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Action Summary

Horizontal Facility for the Western Balkans and Türkiye III

Action against Economic Crime in the Republic of North Macedonia

(HF III-AEC-MKD)

Action title	Action against Economic Crime in the Republic of North Macedonia (HF III-AEC-MKD)
Action area	Republic of North Macedonia
Budget	€835.000
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), representatives of civil society and the private sector.

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.

II. Action's approach in the Republic of North Macedonia

The Action against Economic Crime in the Republic of North Macedonia (AEC-MKD) aims to strengthen the capacity of the institutions in the Republic of North Macedonia in preventing and combating economic crime, including corruption, money laundering and organized crime. It builds upon the results achieved and lessons learned during the implementation of Phase I and II of the Horizontal Facility by continuing its support to effective implementation of key recommendations of the Council of Europe's monitoring

* 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.

mechanisms: Group of States against Corruption (GRECO) and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL).

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

1. Improved legal and operational framework on preventing and combating corruption;
2. Enhanced AML/CFT prevention mechanisms and
3. Enhanced capacities of authorities to conduct financial investigations.

III. Action's Objectives and Outcomes

The overall objective of the Action is to enhance capacities to ensure rule of law and governance by effectively preventing and addressing economic crime, particularly corruption, money laundering and terrorist financing. The specific objectives of the Action are:

Target corruption	Intermediate Outcome 1	Improved legal and operational framework on preventing and combating corruption
	Immediate Outcome 1.1	Institutional capacities of the State Commission for Prevention of Corruption are enhanced
	Immediate Outcome 1.2	Support for the implementation of the legal framework in the areas of integrity of public officials and conflict of interest
	Immediate Outcome 1.3	Establishment of a relevant mechanism within law enforcement agencies for targeting corruption, corruption risks and conflict of interest
Anti-money laundering and countering the financing of terrorism	Intermediate Outcome 2	Enhanced AML/CFT prevention mechanisms
	Immediate Outcome 2.1	Assessment and mitigation of risks relating to virtual currencies and other current and emerging ML/FT risks
	Immediate Outcome 2.2	Enhancing the effectiveness of ML/FT prevention by effectively addressing major vulnerabilities
Financial investigations	Intermediate Outcome 3	Enhanced capacities of authorities to conduct financial investigations
	Immediate Outcome 3.1	Aligning the AML/CFT legal framework with international standards
	Immediate Outcome 3.2	Strengthening the powers and capacity of law enforcement and investigative authorities in conducting pro-active parallel financial investigations

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 III-AEC-MKD.

For the purpose of implementing various specific activities, the Action engages international experts with demonstrated experience in the field of combating 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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