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Project against Economic Crime in Kosovo* (PECK II)

Fifth Progress Report

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Project duration:	1 January 2016 – 31 September 2019 (41 months)
Implementation:	Economic Crime and Cooperation Division (ECCD) Action against Crime Department – DGI, Council of Europe
Project budget:	€2,225,000 (EU 89.89% and CoE 10.11%)
Reporting period:	1 January 2019 – 30 June 2019
Date of report:	25 June 2019

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

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ABBREVIATIONS

AC	Anti-corruption
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
AMSCA	Agency for Management of Seized and Confiscated Assets
CBK	Central Bank of Kosovo
CEC	Central Electoral Commission
CPA	Central Procurement Agency
CRMAP	Corruption Risk Management Action Plan
DNFBP	Designated Non-Financial Business and Profession
ECCD	Economic Crime and Cooperation Division
EC	European Commission
ER	Expected Result
ERA	European Reform Agenda
EU	European Union
EULEX	European Union Rule of Law Mission in Kosovo
EUO	European Union Office in Kosovo
EUSR	European Union Special Representative
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
GRECO	Group of States against Corruption/Council of Europe
KA	Kosovo Assembly
KAA	Kosovo Anti-Corruption Agency
KBRA	Kosovo Business Registration Agency
KC	Kosovo Customs
KJC	Kosovo Judicial Council
KP	Kosovo Police
KPC	Kosovo Prosecutorial Council
KPI	Kosovo Police Inspectorate
LRM	Legislative Review Mechanism
MEI	Ministry of European Integration
MFA	Ministry of Foreign Affairs
MIA	Ministry of Internal Affairs
MoF	Ministry of Finance
MoJ	Ministry of Justice
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism / Council of Europe
MPA	Ministry of Public Administration
NAO	National Audit Office
NCCEC	National Coordinator for Combating Economic Crimes
OGG	Office for Good Governance, Human Rights, Equal Opportunities and Gender Issues / Prime Minister's Office
OSCE	Organisation for Security and Cooperation in Europe
OVI	Objective Verifiable Indicator
PECK II	EU/CoE Joint Project against Economic Crime in Kosovo (Phase II)
PMO	Prime Minister's Office
PPRC	Public Procurement Regulatory Commission
PRB	Procurement Review Body
SPO	State Prosecutor's Office
SPRK	Special Prosecution of Kosovo
TAK	Tax Administration of Kosovo
TP	Technical Paper

1 DESCRIPTION

1.1 Contact person

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1.2 Name of Partners in the Action

Council of Europe and European Union

1.3 Title of the Action

Project against Economic Crime in Kosovo (PECK II)

1.4 Contract number

IPA II 2014 – CRIS No. 2015/372-097 and CoE No. JP 4561

1.5 Start Date and End Date of the Reporting Period

1 January to 30 June 2019

1.6 Target area

Kosovo

1.7 Beneficiary institutions

Main beneficiary institutions: Kosovo Anti-corruption Agency (KAA) and Financial Intelligence Unit (FIU).

Project beneficiaries include (but are not limited to) the following key agencies with a role in anti-corruption/anti-money laundering and combating the financing of terrorism in Kosovo:

- Agency for Managing Seized and Confiscated Assets (AMSCA)
- Central Bank of Kosovo (CBK)
- Central Procurement Agency (CPA)
- Courts
- Department for Registration and Liaison with NGOs (DRLNGO)
- Kosovo Business Registration Agency (KBRA)
- Kosovo Customs (KC)
- Kosovo Judicial Council (KJC)
- Kosovo Police (KP)
- Kosovo Police Inspectorate (KPI)
- Kosovo Prosecutorial Council (KPC)
- Ministry of European Integration (MEI)
- Ministry of Finance (MoF)
- Ministry of Internal Affairs (MIA)
- Ministry of Justice (MoJ)
- Ministry of Public Administration (MPA)
- National Audit Office (NAO)
- National Coordinator for Combating Economic Crimes (NCCEC)
- Office for Good Governance, Human Rights, Equal Opportunities and Gender Issues / Prime Minister's Office (OGG)
- Procurement Review Body (PRB)
- Public Procurement Regulatory Commission (PPRC)
- Special Prosecution of Kosovo (SPRK)
- State Prosecutor's Office (SPO)
- Tax Administration of Kosovo (TAK)

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

1.8 Contracting authority

European Union Office in Kosovo (EUO)

Indirect Management through Delegation Agreement from EU under EU/CoE Joint Programme Framework

1.9 Implementing organisation

The Council of Europe is responsible for the implementation of the Project and the use of the Project funds under the European Union and the Council of Europe Agreement. Within the General Secretariat of the Council of Europe in Strasbourg, Directorate General of Human Rights and Rule of Law, and more specifically, the Action against Crime Department, Economic Crime and Cooperation Division is responsible for the overall management and supervision of the Project with a Project team based in Pristina being responsible for day-to-day implementation of the Project.

