

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

**Fourth Progress Report**

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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**

19 June to 31 December 2018

### **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

The current report covers the third year of implementation of the PECK II Project through the period of 1 January to 31 December 2018. The report describes activities implemented during the reporting period and their impact in strengthening the capacities of beneficiary institutions in their efforts to prevent and combat corruption, money laundering and financing of terrorism. During this period the Project organised 15 activities and field missions, which included 831 participants (76.3% male and 23.7% female). It produced four technical papers including two comprehensive assessment reports.

The Project successfully completed the **assessments** in the areas of anti-corruption (AC) and anti-money laundering and combating financing of terrorism (AML/CFT) modelled on GRECO and MONEYVAL/FATF methodologies. Their outcome demonstrated the significant progress made by Kosovo authorities in AC and AML/CFT reforms in recent years. The reports also provide a detailed roadmap for supporting the future reform agenda aimed at strengthening institutional capacities of Kosovo institutions to counter economic crime. Kosovo authorities demonstrated exceptional cooperation in the assessment process, by actively participating in face-to-face meetings with the assessment team and providing timely information and data. Domestic coordination of the AC and AML/CFT assessments was effectively ensured by the Kosovo Anti-corruption Agency (KAA) and the Financial Intelligence Unit (FIU). The assessment process was concluded by a Plenary meeting and a high-level conference successful where the outcomes of both AC and AML/CFT assessment reports were presented to a wide audience and the media.

In the reporting period the Project demonstrated specific results in supporting **legislative reforms** in the AC and AML/CFT areas. One of these achievements is related to the adoption of the Law on Protection of Whistleblowers in November 2018, which was developed with PECK II assistance. Furthermore, the Project supported the implementation of the Law on Prevention of Conflict of Interest by developing a Toolkit on Managing Conflict of Interest in Public Service. Last but not least, the Project continued to support the drafting of the Law on Targeted Financial Sanctions and its alignment with FATF Recommendations 6 and 7.

The Project continued to support Kosovo authorities through **capacity building and international networking** activities. For this purpose two focused study visits on AML/CFT issues were conducted to the Netherlands and the Czech Republic with the aim of enhancing cooperation and learning from peers on the use of GoAML system, strategic analysis and risk assessments.

The Project was granted a no-cost extension for the period from 1 January to 30 September 2019, which will focus on providing further support to legislative reforms, as well as international networking in the area of anti-corruption and AML/CFT.

Despite the efforts invested by the Project Team to include more women in Project activities, the structures of beneficiary institutions supported by the Project are predominantly male-staffed, impacting as such gender mainstreaming in project activities. However, it can be reported that 23.7% of total number of participants of Project activities are women.

### 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
15	20 activities (out of which 2 legal initiatives)	831 (76.3% male and 23.7% female)	14 (71.5% male and 28.5% female)	€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 the PECK Project (PECK II) builds on the results and lessons learned from the first phase (PECK I) implemented throughout 2012 and 2015. 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.

#### **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

**Expected Result 3** – Assessment Report of anti-corruption measures is available

**Expected Result 4** – Assessment Report of anti-money laundering and combating financing of terrorism measures is available



#### 4 SITUATION IN KOSOVO

According to the latest international reports corruption in Kosovo is considered and perceived prevalent in many areas by the majority of stakeholders and continues to be a serious problem. Referring to the last Corruption Perceptions Index 2018, Transparency International has ranked Kosovo 93 out of 180 jurisdictions with a score of 37 (with 100 representing the lowest level of corruption)<sup>1</sup> whereas according to Balkan Barometer 2018, unlike the rest of Western Balkans, 30% of Kosovo's respondents believe that corruption is the most important problem after unemployment.<sup>2</sup> Moreover, according to EU 2018 Kosovo Report<sup>3</sup>, "Corruption is widespread and remains an issue of concern. Concerted efforts are needed to tackle this problem in a comprehensive and strategic manner".

According to statistics covering the first three quarters of the year (January-September 2018), the number of persons involved in corruption-related criminal proceedings was 1,282 (302 inherited criminal reports against 703 persons as well as 294 new criminal reports against 579 persons). In total, 281 cases involving 528 persons were dealt with during this period, whereas the 279 remaining cases concern 706 persons.

<b>Investigation and adjudication of corruption offences (January-September 2018)<sup>4</sup></b>	Reported suspects	Investigations	Dismissed criminal reports	Terminated investigations	Indictments	In procedure	Dismissed indictment	Conviction	Other (probation, acquittal, etc.)
Anti-corruption Agency	<b>70</b>	-	-	-	-	-	-	-	-
Police	<b>277</b>	-	-	-	-	-	-	-	-
Others	<b>232<sup>5</sup></b>	-	-	-	-	-	-	-	-
Prosecution	<b>+703</b>	<b>528</b>	163	153	175	<b>706</b>	-	--	<b>37</b>
Courts	n/a	-	-	-	-	-	<b>17</b>	<b>76</b>	<b>27</b>

With regard to money laundering cases, during the reporting period there were in total 33 cases involving 82 persons, out of which 6 new cases involving 12 persons. Out of these 10 cases involving 20 persons were resolved while there are 23 remaining cases involving 62 persons.

