanisms are necessary to facilitate dialogue, communication and exchange of information, moving towards institutionalization of a selected instrument. The guidelines were presented to NAC and NIA's managers in February 2018 in a workshop where discussion was active and productive (19 participants, 58% men and 42% women). CLEP will consequently monitor the application of some of recommendations and concrete solutions and ensure follow-up.

Expected Result 6

Public awareness and participation in the fight against corruption is increased

1.3.1. 4 workshops to present the Strategies and discuss monitoring tools

CLEP carried out two workshops with civil society actors from local level in Balti and Cahul. On these occasions, examples of successful monitoring of anti-corruption policies and strategies were illustrated for the audience, especially taking as examples shadow reports from Moldovan CSOs based in Chisinau. A total of 42 CSOs representatives took part in the events (14% men and 76% women). The remaining 2 workshops will be dedicated to the new AML/CFT Strategy.

5. MANAGEMENT AND ORGANIZATION

Management

The overall management and organisation of the project is led by the Council of Europe. For this purpose a project team has been established within the Economic Crime and Cooperation Division. The project management team, through an assigned administrator in Headquarters, ensures the appropriate management, supervision and quality control of all project activities and deliverables on a day to day basis by discharging their different roles and tasks.

The Chisinau Project team is composed of three members (Project International Advisor, Senior Project Officer and Project Linguistic Assistant), which implement the Project activities on a day-to-day basis. The Project team reports directly to the Economic Crime and Cooperation Division at the Action against Crime Department for substance matters and Workplan implementation related issues. The Project offices are situated on the premises made available at the Council of Europe Office in Chisinau which also provides the technical and IT infrastructure necessary for the team.

Steering Committee

A functional Project Steering Committee (SC) is established to ensure strategic decision-making and oversee the proper implementation of the Project. It addresses any major issues that the project may face. CLEP's SC consists of 10 key central institutions in charge of economic crime related areas (anti-corruption, anti-money laundering and combating financing of terrorism) as well as European Union Delegation and the Economic Crime and Cooperation Division of the Council of Europe. In addition, one representative of the Anti-Corruption Alliance has been appointed to represent civil society and one to represent investigative journalists. The SC meets on a regular 6-month basis and *ad hoc* (whenever such need arises).

1st Project Steering Committee (29 September 2017). The SC discussed and approved its Terms of Reference, Project Workplan were discussed and approved. The SC also decided to expand its composition to include a nominee from the investigative journalism community of Moldova.

2nd Project Steering Committee (26 February 2018). CLEP project team presented the SC members with the activities implemented and the achieved results. In addition, future planned activities for the first semester of 2018, implementation modalities and their potential timeframe were discussed and agreed. The Project team also updated the SC members about the requests received for cancellation of activities and new activities. Workplan amendments were discussed and approved by the SC.

6. COOPERATION WITH STAKEHOLDERS

Counterpart beneficiaries

The relationship between CLEP and the beneficiary institutions remains solid, despite the situation of general institutional and political uncertainty in the Republic of Moldova. It must be noted that the long awaited appointment of a Head of NIA and change of management of NAC as well as in SPIA created an unstable situation, which required time-consuming meetings to re-brief stakeholders on the project in general and on specific activities, to which commitment had been previously given by the institutions. Despite this volatility, activities were carried out with minor delays. The adjustment in the institutional positioning of the FIU, as envisaged in the new Anti-Money Laundering Law approved on 22 December 2017, shall not impact the rapport with CLEP, which has grown stronger and more collaborative.

Activities with ARO deepened the mutual understanding of the goals and the support that CLEP stands ready to provide to this new body. More negotiations and mutual agreement on the actions to be jointly carried out will be necessary with SPIA's new management, which requested new activities. CLEP has not yet started activities with ACPO and PCCOCS,

however concrete discussions were initiated with the NIJ to set up the agenda of trainings for judges and prosecutors for 2018.

CLEP also intends to broaden the work with local level authorities on anti-corruption issues, hence additional efforts to build stable relationships will be necessary, including research of reliable civil society organizations in the districts/municipalities for future capacity building.