2 EXECUTIVE SUMMARY

This report describes the activities of the Project against Economic Crime in Kosovo carried out from 1 January to 30 June 2019 in the framework of a no-cost extension which will conclude on 30 September 2019. During the reporting period the Project progressed in implementing the activities according to the Workplan without any delays. Overall, 14 activities and field missions were organised, which included 357 participants (70.87% male and 29.13% female), 7 technical papers were produced.

Outputs and outcomes of the Project during the reporting period have been directly linked to the shortcomings identified by the PECK II Assessment in anti-corruption (AC) and anti-money laundering and combating financing of terrorism (AML/CFT) areas, which were completed in December 2018.

In this context, the Project continued to support Kosovo authorities in **legislative reforms** related to both the AC and AML/CFT. With the Project Support, a Draft Law on Targeted Financial Sanctions was finalised taking into account requirements set by FATF Recommendations as well recent developments in this area. A number of activities were organised by the Project to support the implementation of the Law on Conflict of Interest and Law on Protection of Whistleblowers through drafting of necessary sub legal acts. A comprehensive review of the legal framework in the AML/CFT area was initiated.

At the **policy level** the Project supported enhancement of the beneficial ownership regime in Kosovo through providing advice on further measures to identify and verify beneficial owners and to limit the misuse of legal persons and legal arrangements for the purposes of ML/TF. In order to streamline the **interinstitutional cooperation** in the AML/CFT area, the Project provided concrete advice to relevant authorities in developing standard operating procedures on dissemination of intelligence. The Project also contributed to **raising awareness** on economic crime issues by developing a TV Spot about the mandate and responsibilities of the FIU-K as well as through organising several awareness raising and visibility events in both AC and AML/CFT areas.

Continuous cooperation with beneficiary institutions was successfully maintained and expanded during this reporting period, whereby the Project received requests for additional support outside of the framework of the workplan. Moreover a request by the authorities for continued Project support through a second no-cost extension was supported unanimously at the 6th Steering Committee meeting.

Gender mainstreaming continues to be monitored, with 29.13% of total number of participants being women, thus constituting a higher rate comparing to the previous reporting period.

Project data and statistics

Number of implemented activities	Number of planned activities	Number of beneficiary persons participating in Project activities	Engaged experts	Level of budgetary disbursement
14 (or 74% out of reporting period planned activities)	19 activities (out of which 6 legal initiatives)	357 (70.87% male and 29.13% female)	7 (100% male)	€1,340,870.91 (60.3% out of 2.25M)

3 DESCRIPTION OF ACTION

Project against Economic Crime in Kosovo (PECK II) is funded by the European Union and the Council of Europe, and implemented by the Council of Europe. The Project duration is 36 months (2016 – 2018) and its budget is €2,225,000 (EU contribution €2.0 million; CoE – € 225,000).

The second phase of PECK Project (PECK II) builds on the results and lessons learned from the first phase implemented throughout 2012 and 2015 as the joint European Union/Council of Europe Project against Economic Crime in Kosovo (PECK I). It produced the first comprehensive and structured assessment of Kosovo's compliance with European and international standards in the anti-corruption (AC) and the anti-money laundering and combating the financing of terrorism (AML/CFT) areas, based on GRECO and FATF/MONEYVAL adjusted methodologies and practices specifically tailored to Kosovo. The corresponding assessment reports provide an in-depth analysis of the AC and AML/CFT frameworks as well as identify deficiencies and provide recommendations for bringing necessary legislative, institutional and operational reforms in compliance with applicable standards.

PECK II Project assists Kosovo authorities with the implementation of specific recommendations from PECK I assessments through targeted technical assistance while continuing with the structured assessments of AC and AML/CFT frameworks vis-à-vis evolving international standards.

Technical assistance activities cover the two components (corruption and money laundering) by addressing economic crime-related capacity building aspects in connection with legislative, institutional, policy and operational reforms. Strengthened capacities to effectively implement and coordinate anti-corruption measures are coupled with further streamlining of inter-agency information exchange and cooperation mechanisms. Moreover, technical assistance activities further support Kosovo authorities to better participate in the ongoing assessment process that is being carried out during the last year of PECK II Project (2018).