<sup>1</sup> The rating dropped 2 points since the CPI 2017 while it continues to be lower than the regional average. Some of the biggest anti-corruption challenges in Kosovo that are emphasised by TI include insufficient transparency, weak institutions and rule of law and insufficient space for citizen engagement. For further information, see <https://www.transparency.org/cpi2018>

Also, according to the Worldwide Governance Indicators, Kosovo's rating for the 'Control of corruption' indicator is at 38.46 for 2017 (0 being the lowest and 100 the highest). This is also one of the lowest levels in the region. For further information, see <http://info.worldbank.org/governance/wgi/>

<sup>2</sup> [www.rcc.int/](http://www.rcc.int/), pp. 40-41. Kosovo seems to be the sole exception in South Eastern Europe where corruption is perceived as the second most commonly noted concern whereas in the rest of the region the economic situation is ranked second after unemployment.

<sup>3</sup> Available at <https://ec.europa.eu/>, p. 4 and 18.

<sup>4</sup> Figures refer to persons. Kosovo Prosecutorial Council - 2018 9-month Report on Harmonisation of Statistics under the Inter-institutional Mechanism on Harmonisation of Statistics for Characteristic Criminal Offences, available at <http://kpk-rks.org>

<sup>5</sup> This includes *inter alia* the Police Inspectorate (23), citizens (48), received in competence (81), affected party (47) FIU (11) and *ex officio* (19)

<b>Investigation and adjudication of money laundering offences (January-September 2018)<sup>6</sup></b>	Reported suspects	Investigations	Dismissed criminal reports	Terminated investigations	Indictments	In procedure	Dismissed indictment	Conviction	Other (probation, acquittal, etc.)
Financial Intelligence Unit	<b>1</b>	-	-	-	-	-	-	-	-
Police	<b>5</b>	-	-	-	-	-	-	-	-
Others	<b>6</b>	-	-	-	-	-	-	-	-
Prosecution	<b>+70</b>	<b>14</b>	4	5	4	<b>62</b>	-	-	<b>1</b>
Courts	n/a	-	-	-	-	-	-	<b>4</b>	-

During the period between January and September 2018 the amount of frozen, seized and confiscated proceeds of crime constitutes €27,916,977.15<sup>7</sup>.

<b>Freezing and sequestrations</b>	<b>Confiscations</b>	<b>Total (January-September 2018)</b>
€27,867,583.23	€49,393.92	€27,916,977.15

In 2018, the Kosovo Anti-corruption Agency (KAA) received about 250 suspected cases of corruption. 100 criminal reports were forwarded to the police whereas 10 cases were forwarded to competent administrative institutions for the initiation of disciplinary proceedings. 160 cases were terminated due to either lack of evidence or due to ongoing parallel disciplinary proceedings. During this period the KAA issued about 100 opinions to different public procurement authorities, as well as initiated 100 cases on conflict of interest. In the area of declaration of assets, the KAA conducted full control over 950 public officials.<sup>8</sup>

In the AML/CFT context<sup>9</sup>, 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. 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. The previous Anti-corruption Strategy 2013-2017 and Action Plan has expired, whereas its implementation has not generated effective trends mainly due to insufficient involvement of concerned stakeholders and weak political support.<sup>10</sup>

Regarding the implementation of the Strategy and Action Plan for Prevention and Fighting Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014 – 2018 (AML/CFT Strategy), the latest report (2017) contains recommendations on the allocation of the necessary budget for the training program on AML/CFT and economic crimes and ensuring that relevant institutions in the area of informal economy prepare plans on their performance, etc.<sup>11</sup> Relevant authorities have started to draft a new AML Strategy for the period 2019-2022.

In the legislative area, a number of developments related to the policy, legal and institutional framework to combat economic crime are underway. Namely, the drafting process of the two important pieces of legislation including the Law on Declaration of Assets and the Law on Kosovo Anti-corruption Agency seems likely to be re-launched by the Ministry of Justice at the beginning of

<sup>6</sup> Similar source as for corruption-related data above.

<sup>7</sup> Source: National Coordinator for Combating Economic Crime

<sup>8</sup> Pending publication of the annual report, the information are approximate and do not reflect complete situation for 2018.

<sup>9</sup> As the FIU 2018 Annual Report is not available yet, source data are provided from the FIU.

<sup>10</sup> See [KAA 2017 Annual Report](#) (Albanian version), pp. 34-37.

<sup>11</sup> <https://mf.rks-gov.net/>

2019. The process had already begun in 2018; however it was stalled due to various reasons and non-maturity of the drafts. A considerable number of policy developments proposed represent a direct output of previous findings and recommendations of the PECK II Project. These laws are also expected to introduce substantive changes related to the mandate of the Anti-Corruption Agency.

PECK II Project will provide support and technical expertise on these two initiatives once the drafts have been improved.

Moreover, the Project has been requested to provide support on developing sub-legal acts for the purpose of implementation of the Law on Conflict of Interest in Discharge of Public Functions and the Law on Protection of Whistleblowers. Both laws were drafted with substantive input by the Project.

Furthermore, in the area of AML/CFT and as a consequence of the findings and recommendations provided in the AML/CFT Assessment Report two legal initiatives are underway: the preparation of a concept document aiming at amending and supplementing the Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing and the drafting of a regulation on transparency of beneficial ownership. The PECK II Project is also supporting the review of existing regulations on beneficial ownership transparency in Kosovo and proposing remedies on the identified gaps.

## 5 PROGRESS ACHIEVED DURING THE REPORTING PERIOD

### 5.1 Overall achievement

Overall, it has been demonstrated by the status of implementation reached so far that the Project activities and outputs have continued to provide tangible impact in relation to the legislative and institutional reforms aimed at enhancing Kosovo’s compliance with relevant international standards in the AC and AML/CFT areas. The finalisation of the assessment of AC and AML/CFT measures on the basis of GRECO and FATF/MONEYVAL methodologies, as well as the enactment of important pieces of legislation have yielded a number of requests by beneficiaries for further support by the Project including the request for a no-cost extension.

