



## Action Summary

### Regional Action against Economic Crime (HFII-AEC-REG)

Project title	Regional Action against Economic Crime (HFII-AEC-REG)
Project area	Western Balkans and Turkey
Budget	€675,000
Funding	European Union / Council of Europe
Implementation	Economic Crime and Cooperation Division, DG I, Council of Europe
Duration	36 Months

## I. Background

The European Union/Council of Europe Horizontal Facility for the Western Balkans and Turkey (also referred to as: Horizontal Facility phase II or HF II) is a co-operation initiative of the European Union and Council of Europe for South East Europe. The first phase of the Horizontal Facility ran from May 2016 to May 2019, and was succeeded by Horizontal Facility phase II, which will be implemented from May 2019 to May 2022. The second phase of the Horizontal Facility will continue to build on the Statement of Intent signed on 1 April 2014 by the Secretary General of the Council of Europe and the European Union Commissioner for Enlargement and European Neighbourhood Policy, in which both Organisations agreed to further strengthen their co-operation in key areas of joint interest.

The Horizontal Facility includes Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia, Serbia and Turkey. Beneficiaries and counterparts include governmental bodies at all levels, notably specialised structures within the Ministries of Justice, Interior and Finance; anti-corruption bodies; Judicial and Prosecutorial Services, supervisory bodies; Financial Intelligence Units (FIUs), and representatives of civil society.

According to reports issued by Council of Europe monitoring bodies (GRECO and MONEYVAL), as well as EU Progress Reports, all countries in the region continue to suffer from weaknesses in their respective corruption/money laundering/terrorist financing prevention and suppression systems. Public procurement has been identified as an area particularly prone to corruption, participating jurisdictions do not meet the requisite standards for the prevention and suppression of terrorist financing, especially through the non-profit sector, and efforts have been scarce in addressing opaque legal structures which may be used by criminals and terrorists to hide the essence of their transaction, including tax evasion, bribery, and money laundering. Identified shortcomings have resulted in 2 participating jurisdictions being listed by the Financial Action Task Force (FATF) as jurisdictions with significant systemic deficiencies.

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



## II. Regional Action

Within Horizontal Facility II, the Regional Action against Economic Crime (HFII-AEC-REG) aims to foster a uniform approach to the implementation of relevant GRECO and MONEYVAL standards, as well as to support cooperation and coordination on cross-border aspects of the fight against economic crime in the Western Balkans and Turkey.

HFII-AEC-REG looks to address identified shortcomings by focusing on three areas of common concern from a national and cross-border perspective, namely:

1. Corruption risks in public procurement and execution of public contracts;
2. Transparency of beneficial ownership;
3. Countering terrorist financing in the non-profit (NPO) sector.

The Regional Action will last for 36 months with an estimated budget of €675,000 Euros and will provide participating jurisdictions with expert advice on regulatory and operational reforms, skills development training, and platform for discussion on best solution regarding cross-border exchange of information.

## III. Action's Objectives and Outcomes

Public Procurement	Intermediate Outcome 1	<b>Enhanced public procurement framework in the Western Balkans and Turkey</b>
	Immediate Outcome 1	Regional assessment of corruption risks in public procurement practices with recommendations for improvement.
	Immediate Outcome 2	Prevention mechanisms during the execution of awarded public contracts.
Beneficial Ownership	Intermediate Outcome 2	<b>Exchange of good practices on Transparency of Beneficial Ownership.</b>
	Immediate Outcome 1	Available Models and Road-Mapping on beneficial ownership registry regimes.
	Immediate Outcome 2	Improved understanding and increased awareness on liability of legal entities.
NPO Terrorism Financing	Intermediate Outcome 3	<b>Improved capacities for the management of NPO (non-profit organisations) terrorism financing risks.</b>
	Immediate Outcome 1	Broadened understanding of the contemporary threats and vulnerabilities relating to terrorist financing through the NPO Sector.
	Immediate Outcome 2	Available tools on prevention and oversight of NPO terrorist financing.
	Immediate Outcome 3	Increased capacities to investigate and prosecute terrorist financing through the NPO sector.



## IV. Implementation Arrangements

As a key actor in this thematic area, the Council of Europe's Economic Crime and Cooperation Division (ECCD) is in charge of implementing the activities under HF II-AEC-REG.

For the purpose of implementing various specific activities, the Action engages international experts with demonstrated experience in the field of fighting against economic crime as well as local experts from Horizontal Facility countries in order to ensure that the project delivers high quality assistance to the beneficiaries.

## V. Contacts

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