3.1 Overall objective

PECK II Project overall objective is to contribute to democracy and the rule of law through the prevention and control of corruption, money laundering and financing of terrorism in Kosovo.

3.2 Project purpose

To strengthen institutional capacities to counter corruption, money laundering and the financing of terrorism in Kosovo in accordance with European standards through targeted technical assistance and assessments for improving and streamlining economic crime reforms.

3.3 Expected Results (ERs)

The following are the expected results of the Project. Their achievement, will lead to the achievement of the Project purpose and contribute to the overall objective:

Expected Result 1 – Institutional capacities of anti-corruption stakeholders to effectively implement and coordinate anti-corruption measures are further strengthened

Expected Result 2 – Interagency information exchange and cooperation mechanisms are streamlined to ensure effective coordinated measures against economic crime

4 SITUATION IN KOSOVO

According to the recent EU Kosovo Report¹ "Corruption is widespread and remains an issue of concern" and according to the Corruption Perceptions Index 2018, Transparency International ranks Kosovo 93 out of 180 jurisdictions with a score of 37 (with 100 representing the lowest level of corruption)².

The annual report of the KPC³ shows that the number of persons involved in corruption-related criminal proceedings during 2018, was 1,389 (707 inherited from previous years). In total 408 cases involving 772 persons were dealt with during this period whereas the remaining cases concern 617 persons. According to the report, the number of remaining cases in 2018 is 230, comparing to the same period of 2017 where the number of undealt cases was 303.

With regard to money laundering cases, prosecutors have treated in total 26 cases involving 70 persons, out of which 3 new cases on money laundering including 6 persons. Out of these 9 cases involving 28 persons were solved as following: criminal reports were dismissed against 6 persons, investigations without further proceedings were terminated against 11 persons, and indictments were filed against 11 persons.⁴

Investigation and adjudication of money laundering offences in 2018	Reported suspects	Investigations	Dismissed criminal reports	Terminated investigations	Indictments	In procedure	Dismissed indictment	Conviction	Other (probation, acquittal, etc.)
Financial Intelligence Unit	1	-	-	-	-	-	-	-	-
Prosecution	70	16	6	11	11			-	
Courts	n/a	-	-	-	-	-	-	1	2

According to information provided⁵, during 2018 the amount of frozen, seized and confiscated proceeds of crime constitutes €27,916,977.15 €

Freezing and sequestrations	Confiscations	In total
27,867,583.23 €	49,393.92 €	€27,916,977.15 €

In 2018⁶, the Kosovo Anti-corruption Agency (KAA) received about 251 new cases of suspected corruption. 114 criminal reports were forwarded to the Prosecution office, police and Tax Administration for further processing, whereas 12 cases were forwarded to competent administrative institutions for the initiation of disciplinary proceedings. 162 cases were closed. During this period the KAA initiated ex officio a total of 149 cases. 88 cases on conflict of interest were handled and a total of 1873 officials who exercise two or more functions were identified in 2018. The KAA issued 125 opinions to different public procurement authorities. In the area of declaration of assets, 4660 out of 4737 senior public officials obliged to declare their properties have done so.

¹ <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-kosovo-report.pdf>

² www.transparency.org/

³ <http://www.kpk-rks.org/>

⁴ <http://www.kpk-rks.org/>

⁵ Source: National Coordinator on Economic crimes

⁶ <https://www.akk-ks.org/>

In the AML/CFT context⁷, in 2018 the FIU received a total of 644 suspicious transaction reports (STRs) representing an overall value of €99,651,714. Received STRs represent a decrease of 12% (or 19% in reported value) compared to 2017. Banks and money transfer remitters continue to represent over 90% of STRs whereas there is an increase of submitted STRs from notaries as well. Cash transaction reports (CTRs) continue to be highly reported as well (962,065 CTRs in 2018 or an increase of 15% compared to 2017). Moreover, in 2018, the FIU issued 4 freezing orders for a total amount of €250,852.