### 5.2 Assessment of Project implementation and deliverables per Expected Results

The analysis below provides information on activities included in ER 1, 2, 3 and 4 of the Project Workplan and Calendar that were implemented during the reporting period.

<b>Activity 1.2</b>	<b>Provide legal and technical opinions and legislative proposals and support their implementation to make relevant anti-corruption legislation compliant with international standards</b>
<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) Technical assistance and support in drafting the new draft of Criminal Code*

The new Criminal Code was adopted by the Assembly in November 2018. Substantive support provided by the Project served to ensure better alignment of respective provisions of the Criminal Code with European and international standards through careful follow-up of previous recommendations given under PECK I Project. A considerable number of recommended amendments and supplements on corruption-related provisions<sup>12</sup> and counterterrorism provisions were included in the new Criminal Code.<sup>13</sup>

<sup>12</sup> In this field, as a result of the Project direct input and involvement and in close coordination with other stakeholders (EUSR, American Embassy) amendments and supplements were made to the following 15 corruption-related provisions: articles 37 (criminal liability of legal persons); 62, paragraph 3 and 4 (prohibition on exercising public administration or

*b) Technical assistance and support in drafting the new draft Law on Protection of Whistleblowers*

Following a comprehensive review of legal and institutional whistleblowing mechanisms and consistent follow-up activities during the reporting period, the Project contributed to the finalisation of a new draft Law on Protection of Whistleblowers at the Assembly level. The Law was adopted by the Assembly in November 2018.<sup>14</sup> (For further information, please refer to Activity 1.3 below).

*c) Support to legal framework on implementation of international financial sanctions*

The Project continued to implement activities in support to the working group aiming at supplementing and amending the Law No. 03/L-183 on Implementation of International Sanctions (LIIS) and ensuring compliance with international standards on targeted financial sanctions (TFS) related to terrorism and terrorist financing (TF, FATF Recommendation 6) and proliferation of weapons of mass destruction and its financing (PF, FATF Recommendation 7).

On the basis of the review and recommendation provided by the Council of Europe the effort to amend and supplement the current LIIS did not appear to be the most effective and practicable approach for achieving compliance with international standards on TFS related to TF and PF. Based on this the Working Group decided to proceed with drafting a new law which would not be related to the existing LIIS but specifically dedicated to the comprehensive implementation of the international standards on TFS related to TF and PF. In relation to this and based on the request made by the Working Group members and the key beneficiary (MFA), the Project organised follow-up activities to support the process.

On 3 to 5 October 2018, the Project organised a working group meeting in order to discuss and develop concrete provisions to the draft law. The working group produced an initial draft on Targeted Financial Sanctions taking into account comments and recommendations provided previously by the Council of Europe's expert.

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

*d) Implementation of the Law on Prevention of Conflict of Interest*

Following the adoption by the Assembly of the Law on Prevention of Conflict of Interest in Discharge of a Public Function (No. 06/L-011) on 30 March 2018, and based on the request of the KAA

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public service functions); 63.4 (prohibition on exercising a profession, activity or duty); 108.2 (extraterritorial jurisdiction for bribery and trading in influence offences); 112 (special provisions for legal persons); 113, paragraphs 2 and 3 (definitions); 309 (accepting bribes in the private sector); 310 (giving bribes in the private sector); 417 (conflict of interest); 419.2 (fraud in office); 421 (accepting bribes); 422 (giving bribes); 423 (giving bribes to foreign public official or foreign official persons ); 424 (trading in influence) and 428 (unlawful collection and disbursement).

<sup>13</sup> Project direct inputs and involvement in close coordination with other stakeholders (EUSR, American Embassy) resulted in amendments and supplements of 22 counterterrorism-related provisions in the following articles: 128 to 139 (definition for terrorism offences, commission of the terrorist offence, assistance in the commission of terrorism, facilitation and financing of terrorism, recruitment for terrorism, training for terrorism, incitement to commit a terrorist offence, concealment or failure to report terrorists or terrorist groups, organisation and participation in a terrorist group, travelling for the purpose of terrorism, preparation of terrorist offences, irrelevance of the commission of a terrorist offence and relationship to terrorist offences); 70.3 (general rules on mitigation or aggravation of punishments); 159 to 161 (endangering civil aviation safety, endangering maritime navigation safety, endangering the safety of fixed platforms located on the continental shelf); 169 to 171 (hostage-taking, unauthorised appropriation, reception, use, production, possession, transfer, alteration, disposal, dispersion or damage of nuclear or radioactive material and threats to use or commit theft or robbery of nuclear or radioactive material); 315 (aggravated theft); 328 (extortion) and 356 (causing general danger).

<sup>14</sup> As an outcome of discussions during whistleblowing-related activities supported by the Project and upon further contribution of MoJ and the Assembly Committee on Legislation, Article 388 (Retaliation) of the new Criminal Code contains a new paragraph 2 which makes retaliation against whistleblowing a criminal offence. It provides that "[w]hoever takes any action harmful to any person with the intent to retaliation for reporting or disclosing information for acts and omissions that pose a threat or violation of public interest shall be punished by fine or imprisonment of up to two (2) years.

management, the Project initiated support in developing guidelines to facilitate the implementation of the Law. (For further information, please refer to Activity 1.6 below).