Many of CLEP beneficiary institutions have previously engaged with other Council of Europe projects. At the same time, CLEP activities and joint actions seem to be deepening the rapport with these institutions, building solid ground for future work of the Project.

Coordination with other anti-corruption initiatives

As stated in the Inception Report, coordination with other on-going and upcoming projects focused on anti-corruption is a concrete challenge. The Anti-Corruption Twinning Project funded by the EU and launched on 7 December 2017 contains potential overlap linked to interagency coordination and cooperation as well as trainings on ECtHR case law and integrity testing. It has been suggested to establish a monthly coordination meeting between the Twinning and CLEP teams. CLEP is also closely coordinating with ABA-ROLI concerning their activities with the ACPO, especially on communication and media relations; and with the Swedish Embassy, for their support to anti-corruption matters within the GPI. Importantly, USAID and the EU have initiated an anti-corruption coordination group involving international TA providers, which will meet regularly to coordinate efforts. CLEP will organize one of these events in June 2018.

7. MODIFICATIONS, ASSUMPTIONS, RISKS, SUSTAINABILITY AND GENDER MAINSTREAMING

Several modifications to the Project Workplan became necessary, given interventions by other donors and providers, which overlap with CLEP activities. In particular, Project activities related to beneficial ownership were modified given a planned intervention by the World Bank (Stolen Assets Recovery Initiative). Furthermore, pursuant to discussions with SPIA's new management and a shift in the agency's priorities several changes will need to be made to the content of activities offered to them.

Several delays were experienced in undertaking work with the NIA, given the long period of absence of appointed management in this institution. Following the long-awaited appointment of NIA management in the end of 2017, the pace of activities with this institution has improved.

Project assumptions, especially those with regard to political will to prevent and fight corruption and risks, as articulated previously by the Project, still stand. In this context a set of controversial legislative amendments to the criminal procedure code were prepared by Moldovan authorities in October/November 2017. These changes were aimed at reducing the sanctions for some selected corruption-related crimes¹² linked to businesses and allowing the release from criminal liability in cases when the offense was committed for the first time and the damage was repaid. These changes, which may go against the concept of zero tolerance to corruption, were challenged by the international development partners. The MoJ has

12 Articles 185¹, 185², 238-242², 244-246² 250¹-257 and 259-261¹.

therefore announced that the amendments will be revised. Nevertheless, discussions are ongoing.

Instability at the management level in the key beneficiary institutions, as one of the previously identified risks, materialized in the first months of implementation and is likely to further impact the project. In addition, sudden legislative changes, including also substantial shifts in the institutional positioning and competences (e.g. for ARO and FIU), create difficulties for the optimal calibration of project interventions. Furthermore, as some institutions were promised an increase of staff or are undergoing recruitment, some trainings have been postponed in order to provide capacity building to more participants.

With the launch of other anti-corruption initiatives (e.g. the EU Twinning with NAC) some areas of clear overlap have been identified. Coordination work will be essential to avoid duplication of efforts and ensure effectiveness of results. It shall also be mentioned that an overabundance of anti-corruption activities may bring fatigue to the stakeholders, leading to unavailability, a lower degree of engagement and shorter institutional attention-spans. It is finally noteworthy to mention that CLEP has experienced difficulties in recruiting qualified local experts, although such a risk was not initially identified. Indeed, especially in the field of anti-money laundering and assets recovery, there seems to be no local expertise readily available. This in turn meant additional expenses under international expertise.

With regards to sustainability, quality outputs resulted from a number of activities, and the project team is regularly following up to ensure recommendations are taken on board by beneficiary institutions.

With regards to gender mainstreaming, CLEP team has collected gender-disaggregated data from all activities carried out and is working with the CoE Gender Advisor to apply CoE's internal standards and practices to the project. Both equal representation and participation are encouraged in all actions. In addition, the CoE Gender Advisor helped the project team in reviewing the Health Sector anti-corruption sectorial action plan. Due to underrepresentation of women in the activities involving investigative units in the Ministry of Interior, CLEP has added one activity to study the causes of this phenomenon and its impact on effectiveness, efficiency and integrity in the MoI.