At the policy level, the new draft Anti-Corruption (AC) Strategy 2018-2022 and its Action Plan are still pending adoption by the Assembly.⁸

The new National Strategy for the Prevention and Combating of Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes for the years 2019-2023 was adopted in April 2019. According to the Strategy the high level of informal economy remains the main challenge of the Government, having negative effect on revenues, unfair competition, and undeclared employment, whereas possibility of money laundering from illegal activities remains high in the construction sector.⁹

4.1 Developments in the legislative area

A number of developments related to policy, legal and institutional framework to combat economic crime which have been initiated during 2018 are still underway. Namely, the drafting process of two important pieces of legislation - the Law on Declaration of Assets and the Law on Kosovo Anti-Corruption Agency - have not developed further since the last reporting. Considering that many policy developments proposed represent a direct output of findings and recommendations of PECK II Project, the Project will provide support and technical expertise on these two initiatives once the drafts have reached a stage of maturity.

Moreover, the Project has at the request of authorities provided support on developing a Model Regulation on the Mandate of Responsible Authorities for implementing the Law on Conflict of Interest in Discharge of Public Functions and a Regulation on Receiving and Dealing with Whistleblowing cases.

In the area of AML/CFT and as a consequence of the findings and recommendations provided in the AML/CFT Assessment Report the Project provided advice to the Working Group on Reviewing the Legislation in the AML/CFT area and on the enhancement of the Beneficial Ownership regime.

5 PROGRESS ACHIEVED DURING THE REPORTING PERIOD

5.1 Overall achievement

Overall, the level of implementation of activities by the Project during the reporting period and their impact in the area of economic crime demonstrate the continued relevance of the Project support in respect to the enhancement of Kosovo's compliance with relevant international standards in the AC and AML/CFT areas. This is reflected through continuous requests by beneficiaries for further support, including a request for an additional no-cost extension.

⁷ As the FIU 2018 Annual Report is not published yet, source data are provided from the FIU.

⁸ Source: the Anti-Corruption Agency

⁹ Source: Office for Strategic Planning at the Office of Prime Minister

5.2 Assessment of Project implementation and deliverables per Expected Results

The analysis below provides information on activities included in ER 1 and 2 of the Project Workplan that were implemented during the reporting period.

Activity 1.2	Provide legal and technical opinions and legislative proposals and support their implementation to make relevant anti-corruption legislation compliant with international standards
<i>Inputs/Actions</i>	<i>1.2.1 Provide review of at least 6 relevant law and advice on amendments to relevant legislations in order to comply with relevant international standards as recommended by PECK Assessment Reports</i>
<i>Inputs/Actions</i>	<i>1.2.2 Support the drafting of the necessary legislative instruments based on the results of the reviews conducted under 1.2.1</i>

a) Implementation of the Law on Protection of Whistleblowers

Following enactment of the Law on Protection of Whistleblowers in January 2019, the Ministry of Justice and the KAA requested further Project support in developing sub legal legislation to support the implementation of the Law. (For further information, please refer to Activity 1.3 below).

b) Support to legal framework on implementation of international financial sanctions

The Project continued to implement activities in support to the working group aiming at drafting the new Law on Targeted Financial Sanctions and ensuring compliance with international standards related to terrorism and terrorist financing (TF, FATF Recommendation 6) and to proliferation of weapons of mass destruction and its financing (PF, FATF Recommendation 7).

In relation to this, on 28 and 29 March 2019, the Project organised a working group meeting in order to present and discuss the recommendations of the Council of Europe on the Draft Law. The Working Group reviewed and finalised the first Draft Law by reflecting to a large extent recommendations provided by the Council of Europe expert and contributions of different institutions. The Law is pending at the Ministry of Foreign Affairs to be distributed for further formal legislative process.

In addition to this, the Project facilitated a number of small working group meetings held with the aim of finalising a first draft.

c) Implementation of the Law on Prevention of Conflict of Interest

Based on the request of the KAA management, the Project initiated its support in developing necessary sub legal acts aiming at facilitating the implementation of the Law. In relation to this on 7 and 8 February 2019 the Project organised a workshop with various officials from public institutions to discuss and assess the current situation with implementation of legal requirements on prevention of conflicts of interest. Following discussions with the Council of Europe expert it was concluded that developing a "Model Regulation on the Mandate of Responsible Authorities for implementation of the Conflict of Interest Law" would be the best way forward.

Based on the workshop and research on international standards and practice, the Project organised in April 2019 the presentation of the outline Model Regulation on the Mandate of Responsible Authorities for implementation for the Conflict of Interest Law. Currently the Project is facilitating the KAA and the MoJ in translating the recommendations of the Council of Europe expert and processing the Regulation for further adoption.

d) Review of the beneficial ownership regime

The Project provided advice and recommendations on transparency of Beneficial Ownership in Response to the Assessment Report on Kosovo. Based on this, on 31 January and 1 February 2019 the Project organised a Scoping Mission for a CoE expert, with the aim to gather necessary

information on the current legal and institutional framework regarding beneficial ownership and identify needs for improvement.