<b>Activity 1.3</b>	<b>Review legal and institutional whistleblowing mechanisms and provide proposal for improvement</b>
<i>Inputs/Actions</i>	<i>1.3.2 Provide advice and guidelines on the application of whistleblowing system and protection of whistleblowers</i>

Following enactment of the new Law on Protection of Whistleblowers No. 06/L-085, the Project was asked to provide further support for implementation of the Law. In this regard, a Handbook on Protection of Whistleblowers has been developed to provide information and guidance on reporting wrongdoing, and on processing reports about wrongdoing. The Handbook is in the process of publication and will be shared with beneficiaries accordingly.

<b>Activity 1.4</b>	<b>Strengthen KAA investigative capacities and improve quality of reporting to law enforcement authorities as a result of the development and/or revision of methodologies, guidelines and Standards Operating Procedures (SOPs)</b>
<i>Inputs/Actions</i>	<i>1.4.7 Two study visits aimed at introducing Anti-corruption and Anti-money laundering criminal procedures and case management (administrative and law enforcement)</i>

- a) *Study Visit to Czech Republic with the aim to enhance co-operation in the anti-money laundering and combating financing of terrorism area*

From 27 to 29 August 2018, the Project organised a study visit to the Czech Republic. A delegation of 11 participants<sup>15</sup> of various institutions exchanged experience with their peers in the areas of AML/CFT in order to familiarise themselves with legal, institutional and implementing aspects, including good practice and challenges from the Czech perspective. Special focus of the meetings was placed on Czech experience with the on-going assessment under MONEYVAL.

<b>Activity 1.6</b>	<b>Provide methodologies, guidelines and tools in implementing asset declarations and conflict of interests regulatory frameworks to KAA, government officials, investigative journalists and NGOs</b>
<i>Inputs/Actions</i>	<i>1.6.1.3 Workshop on conflict of interest and integrity prevention</i>

In November 2018, the Project initiated the drafting of a Toolkit on Managing Conflict of Interest in Public Service aimed at facilitating implementation of the Law No. 06/L-011 on Prevention of Conflict of Interest in Discharge of a Public Function. In relation to this the Project organised a workshop with various officials from public institutions to discuss about their experience with conflict of interest situations and difficulties faced in this regard, which were used as a baseline for developing the Toolkit. Based on the workshop and research on international standards and practice, the Project organised in December 2018 the presentation of the Toolkit by the Council of Europe's expert. In addition, the Council of Europe's expert provided participants with guidelines on the way how to use the Toolkit in their daily operations. Currently the Project is under the process of publishing the Toolkit in a booklet format which will be further distributed to officials and institutions.

Moreover, in order to support oversight capacities for the implementation of the Law on Conflict of Interest, the Project facilitated peer exchange meetings between the officials of Kosovo Anti-corruption Agency and relevant institutions in Albania. From 17 to 19 December 2018, KAA officials were able to meet with officials from High Inspectorate of Declaration and Audit of Assets and Conflict of Interests (HIDAACI), Ministry of Justice, Public Procurement Agency and High State Audit in Tirana and learn from their practical experience. The input received during these meetings will be properly utilised during the drafting of implementing regulations by the KAA.

<sup>15</sup> Participants included representatives of Financial Intelligence Unit, Customs, State Prosecution, Central Bank, Ministry of Justice, Police, Prosecution Office of Prizren and Basic Court of Pristina.

<b>Activity 1.7</b>	<b>Activity 1.7: Support the dialogue and consultation processes between public authorities and civil society organisations on anti-corruption reform initiatives</b>
<i>Inputs/Actions</i>	<i>1.7.4 Assist targeted public awareness-raising actions and materials on corruption prevention and integrity promotion</i>

On 11 December 2018, the Project organised a public event with the aim of raising awareness among young generations about the impact of corruption and the need for promoting values and integrity. The media widely covered event organised in the framework of the International Anti-corruption Day gathering high school students and speakers including the EU Ambassador, the Ambassadors of the Netherlands and Italy, the Minister of Education, Science and Technology and the Director of Anti-corruption Agency.

<b>Activity 2.3</b>	<b>Activity 2.3: Develop interagency SOPs, manuals and guidelines in relation to economic crime</b>
<i>Inputs/Actions</i>	<i>2.3.4 Support and promote conclusion of the necessary bilateral or multilateral MoUs or participation of key institutions in relevant international networks. Additionally, enhancing international legal cooperation in economic crime (including corruption and AML/CTF aspects).</i>

From 29 to 31 October 2018, the Project organised a study visit to the Netherlands for 10 representatives of beneficiary institutions in the AML/CFT area<sup>16</sup>. The aim of this activity was to enable participants to learn first-hand experience in the AML/CFT area. It had a special focus on the use of goAML system (Anti-Money-Laundering System) and related tools, experience on strategic analysis, risk assessment as well as opportunities to enhance cooperation with the Dutch FIU and EUROPOL's relevant structures.

<b>Expected Result 3:</b>	<b>Assessment Report of anti-corruption (AC) measures</b>
<b>Activity 3.3</b>	<b>Provide assessment driven recommendations on anti-corruption regulatory, institutional and policy related areas</b>
<i>Inputs/Actions</i>	<p>3.2.1 Preparation of draft assessment report (including recommendations and compliance matrix) by the assessment team and exchange of input with Kosovo authorities with regard to findings</p> <p>3.2.2 Translation of draft assessment report</p> <p>3.3.3 Finalisation, adoption and presentation of the assessment report at Plenary meeting and High Level Conference</p>

*a) Preparation of draft assessment report (including recommendations and compliance matrix) by the assessment team and exchange of input with Kosovo authorities with regard to findings*

Following the on-site visit by the Council of Europe's experts/assessors in May 2018, the team of experts prepared a draft assessment report which was submitted to the Secretariat in August 2018.