8. VISIBILITY

The Project paid special attention to the visibility of its actions and it ensured the visibility of EU contribution in its activities. The Council of Europe took all appropriate measures to publicise the fact that the Project funding has been received by the European Union. In this respect, some of the beneficiary institutions have been reminded to mention the donor in their news items. The Joint Programme logo was appropriately displayed in the materials distributed in the activities. A disclaimer was placed all Project related documents. Furthermore, folders, notebooks, pens and with the Project title and logo were regularly distributed to all beneficiaries during the events organised by the Project, and the Project banners were displayed in conference rooms.

On the Council of Europe Economic Crime and Cooperation Division website (www.coe.int/corruption) there is a section exclusively dedicated to the CLEP Project (www.coe.int/clep). Project news, upcoming events, relevant project documents (e.g. DoA,

project Workplan, inception report, project summary, etc.) and other links of relevance to the Project are available through this website.

During the inception period, the project obtained design of the project visual identity and production of visibility materials such as banners, pens, folders, notebooks and eco-friendly bags that were and will be used to ensure adequate visibility of actions, increase the interest of beneficiaries and make the Project recognisable. The Project Launching Conference was broadly featured by local and some international media.

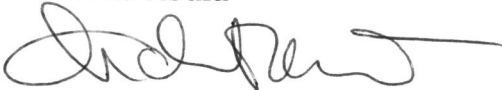
9. CONCLUSIONS

The first year of implementation resulted in the successful completion of 26 activities, with a range of important deliverables made available to beneficiary institutions. The Project has so far managed to meaningfully engage with Moldovan authorities in all of the key sectors of its intervention: anti-corruption, anti-money laundering/combating the financing of terrorism and asset recovery. For each sector, CLEP actions have addressed the key intervention levels, including strategic, institutional, legislative, regulatory and operational aspects. Furthermore, both national and local level authorities have been involved. Overall this demonstrates the impressive effort by the Project to ensure comprehensive, wide-ranging and meaningful engagement with Moldovan authorities and to advance to the Project's Expected Results in the first year of implementation.

As some changes occurred in the management of beneficiary institutions and in their strategic direction, amendments to the Workplan have been necessary, allowing for more targeted interventions and prioritization. These changes were discussed and approved in the Project Steering Committee. Coordination with other providers and especially EU-funded projects will remain a key priority so as to exclude duplication and ensure complementarity of efforts.

Considering the rather volatile institutional circumstances in Moldova during the reporting period, it can be concluded overall that the scope and number of activities completed or underway serve as excellent basis for further implementation. The constructive engagement of the institutions involved in this initiative, if continued, should lead to concrete results in the targeted areas and eventually to sustainable changes in institutional practices.

Ardita Abdiu



Head of Economic Crime and Cooperation Division
Action against Crime Department
Directorate General Human Rights and Rule of Law (DG I)