Following the scoping mission a presentation of the Technical Paper on Beneficial Ownership took place on 7 May 2019, where the Council of Europe's expert presented concrete advice on further measures to identify and verify beneficial owners, as well as to limit the misuse of legal persons and legal arrangements for the purposes of ML/TF.

On the basis of the review and recommendations provided by the Council of Europe, the beneficiary institutions will take measures to develop the necessary legal regime on Beneficial Ownership.

e) Review of the legal framework on AML/CFT related issues

Following the PECK II Assessment report on Kosovo's compliance with AML/CFT international standards, the FIU-K requested technical support from the Project in the process of reviewing and amending the legal framework in order to comply with findings and recommendations provided in the Assessment. On this basis, on 14 and 15 May 2019, the Project organised the first Working Group meeting to discuss and agree on the needs and priorities for future changes to the current legislative framework related to anti-money laundering and countering financing of terrorism (AML/CFT).

Considering this was the first meeting, the Project will continue to support the Working Group in developing the Concept Document which will provide the baseline for future legal amendments.

Activity 1.3	Review legal and institutional whistleblowing mechanisms and provide proposal for improvement
<i>Inputs/Actions</i>	<i>1.3.1 Provide advice on the implementation of recent legislation on protection of whistleblowers</i>

The new Law on Protection of Whistleblowers enacted in January 2019 stipulates obligations for public institutions to draft and adopt sub legal acts related to implementation of the Law. In this regard the Project was asked to provide support with developing the Regulation on Receiving and Treating Whistleblowing cases in the public sector. On 20 and 21 May 2019, the Project organised a Working Group meeting where the Council of Europe's expert presented international standards and good practice and provided proposals and recommendations on the content and structure of the Regulation.

On the basis of the recommendations provided by the Council of Europe, the Project team is currently working closely with the Working Group in the translation of these recommendations into a concrete Regulation.

Activity 2.3	Activity 2.3: Develop interagency SOPs, manuals and guidelines in relation to economic crime
<i>Inputs/Actions</i>	<i>2.3.1 Provide assistance in developing and/or reviewing SOPs' and provisions related to interagency cooperation</i>
<i>Inputs/Actions</i>	<i>2.3.2 Provide methodological tools on supervision of reporting entities by main supervisors (i.e FIU and CBK)</i>

a) Developing Standard Operating Procedures for dissemination of intelligence between FIU and relevant authorities

On the basis of the identified weaknesses in the PECK assessment report, the Project supported the FIU in developing the Standard Operating Procedures on dissemination of intelligence between FIU and connected institutions. In this regard, on 14 and 15 March 2019 the Project organised a workshop with relevant institutions to discuss needed improvements in relation to the identified weaknesses.

Based on the findings of the workshop and based on international standards and best practice, the Council of Europe's expert proposed an outline of the Standard Operating Procedure. Further support will be provided to the FIU in the process of finalising the SOP.

b) Guidance and tools to conduct AML/CFT risk based supervision

The Project assisted the relevant authorities in Kosovo in improving their risk-based approach with regard to conducting supervision on reporting entities related to the implementation of anti-money laundering and countering the financing of terrorism standards. On 5 and 6 March, the Project organised a workshop where the Council of Europe's expert discussed with the authorities on the necessary structure to address the shortcomings identified by the Assessment Report on Kosovo's compliance with international anti-money laundering and combating the financing of terrorism standards.

On the basis of the conclusions of the workshop, the Project developed Guidance and tools to conduct AML/CFT risk-based supervision which will facilitate authorities' daily work.

5.3 Additional activities

In addition to the activities foreseen by the workplan during the no-cost extension period, the Project supported beneficiary institutions with additional activities as a follow up to ongoing processes.

In this respect, the Project supported the FIU-K in organising an informative round table with the NPO sector aiming at informing them about their obligations foreseen by the Law on AML/CFT, including AML/CFT risks.

In order to raise awareness of public officials about the Law on Conflict of Interest, the Project supported KAA with the organisation and awareness raising event with public officials of three municipalities: Peja, Deçan and Gjakova. Further activities in this regard are foreseen to cover other municipalities as well.

Moreover, on 16 and 17 May the Project team organised two workshops with the authorities to initiate an institutional dialogue on the needs of beneficiaries in relation to both anti-corruption and anti-money laundering and combating financing of terrorism areas to be covered in the framework of a potential third phase of the PECK Project.