*b) Translation of the draft assessment report*

The Project ensured translation of the draft assessment report in Albanian and distributed it to Kosovo authorities for further clarifications and possible comments.

<sup>16</sup> Participants included: FIU, Police and Central Bank.

*c) Finalisation, adoption and presentation of the assessment report at the Plenary conference*

Following a complex exchange of information and coordination between Kosovo authorities and the assessment team, on 11 and 12 October 2018 the Project organised a face-to-face meeting with relevant authorities in Strasbourg, France.<sup>17</sup> This event brought together the assessment team and Kosovo authorities with the purpose to discuss thoroughly the draft report and clarify respective positions including missing information or needed adjustments.

On 14 November 2018, a Plenary discussion on the assessment report took place in Pristina, and adoption of the assessment report on Kosovo's compliance with European and international standards in the anti-corruption area. High level participation of Kosovo authorities and excellent quality of interactions were noted during the meeting.

On 16 November 2018, the Project organised a High Level Conference to present the main findings and outcomes of the assessment process for both AC and AML/CFT components to a wide range of domestic and international stakeholders, civil society and media representatives.

<b>Activity 3.4</b>	<b>Publish and disseminate Anti-Corruption assessment report and compliance matrix in English, Albanian and Serbian</b>
Inputs/Actions	3.4.1 Finalisation and proofreading assessment report as adopted at Plenary meeting 3.4.2 Translation of assessment report as adopted at Plenary meeting 3.4.3 Publication of assessment report by Kosovo authorities and its dissemination to relevant stakeholders

*a) Finalisation and proofreading assessment report as adopted at Plenary meeting*

Following the Plenary meeting, the Secretariat worked closely with the assessment team and peer experts in order to integrate the amendments and finalise the assessment report.

*b) Translation of assessment report as adopted at Plenary meeting*

The abovementioned amendments were further translated in Albanian and a final proofreading of the assessment report in English and Albanian languages has been properly carried out. Moreover, the translation of the final report into Serbian and its proofreading is under process.

*c) Publication of assessment report by Kosovo authorities and its dissemination to relevant stakeholders*

The final assessment report has been shared with Kosovo authorities, whereby some agencies (i.e. Ombudsperson) have already published the report in their official web page.<sup>18</sup> In the meantime, the Project team has initiated the publication of the AC assessment report.

<b>Expected Result 4:</b>	<b>Assessment Report of anti-money laundering and combating financing of terrorism (AML/CFT) measures</b>
<b>Activity 4.1</b>	<b>Carry out an anti-money laundering and combating financing of terrorism assessment measuring the level of compliance with European and international standards</b>
Inputs/Actions	4.1.6 On-site visit of the AML/CFT assessment team

*a) On-site visit of the AML/CFT assessment team to Pristina*

<sup>17</sup> Represented institutions included Anti-Corruption Agency, Financial Intelligence Unit, Police, Customs, Police Inspectorate, Ministry of Public Administration, Ministry of Internal Affairs, State Prosecution, Judiciary, Prosecutorial and Judicial Councils, Tax Administration, Ministry of Justice, Ministry of Finance, Prime Minister's Office, President's Office, Ombudsperson Institution.

<sup>18</sup> [www.oik-rks.org/](http://www.oik-rks.org/)

From 18 to 28 June 2018, an assessment team of Council of Europe’s experts/assessors and three members of the CoE Secretariat in Strasbourg participated at the on-site visit including around 68 meetings in which they met and interviewed more than 300 representatives of Kosovo authorities and other relevant stakeholders from around 61 public institutions, international organisations and relevant projects, the financial/non-financial sectors as well as civil society organisations. The main aim of this mission and related interviews was to gather and cross-examine information on the AML/CFT regime of Kosovo, as well as to gather additional information in order to make a qualified and balanced judgment on the compliance of Kosovo with related standards and the level of effectiveness of its AML/CFT system. A debriefing session at the end of the on-site visit allowed the assessment team to present its key findings to the authorities.

It is worth emphasising that the level of commitment of Kosovo authorities, the quality of information provided before, during and after the on-site visit reflected a high level of maturity and seriousness with regard to the assessment process. The information collected during the on-site visit as well as further exchange of information served as a basis for the forthcoming AML/CFT draft assessment report.

<b>Activity 4.2</b>	<b>Support and facilitate active participation of Kosovo institutions in peer assessments on AML/CFT measures based on European and international monitoring methodology</b>
Inputs/Actions	4.2.1 Consulting and advice of Kosovo institutions on reporting in the course of the assessment process 4.2.2 Coordinating and collecting additional needed information in different stages of the assessment process

*a) Consultation with and advice to Kosovo institutions on reporting in the course of the assessment process*

The Project continued to support and guide Kosovo authorities through consultation, advice and bilateral meetings during the assessment process, in particular through effective domestic coordination of the Financial Intelligence Unit.

*b) Coordination and explanatory meetings with Kosovo authorities*

In order to support and ensure thorough understanding of the process but also ensure provision of meaningful input on behalf of Kosovo authorities to the assessment team, in September 2018 the Project organised a coordination meeting with Kosovo authorities with the aim to discuss and coordinate specific and integrated efforts regarding substantial comments and additional information required in view of the forthcoming face-to-face meeting (9-10 October, Strasbourg, France).

