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Action Summary

Horizontal Facility for the Western Balkans and Türkiye III

Action against corruption, money laundering and terrorist financing in Bosnia and Herzegovina

(HF III-ACML)

Action title	Action against corruption, money laundering and terrorist financing in Bosnia and Herzegovina (HF III-ACML)
Action area	Bosnia and Herzegovina
Budget	€ 230 000
Funding	European Union / Council of Europe
Implementation	Economic Crime and Cooperation Division, DG I, Unit I, Council of Europe
Duration	48 Months

I. Background

The European Union/Council of Europe Horizontal Facility for the Western Balkans and Türkiye (also referred to as: Horizontal Facility phase III or HF III) 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 the second phase ran from May 2019 to December 2022. The third phase of the Horizontal Facility will be implemented from January 2023 to December 2026, and it 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 Türkiye. 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, anti-money laundering 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, deficiencies remain to be addressed in order to ensure the impact and effectiveness of the measures to prevent corruption, money laundering and terrorist financing.

* 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.

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II. Action's approach in Bosnia and Herzegovina

The Action aims to support authorities to fight and prevent corruption, money laundering and terrorist financing in Bosnia and Herzegovina. The implementation of the Action will support competent authorities in further strengthening the legal and institutional framework for the prevention of corruption and anti-money laundering/countering the financing of terrorism, and improving the track-record of implementation.

The Action will focus on supporting the authorities in several directions including:

1. Enhanced measures and capacities for corruption prevention;
2. Improved AML/CFT supervision and enforcement of preventive measures; and
3. Strengthened capacities to effectively apply seizures and confiscations of illegal assets.

In order to enhance the impact and sustainability of the Action on the prevention of economic crime and fully meet the needs of the beneficiaries, it will be complemented by another project implemented by the Council of Europe and funded through voluntary contribution.

III. Action's Objectives and Outcomes

The overall objective of the Action is to contribute to and increase the trust in the rule of law and democracy in Bosnia and Herzegovina through prevention and control of economic crimes in accordance with European and other international standards. The specific objectives of the Action are:

Anti-corruption	Intermediate Outcome 1	Enhanced mechanisms and capacities for corruption prevention
	Immediate Outcome 1.1	Enhanced legislative and institutional framework on declaration of assets and conflict of interest
Anti-money laundering and countering the financing of terrorism	Intermediate Outcome 2	Improved AML/CFT supervision and enforcement of preventive measures
	Immediate Outcome 2.1	Enhanced AML/CFT supervision and enforcement of preventive measures for financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs)
	Immediate Outcome 2.2	Improved capacities of authorities assigned to carrying out Targeted Financial Sanctions (TFS) monitoring and performing TFS inspections
	Immediate Outcome 2.3	Strengthened measures to mitigate the risk of abuse of NPOs for terrorist financing
	Immediate Outcome 2.4	Established registers of beneficial ownership and bank accounts
Seizure and confiscation of illegal assets	Intermediate Outcome 3	Strengthened capacities to effectively apply seizures and confiscations of illegal assets
	Immediate Outcome 3.1	Enhanced capacities for seizure and confiscation of illegally acquired assets

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 the Action.

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

<p>Economic Crime and Cooperation Division Action against Crime Department Information Society - Action against Crime Directorate Directorate General Human Rights and Rule of Law – DG I Council of Europe F-67075, Strasbourg, Cedex, FRANCE</p> <p>www.coe.int/econcrime https://www.coe.int/en/web/corruption/projects/aacmltf-bih</p>	<p>Evgeni Evgeniev Head of Unit Phone: +33 (0)3 88 41 25 11 Email: Evgeni.Evgeniev@coe.int</p> <p>Zahra Ahmadova Program Manager Tel: +33 (0)3 88 41 28 44 E-mail : Zahra.Ahmadova@coe.int</p>
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