6 MANAGEMENT AND ORGANISATION

6.1 Management

The overall management and organisation of the Project is led by the Council of Europe. The project management team, established within the Economic Crime and Cooperation Division, ensures the supervision and quality control of all project activities and deliverables.

The Pristina-based Project team in charge of implementing activities on day-to-day basis directly reported to the Economic Crime and Cooperation Division at the Action against Crime Department for substance matters and workplan implementation related issues. Their administrative daily work in Pristina was supervised and supported by the Council of Europe Office in Pristina.

6.2 Steering Committee (SC)

The 6th Steering Committee Meeting took place on 16 May 2019 gathering its permanent members from ten key beneficiary institutions, a representative of the European Union Office in Kosovo, the Head of Council of Europe Office in Pristina, PECK II Project team and a representative of the Economic Crime and Cooperation Division of the CoE.

Implemented activities since September 2018 were discussed during the meeting, including a presentation of the planned activities for the remaining period. In view of on-going legal initiatives and requested further support by the beneficiaries, the SC members discussed and expressed support for the proposal for a no-cost extension of the Project.

7 PROPOSED NO-COST EXTENSION OF THE PROJECT

As noted in 6.2 above, the possibility for a no-cost extension was discussed and supported at the 6th Steering Committee on 16 May 2019. The proposed no-cost extension would cover an additional 6 months starting from 1 October 2019 to 31 March 2020. This extension would allow to follow up certain legislative processes that were already initiated and supported by PECK II, such as:

- Drafting of new laws on asset declaration and the Kosovo Anti-corruption Agency which were postponed, thus making it inappropriate and ineffective to initiate and implement certain activities/actions related to these areas;
- Developing of a Concept Document concerning needed amendments in the legal framework related to AML/CFT areas.

This extension will also provide the Project with the opportunity to further assist Kosovo authorities with establishing regional connections with and contribute to support and enhance the dialogue between public authorities and civil society.

8 COOPERATION WITH STAKEHOLDERS

8.1 Counterpart beneficiaries

The Project continued to have excellent communication and coordination with the relevant beneficiaries, whose commitment was reflected in the successful implementation of the activities foreseen in the workplan. Moreover, this was demonstrated by ongoing requests for support by the Project and consequently additional activities outside of the workplan.

8.2 Other third parties

Very good cooperation has been maintained between the Project and other third parties. The Project team regularly attended coordination meetings with other Rule of Law EU projects and keeps maintaining efficient coordination and regular communication with the EU Office. Furthermore, the international community's representatives working in the area of economic crime are invited and attend Project's activities.

In addition, the Project continued its cooperation with the civil society in various activities of mutual interest.

9 VISIBILITY

Commitment of the Project to ensure visibility of the EU contribution at all stages of its activities forms an inherent part of Project work. The EU/CoE Joint Programme logo, disclaimer and all Project related documents and deliverables acknowledged that actions had been carried out "with funding from the European Union". They were appropriately displayed and acknowledged during activities, communication and meetings, including on banners, hand-outs, publications and issued materials. Furthermore, folders, notebooks, pens, bags and USB keys with the Project title and logo were regularly distributed to all beneficiaries during the events organised by the Project, and the Project banner was displayed in conference rooms.

Moreover, Project news, upcoming events, relevant Project documents and other links of relevance to the Project were regularly published on the Council of Europe Economic Crime and Cooperation Division website (www.coe.int/corruption) at the section exclusively dedicated to the PECK II Project (www.coe.int/peck2). Moreover, specific Project activities are also featured on the website of the

Council of Europe Office in Pristina (www.coe.int/pristina)¹⁰. Important relevant activities are posted as well on the Council of Europe [website](#).

In this regard, a TV Sport with the aim of raising awareness about the FIU mandate is under production. Moreover, two awareness raising activities with the FIU and the KAA ensured visibility of the Project.

The Project support was mentioned by representatives of beneficiaries in various mediums. See for example: <https://www.youtube.com/watch?v=HB5LZJmMhRI>

10 DIFFICULTIES/RISKS ENCOUNTERED DURING IMPLEMENTATION

During the reporting period, no major risks or obstacles have impeded the implementation of Project's activities. However, it should be noted that gaps in the planning of activities on behalf of the authorities creates difficulties for timely implementation, and achievement of expected results.