Date: 15 June 2018

ANNEXES

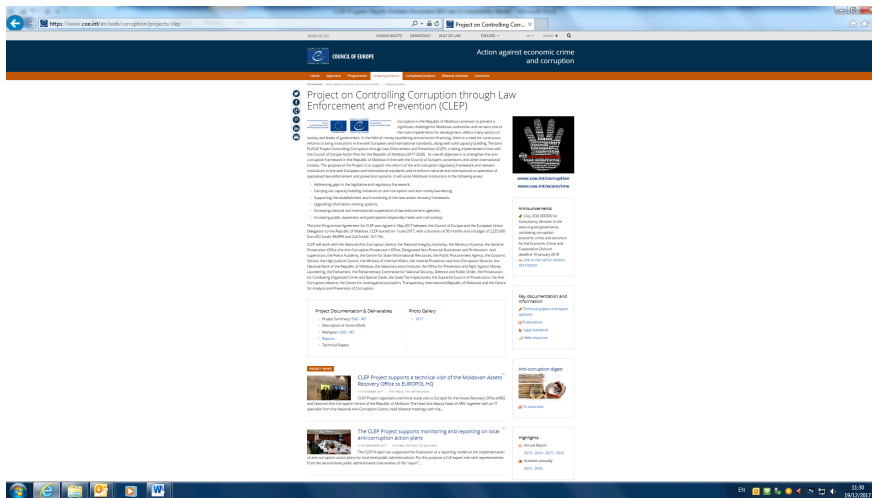
Annex I. Technical Papers

	Date	Technical Papers
1.	August 2017	Findings of the scoping mission: current and future anti-Money Laundering Strategy of the Republic of Moldova (ECCD-CLEP-MLD-TP1-2017)
2.	September 2017	Desk review on the relevant reports, evaluations and legislation related to human rights and corruption in the Republic of Moldova (ECCD-CLEP-MLD-TP2-2017)
3.	October 2017	Assessment of the Justice Sector Reform Strategy (2011-2016) Pillar IV: Integrity of the Justice Sector Actors (ECCD-CLEP-MLD-TP3-2017)
4.	October 2017	Review of the conflict-of-interest regulatory framework of the Republic of Moldova with needs assessment and structure of guidance for managers (ECCD-CLEP-MLD-TP4-2017)
5.	November 2017	Expert Opinion on the “Draft guidelines on the Identification of Suspicious Transactions prepared by the Financial Intelligence Unit of the Republic of Moldova (ECCD-CLEP-MLD-TP5-2017)
6.	December 2017	Methodology for monitoring and reporting on the implementation of local-level Anticorruption Action Plans and data collection tool (ECCD-CLEP-MLD-TP6-2017)
7.	December 2017	Guidance on the conflict of interest for managers of public institutions (ECCD-CLEP-MLD-TP7-2017)
8.	December 2017	The Assets Recovery Office of the Republic of Moldova: A Comprehensive Needs Assessment (ECCD-CLEP-MLD-TP8-2017)
9.	December 2017	Standard Operating Procedures on Asset Tracing and Recovery, Imposition of Freezing Measures and International Cooperation (ECCD-CLEP-MLD-TP9-2017)
10.	January 2018	Guidelines on effective inter-agency coordination for anti-corruption institutions (ECCD-CLEP-MLD-TP1-2018)
11.	February 2018	Expert Opinion on the Sanctions Regime for the Infringements linked to Money Laundering and Terrorist Financing of the Republic of Moldova (ECCD-CLEP-MLD-TP2-2018)
12.	February 2018	Expert Opinion on the Draft Guidelines on the Identification of Terrorist Financing Suspicious Transactions and Activities prepared by the Financial Intelligence Unit of the Republic of Moldova (ECCD-CLEP-MLD-TP3-2018)
13.	February 2018	Problem analysis of the main contextual issues involving the National Integrity Authority of the Republic of Moldova, its positioning and structure of its future Institutional Strategy (ECCD-CLEP-MLD-TP4-2018)

14.	February 2018	Technical paper on the National Integrity Authority Institutional Strategy (ECCD-CLEP-MLD-TP5-2018)
15.	March 2018	Expert Opinion on the Draft Law of the Republic of Moldova to amend and complete some legal acts: Corruption and corruption related sanctions regime (ECCD-CLEP-MLD-TP6-2018)
16.	March 2018	Technical paper on Revisions, amendments and concrete recommendations for changes and additions on the current draft of the Guidelines for integrity inspectors of the National Integrity Authority (ECCD-CLEP-MLD-TP7-2018)
17.	April 2018	Technical paper on Institutional Strategy and Action plan of the Assets Recovery Office of the Republic of Moldova (ECCD-CLEP-MLD-TP8-2018)
18.	April 2018	Technical Paper on Anti-Corruption Policy recommendations on corruption prevention in the Health Sector Action Plan (ECCD-CLEP-MLD-TP9-2018)

Annex II. Project website and visibility


A snapshot of the website:



Samples of visibility materials produced by CLEP:




Opening page of the tutorial published for NIA's new system of submission of assets declarations:



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ELECTRONIC**


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CONSEIL DE L'EUROPE

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