*c) Coordination, collection and exchange of assessment related information*

Liaison with Kosovo authorities and facilitation by the Project continued throughout the AML/CFT assessment process. The particularity and complexity of the AML/CFT assessment process required a great amount of information exchange, intense communication, advice, as well as coordination of additional and specific requests for information, including consequent translation throughout the whole process.

An important set of additional files containing all relevant information of available and/or on-going cases being investigated, prosecuted or adjudicated continues to be made available and may be used in subsequent stages in the preparation of selected sanitised cases and typologies.



<b>Activity 4.3</b>	<b>Activity 4.3: Provide assessment driven recommendations on anti-money laundering and combating financing of terrorism regulatory, institutional and policy related areas</b>
Inputs/Actions	4.3.1 Preparation of draft assessment report (including recommendations and compliance matrix) by the assessment team and exchange of input with Kosovo authorities with regard to its findings 4.3.2 Translation of draft assessment report 4.3.3 Finalisation, adoption and presentation of the assessment report at Plenary meeting and High Level Conference

*d) Preparation of draft assessment report (including recommendations and compliance matrix) by the assessment team and exchange of input with Kosovo authorities with regard to its findings*

Following the on-site visit from 18 to 28 June 2018, the PECK II assessment team prepared a draft assessment report. Key findings and draft recommended actions on the policy-related, regulatory, institutional and operational frameworks are an integral part of the draft assessment report.

A novelty of the AML/CFT assessment process and respective assessment report is the inclusion of a second annex regarding the review of Kosovo's technical compliance with the European Union's 4<sup>th</sup> AML Directive 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. This review was carried out upon request of the European Commission and in agreement with Kosovo authorities.

*e) Translation of the draft assessment report*

In accordance with the assessment schedule the Project ensured proofreading and translation of the draft assessment report to Albanian and submitted it to Kosovo authorities for possible comments, clarifications and input.

*f) Finalisation, adoption and presentation of the assessment report at the Plenary meeting*

Following an intensive exchange of information between Kosovo authorities and the assessment team, on 9 to 11 October 2018 the Project organised a face-to-face meeting in Strasbourg.<sup>19</sup> This event served the assessment team and Kosovo authorities to discuss thoroughly the draft report and clarify their positions including identified missing information or needed adjustments on the basis of comments and additional updated information provided by the beneficiary institutions.

During the preparation of the draft assessment report, the Project ensured among others: collection of additional information and statistics from beneficiary institutions before and following the on-site visit and discussions held during the face-to-face meeting in Strasbourg; review and finalisation of the draft assessment report to be discussed and adopted during the Plenary meeting, including thorough proofreading of the Albanian translations; coordination and facilitation of inputs from beneficiary institutions to the assessment team and vice-versa.

On 15 November 2018, the Project organised the Plenary meeting aiming at discussing and adopting the assessment report on Kosovo's compliance with international standards in the AML/CFT area. The technical discussion focussed on key outstanding issues and was combined with the peer review component (following FATF/MONEYVAL Methodology). In this regard, the Project ensured participation and contribution of experienced peer reviewers/experts from member States in the

<sup>19</sup> Represented institutions included Anti-Corruption Agency, Financial Intelligence Unit, Police, Customs, Police Inspectorate, Ministry of Public Administration, Ministry of Internal Affairs, State Prosecution, Judiciary, Prosecutorial and Judicial Councils, Tax Administration, Ministry of Justice, Ministry of Finance, Prime Minister's Office, President's Office, Ombudsperson Institution.

AML/CFT assessment process. High level participation of Kosovo authorities and excellent quality of interactions were noted during the meeting.

Key findings and outcomes of the AML/CFT assessment report were presented at the High Level Conference organised on 16 November 2018 in Pristina (see Activity 3.3, item (c) above).

<b>Activity 4.4</b>	<b>Activity 4.4: Publish and disseminate Anti-money laundering and combating financing of terrorism assessment report and compliance matrix in English, Albanian and Serbian</b>
Inputs/Actions	4.4.1 Finalisation and proofreading assessment report as adopted at Plenary meeting 4.4.2 Translation of assessment report as adopted at Plenary meeting 4.4.3 Publication of assessment report and its dissemination to relevant stakeholders

*a) Finalisation and proofreading assessment report as adopted at the Plenary meeting*

Following the adoption at the Plenary meeting, the Secretariat worked closely with the assessment team and peer experts in order to integrate the amendments and finalise the assessment report.

*b) Translation of assessment report as adopted at the Plenary meeting*

The amendments were further translated in Albanian, and a final proofreading of the assessment report in English and Albanian languages has been properly carried out. Moreover, the translation of the final report into Serbian and its proofreading is under process.

*c) Publication of assessment report by Kosovo authorities and its dissemination to relevant stakeholders*

Final assessment report has been shared with Kosovo authorities, whereby some i.e. Ombudsperson have already published the report in their official web page.<sup>20</sup> In the meantime the Project has initiated the publication of the AML/CFT assessment report.

The assessment process in both AC and AML/CFT areas involved about 30 domestic institutions and all key stakeholders from the industry, civil society and international community. It contributed to further enhancing domestic capacities to support and carry out peer assessments based on international monitoring methodologies through an intense exchange of information and in particular by involving enhanced efforts in terms of interagency cooperation.

## **6 MANAGEMENT AND ORGANISATION**

### **6.1 Management**

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

The Pristina-based Project team which implements the Project activities on a 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.