11 CONCLUSIONS


Overall, the Project managed to successfully conduct and implement planned activities according to the Workplan for the extension phase ahead of schedule, with diligent use of resources. The impact achieved through various Project outputs has been noted throughout the reporting period by beneficiary institutions. The positive engagement by beneficiaries demonstrated through numerous requests for additional activities is an additional indicator of the Project's impact in the AC and AML/CFT areas.

In particular, the support and advice provided by the Project as a follow-up to findings and recommendations of the AC and AML/CFT Assessment Reports, as well as on developing necessary primary and secondary legislation ensured sustainability of its support through outcome oriented outputs combined with tailor made activities and active engagement of beneficiary institutions.

Productive working relations and coordination with international stakeholders in Kosovo were maintained by the Project throughout the implementation period.

In conclusion, PECK II support resulted in the delivery of a number of important outputs which are setting clear grounds and providing a high impetus for the on-going and future reforms on the fight against economic crime in Kosovo.

In this context, beneficiary institutions continue to see the Project as their reliable partner, committed to providing substantive and high quality input. This has been reiterated on several occasions by representatives of the beneficiary institutions, more recently with the request for a second no-cost extension, as a means to ensure sustainability of the Project's support and impact.



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Signature:

Date: 26.06.2015

¹⁰ Specific Project activities and results have been also regularly reported on websites of beneficiary counterparts (KAA, FIU, MoJ) and related annual reports of both key beneficiaries.

PECK II IN PICTURES



Scoping Mission on Beneficial Ownership
31 January-01 February 2019, Pristina, Kosovo



Workshop: developing necessary sub-legal acts to implement the law on prevention of conflict of interest in discharge of public functions
07-08 February 2019, Pristina, Kosovo



Workshop: Guidance and tools on risk-based supervision and risk-based approach to AML/CFT inspections
5-6 March 2019, Prevalle, Kosovo



Workshop: Developing Standard Operating Procedure on dissemination of intelligence between FIU and its counterpart institutions
14-15 March 2019, Pejë, Kosovo



Workshop: Improving the Legal Framework on Targeted International Financial Sanctions for Kosovo
28-29 March 2019, Istog, Kosovo



Workshop: Discussion and adoption of the Model Regulation on the mandate of Responsible Authorities in implementing the Law on Prevention of Conflict of Interest
02-03 April 2019, Pristina, Kosovo



Presentation of the Technical Paper on Beneficial Ownership
7 May 2019, Pristina, Kosovo



Working group meeting on the Concept Document to Supplement and Amend the Law on AML/CFT
14-15 May 2019, Pristina, Kosovo



6th Steering Committee Meeting
16 May 2019, Pristina, Kosovo



Workshop with AC Sector regarding PECK III
16 May 2019, Pristina, Kosovo



Workshop with AML/CFT Sector regarding PECK III
17 May 2019, Pristina, Kosovo



Meeting of the Working Group on Drafting the Regulation for Receiving and Dealing with Whistleblowing cases in the public sector
20 and 21 May 2019, Pristina, Kosovo

Screenshot of the Project website

Project against Economic Crime in Kosovo * Phase II (PECK II)



Corruption remains a serious challenge for Kosovo. According to a number of surveys conducted by national and international organisations, control of corruption has proved to be scarce. In the field of money

laundering and terrorism financing, there is a need for continuous legislative and organisational reforms to bring Kosovo in line with European and international standards. The joint EU/CoE Project against Economic Crime (PECK I) implemented during 2012-2015 for the first time in Kosovo introduced and structured assessments of the Anti-corruption (AC) and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) frameworks and measures vis-à-vis relevant international and European standards. However, there is a need to continue to support Kosovo institutions in carrying out comprehensive assessments and moreover provide assistance in implementing specific recommendations from the previous assessment cycles conducted within PECK I.

In view of this PECK II will:

- build on the results and lessons learned from PECK I and aims to support reforms tailored to prevent and combat economic crime;
- assist Kosovo authorities with the implementation of specific recommendations issued within PECK I;
- carry out a second phased assessment of AC and AML/CFT frameworks vis-à-vis evolving international and European standards.

As a result an IPA 2014 Contribution Agreement as a Joint Programme was signed in December 2015 between the Council of Europe and the European Union Office in Pristina. The PECK II Project started on 1 January 2016, with a duration of 36 months and a budget of 2,225,000 Euro (EU funds: 89.89% and CoE funds: 10.11%).

