



HF – ACTION AGAINST ECONOMIC CRIME 2nd PROGRESS REPORT 2017/2018

ACTION: HF 17 – Action against Economic Crime in Montenegro

Part I – General Information

Action starting date:	24 May 2016
Reporting period:	24 May 2017 – 23 May 2018
Action implementation period:	36 months
Action allocated/contracted funds:	650,000 Euros (EU % and CoE %)
Action implemented by:	Economic Crime and Cooperation Division, Directorate of Action against Crime, Directorate General-I, Council of Europe
Type of Report:	2 nd Annual Progress Report
Date of report:	30 May 2018
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I – Overall assessment

The Action against Economic Crime in Montenegro (AEC-MNE) aims to improve implementation of specific key recommendations of the Council of Europe's Group of States against Corruption (GRECO) and Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), and to further strengthen institutional capacities to counter and prevent corruption, money laundering, and the financing of terrorism in accordance with European standards.

Overall the Action has progressed well without major setbacks in the implementation, minor delays were caused by the boycott of political party opposition, but these have not affected the overall realization of activities pursuant to the Workplan.

During the reporting period, the Action progressed in several directions as outlined below.

At the **legislative** level the Action:

- i. Supported the drafting of the Law on International Restrictive Measures pursuant to the FATF requirements. The draft Law is awaiting Government and subsequent Parliamentary adoption.
- ii. Advised amendments of the Law on Prevention of the Money Laundering and Terrorism Financing. The amended Law is currently in the Parliament and is expecting adoption until the end of May 2018.
- iii. Advised revision of the Law on Financing of Political Entities and Electoral Campaigns, adopted in December 2017. Majority of key recommendations to this Law were not adopted in this round of amendments due to the absence of a wider political consensus caused by opposition boycott.

At **policy** level the Action:

- i. Supported the Agency for the Prevention of Corruption (APC) to develop an Annual Action Plan for implementation of the Communication Strategy (2017-2019) covering a wide range of stakeholders in each area under its jurisdiction. The Action Plan was adopted shortly after its finalization pursuant to Council of Europe expert advice.
- ii. Advised the development of an asset declaration verification methodology, which allows for in-depth checks covering illicit enrichment, changes and transfers of assets, and identification of origins of assets. The proposed methodology was largely transposed into operational rules of the APC.
- iii. Provided Guidelines on ethics and prevention of conflict of interests for MPs, Prosecutors, Judges, and Police Officers. The Guidelines on Good Conduct of MP's were adopted by the Anti-Corruption Committee of the Parliament and are foreseen to become an integral part of the new Code of Ethics for MP's. Guidelines on Ethics and Prevention of Conflict of Interests for Prosecutors were adopted by Prosecutorial Council of Montenegro, and the Guidelines on

Ethics and Prevention of Conflict of Interests for Police Officers, together with the accompanying Training Program, were included in the regular training program of the Montenegro Police Academy. These developments were recognized by GRECO in the Fourth Round Compliance Report leading to a positive evaluation of the implementation of relating recommendations.

- iv. Provided methodological guidance on **control of political and electoral campaign funding**. The proposed methodology has been incorporated into the APC plan of control of May 2018 local elections and should account for more significant results in detection and processing of irregularities during electoral campaign.
- v. Facilitated the signing of a Memorandum of Understanding between the APC and the State Audit Institution which aims to improve cooperation in the field of control of financing of political entities and electoral campaigns.

At the institutional **capacity building** level, the Action:

- i. Developed specialization of the APC, prosecution, police, judiciary and law enforcement agencies on preventing, disclosing and processing economic crime cases through tailored-made trainings.
- ii. Provided trainings on ethics and prevention of conflict of interests were organized for Members of Parliament, judges, prosecutors and police officers;
- iii. Organised training on protection of whistleblowers in criminal, civil and administrative procedure for judges, prosecutors, police officers and civil servants;
- iv. Trained prosecutors, judges and representatives of law enforcement agencies on assets tracing and identification based on available data; and members of the APC were trained on in-depth verification assets declarations.
- v. Advised the development of the APC IT solution for tracking compliance with party financing legislation. The APC finished the first phase of developing the IT solution pursuant to advice provided by the Action.

Throughout the second year, the Action continued to maintain good working relationship with all beneficiary institutions, civil society, and the European Union Delegation in Podgorica, in implementation of activities, addressing emerging risks, and adjusting the Workplan to occurring necessities.

The Action Outputs and Outcomes obtained and those that are currently underway continue to be directly linked to shortcomings identified by the Council of Europe monitoring bodies (GRECO and MONEYVAL), as well as findings of the EU Progress Reports for Montenegro.