Due to contractual limitations, the Project Advisor of the PECK II Project had to leave the Project team, and as of July 2018 has been engaged as a short-term consultant for the Project. This change

<sup>20</sup> [www.oik-rks.org/](http://www.oik-rks.org/)

has been mitigated by increased involvement of HQ staff in the monitoring and management of activities.

## **6.2 Steering Committee**

The 5<sup>th</sup> Steering Committee (SC) Meeting, in charge of ensuring strategic decision-making and oversight of the proper implementation of the Project, took place on 21 September 2018. Permanent members representing ten key beneficiary institutions, a representative of the European Union Office in Kosovo, the Head of the Council of Europe's Office in Pristina and PECK II Project team were present. Implemented and planned activities were discussed with particular focus on the finalisation of the AC and AML/CFT assessment processes. In view of important and relevant ongoing legal initiatives, the SC members discussed and approved the proposal of a no-cost extension of the Project.

## **7 PROPOSED NO-COST EXTENSION OF THE PROJECT**

As noted in 6.2 above, the need for a no-cost extension was discussed and unanimously adopted at the 5<sup>th</sup> Project Steering Committee meeting in September 2018, and reiterated during the AML/CFT and AC face-to-face meetings, held in Strasbourg on 9-12 October 2018. The rationale for the no-cost extension was based on the following external factors:

- Delays resulting in postponement of the organisation and/or implementation of certain planned activities due to anticipated general elections and setting up of new Assembly and Government as well as non-functionality of the Assembly for a significant period of time;
- The need to apply a certain level of flexibility in delivery of Project activities in line with changing circumstances and needs of beneficiary institutions related to the European Reform Agenda;
- Given current absorption capacities, some key beneficiaries asked to postpone the revision and/or development of certain activities after the adoption of the AML/CFT Assessment Report.

The no-cost extension was granted for an additional period of 9 months covering the period from 1 January to 30 September 2019. The extension will allow to maintain the momentum of assistance to Kosovo authorities in order to tackle identified structural legislative gaps. Moreover, certain activities foreseen in the workplan are meant to assist some of the core beneficiary institutions in addressing focussed recommendations deriving from the assessment process.

## **8 COOPERATION WITH STAKEHOLDERS**

### **8.1 Counterpart beneficiaries**

Excellent communication and coordination between the Project and its relevant beneficiaries was reflected throughout the reporting period. High level commitment by representatives of beneficiary institutions continued during the reporting period, with particular focus the AC and AML/CFT assessment processes, as well as during other important activities.

This was reflected through various requests for further support by the Project and consequently unanimous agreement for a no-cost extension thus enabling continuity of technical assistance being provided by the Project.

### **8.2 Other third parties**

Very good cooperation has been maintained between the Project and other third parties. The Project team attended regularly coordination meetings with other EU-funded Rule of Law projects and it keeps maintaining efficient coordination and regular communication with the EU Office. Moreover, the international community's representatives working in the area of economic crime are invited and attend Project activities. Of particular importance is the input provided by the Project to the Ministry of Justice in the Functional Review of the Justice Sector.

In addition, cooperation with the civil society remains a priority of the Project. During the reporting period, the Project established and maintained active cooperation with civil society organisations which provided valuable contributions during the AC and AML/CFT assessment processes. On the other hand, the Project also participated in different activities organised by civil society organisations.

## **9 VISIBILITY**

Commitment of the Project to ensure visibility of the EU contribution at all stages of its actions and/or activities forms an inherent part of Project's 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 during activities 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.

In this regard, it is worth mentioning that the High Level Conference on Kosovo's compliance with European and international standards in the AC and AML/CFT areas was widely covered by the local media which contributed extensively to the Project's visibility.

On the occasion of the International Anti-Corruption Day, the Project organised a public debate with students aimed at advocating the cultural change in anti-corruption attitudes of new generations. The event was widely covered by all local media.

Moreover, Project's 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](http://www.coe.int/corruption)) at the section exclusively dedicated to the PECK II Project ([www.coe.int/peck2](http://www.coe.int/peck2)). Furthermore, specific Project activities are also featured on the website of the Council of Europe Office in Pristina ([www.coe.int/pristina](http://www.coe.int/pristina))<sup>21</sup>. Important relevant activities are posted as well on the Council of Europe's DG I website (<https://www.coe.int/en/web/human-rights-rule-of-law/home>).

## **10 DIFFICULTIES/RISKS ENCOUNTERED DURING IMPLEMENTATION**

No major risk or obstacles for the implementation of Project's activities can be noted for the reporting period.

Notwithstanding, an obvious difficulty which was also noted in the previous Report, has been related to the capacity constraints from beneficiary institutions and resource consuming activities. In particular, this is due to an intensive level of interaction during the AC and AML/CFT assessment processes conducted by the Project as well as other reporting obligations by beneficiaries.

Consequently, as mentioned above, a no-cost extension period of the Project was requested and subsequently granted as a necessity to ensure continuity of ongoing and required reforms resulting from findings and recommendations of both assessment processes.

Certain changes to the PECK Project team composition were made taking into account the contractual circumstances requiring the departure of the PECK II Project Advisor, who was engaged as a short-term consultant by the Project as of July 2018. Additional resources were allocated in HQ in order to ensure the oversight of PECK II.

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<sup>21</sup> 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.