The Project's overall objective is to contribute to the democracy and the rule of law through the prevention and control of corruption; money laundering; and the financing of terrorism in Kosovo. The Project's purpose is to strengthen institutional capacities to counter corruption; money laundering; and financing of terrorism in Kosovo in accordance with European standards through targeted technical assistance and assessments for improving and streamlining economic crime reforms. The Kosovo Anti-Corruption Agency (KAA) and the Financial Intelligence Unit (FIU) are the main counterpart institutions for this Project.



www.coe.int/corruption

www.coe.int/econcrime

Key documentation and information

- Technical papers and expert opinions
- Publications
- Legal standards
- Web resources

Anti-corruption digest



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Project Documentation & Deliverables

- Project Summary: [ENG](#) - [ALB](#) - [SRB](#)
- Description of Action (DoA)
- Workplan: [ENG](#) - [ALB](#) - [SRB](#)
- Reports
- Technical Papers
- Assessment reports:
 - Anti-money laundering and combating the financing of terrorism (AML/CFT): [EN](#) - [ALB](#)
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Useful Links

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Photo Gallery

- [2016 - 2018](#)

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- [Videos on Corruption Awareness & Customs Awareness](#)

PROJECT NEWS



PECK II supports Kosovo* public sector in developing internal Regulation for Receiving and Treating Whistleblowing cases***

21 - 22 MAY 2019 | PRISTINA, KOSOVO*

At the request of the Ministry of Justice, PECK II Project supported discussions related to the drafting of internal Regulation for Receiving and Treating Whistleblowing cases in the public sector which took place on 20

12 ANNEXES

12.1 Workplan

12.2 Calendar of Activities

Action No	Logframe Activity No	Name	Venue	Date
01	1.2.4	Scoping Mission on Beneficial Ownership	Pristina	31 Jan-01 February 2019
02	1.2.5	Workshop: developing necessary sub-legal acts to implement the law on prevention of conflict of interest in discharge of public functions	Pristina	7-8 February 2019
03	4.2	Workshop: Guidance and tools on risk-based supervision and risk-based approach to AML/CFT inspections	Prevalle	5-6 March 2019
04	2.3.1	Workshop: Developing Standard Operating Procedure on dissemination of intelligence between FIU and its counterpart institutions	Peja	14-15 March 2019
05	1.2.3	Workshop: Improving the Legal Framework on Targeted International Financial Sanctions for Kosovo'	Istog	28-29 March 2019
06	1.2.5	Workshop: Presentation and discussion on the Model Regulation on the Mandate of Responsible Authorities in implementing the Law on Prevention of Conflict of Interest	Pristina	2-3 April 2019
07	1.2.4	Presentation of the Technical Paper on Beneficial Ownership	Pristina	7 May 2019
08	2.3	Working group meeting on the Concept Document to Supplement and Amend the AML/CFT legal framework	Pristina	14-15 May 2019
09	-	Workshop with AC Sector regarding PECK III	Pristina	16 May 2019
10	-	6th Steering meeting	Pristina	16 May 2019
11	-	Workshop with AML/CFT Sector regarding PECK III	Pristina	17 May 2019
12	1.31	Meeting of the Working Group on Drafting the Regulation for Receiving and Dealing with Whistleblowing cases in the public sector	Pristina	20-21 May 2019
13	-	Informative roundtable with the NPO sector regarding Anti Money Laundering and Combating the Financing of Terrorism (AML/CFT)	Pristina	17 June 2019
14	-	Information session on the implementation of the Law on Conflict of Interest	Peja	26 June 2019

12.3 List of Technical Papers

Date	Technical Papers	Languages
April 2019	Outline proposal for the Model Regulation of Public Institutions on the mandate and responsibilities of responsible authorities for implementing the Law on Conflict of Interest in Discharge of Public Functions for Kosovo	Eng./Alb.
April 2019	Guidance and tools to conduct AML/CFT risk based supervision	Eng./Alb.
April 2019	Standard Operating Procedure on Dissemination and exchange of intelligence of between the FIU-K and competent authorities	Eng./Alb.
April 2019	Technical paper: the Law on Implementation of Targeted International Financial Sanctions	Eng./Alb.
April 2019	Peer review of the proposed Model Regulation of Public Institutions on the mandate of responsible authorities for implementing the Law on Conflict of Interest in Discharge of Public Functions for Kosovo	Eng./Alb.
May 2019	Outline proposal for Regulation on the Receiving and Processing of Whistleblowing Cases in the Public Sector in Kosovo	Eng./Alb.
June 2019	Recommendations on Transparency of Beneficial Ownership in Response to the Assessment Report on Kosovo	Eng./Alb.