## 11 CONCLUSIONS

During the reporting period the Project successfully completed the assessments in the field of anti-corruption and AML/CFT modeled on GRECO and MONEYVAL/FATF methodologies. The finalisation of these assessments marks the achievement of two key expected results of the Project (ER 3 and ER 4), which required significant investment of efforts on the part of the Project and its beneficiaries. The conclusions and recommendations of the assessment reports clearly trace the significant progress made by Kosovo in its AC and AML/CFT reforms in recent years, and lay out the roadmap for future reforms. The Plenary meetings and High-level conference organised by the Project ensured the endorsement of assessment results by high-level domestic and international stakeholders, civil society and led to extensive media visibility. This confirmed once again the impact of the Project, as well as the commitment by the beneficiaries to further cooperation with CoE in the area of combating economic crime.

Implementation of other planned activities proceeded according to the Workplan, with diligent use of resources. In general, tangible impact has been achieved through various Project outputs, whereas positive engagement for continuing cooperation has been noted throughout the reporting period by beneficiary institutions.

Adoption of important pieces of legislation such as the Criminal Code, the Law on Protection of Whistleblowers and the Law on Prevention of Conflict of Interest with substantive input by the Project, and consequent requests by beneficiaries for further support in implementing these laws is the best indicator of Project's impact and influence in legislative and policy developments in Kosovo in both AC and AML/CFT areas.

In this regard, the Project has strived to ensure sustainability of its support through result-oriented outputs, as well as adequate follow-up. These efforts were combined with tailor-made activities and active engagement of the beneficiary institutions. The Project has pursued its efforts and demonstrated a clear added value in different activities/ actions while maintaining an increased visibility of its actions and results.

The Project has also been successful in maintaining productive working relations and coordination with EU Office and other international stakeholders in Kosovo.

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 to combat economic crime in Kosovo. Henceforth, the Project continues to be seen by beneficiary institutions as a reliable project committed to providing substantive and high quality input. The extension phase will ensure further sustainability of Project impact and results, particularly as regards legislative work and international cooperation and networking capacities of Kosovo institutions.

Ardita Abdiu

Head of Economic Crime and Cooperation Division  
Action against Crime Department, DGI

Signature: 

Date: 4.03.2019



**PECK II IN PICTURES**



**On-site visit of the AML/CFT Assessment Team to Pristina**  
18-28 June 2018, Pristina, Kosovo



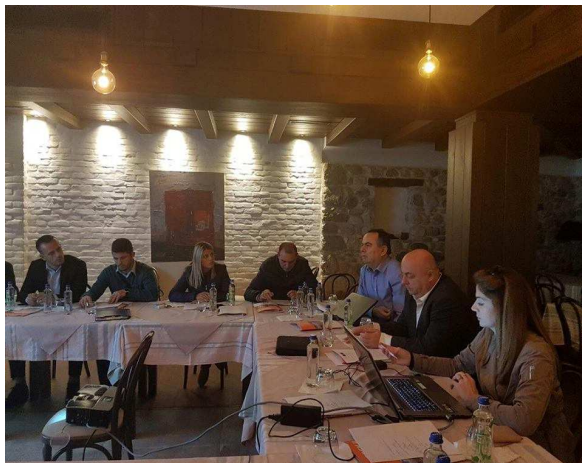
**Study visit to Prague**  
27-29 August 2018, Prague, Czech Republic



**Fifth Project Steering Committee Meeting**  
21 September 2018, Pristina, Kosovo



**Coordination meeting on AML/CFT Assessment**  
13 Sept 2018, Pristina, Kosovo



**Support to drafting of Law on Targeted Financial Sanctions for Kosovo**  
3-5 October 2018, Pristina, Kosovo



**Face-to-face meeting with Kosovo authorities on AML/CFT assessments**  
9-12 October 2018, Strasbourg, France





**Face-to-face meeting with Kosovo authorities on AC assessments**  
11-12 October 2018, Strasbourg, France



**Study visit: Enhancing Cooperation in AML/CFT areas**  
29-31 October 2018, The Hague, Netherlands



**Developing a Toolkit for Managing Conflict of Interest in the public service**  
1-2 November 2018



**Plenary meeting on AC assessment**  
14 November 2018, Pristina, Kosovo



**Plenary meeting on AML/CFT Assessment**  
15 November 2018, Pristina, Kosovo



**High level conference to present the Assessment reports on AC and AML/CFT areas**  
16 November 2018, Pristina, Kosovo



***Presentation of the Toolkit for Managing Conflict of Interest in the Civil Service***  
*6-7 December 2018, Pristina, Kosovo*





***Discussion with high school students: Advocate the cultural change: The role of new generations for shaping the values of tomorrow"***  
*11 December 2018, Pristina, Kosovo*



## Screenshot of the Project website

View and share | Activities against economic crime and corruption | Reporting projects

# 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: 89.80% and CoE funds: 10.17%).

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.

### Project Documentation & Deliverables

- Project Summary: ENG - ALB - SRB
- Description of Action (DoA)
- Workplan: ENG - ALB - SRB
- Reports
- Technical Papers

### Useful Links


- PECK I - Kosovo\*

### Photo Gallery

- 2016 - 2017

### Media Corner

- Videos on Corruption Awareness & Customs Awareness




[www.coe.int/corruption](http://www.coe.int/corruption)  
[www.coe.int/econcrime](http://www.coe.int/econcrime)

### Key documentation and information

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

### Anti-corruption digest




[To subscribe](#)

### Highlights


- Annual Reports  
2012 - 2014 - 2015 - 2016 - 2017
- Activities annually  
2015 - 2016 - 2017 - 2018

### Contacts

Directorate General Human Rights and Rule of Law



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### Western Balkans and Turkey to discuss implementation of international restrictive measures

16 JANUARY 2016 | PRISTINA, KOSOVO\*

Representatives from seven jurisdictions of the Western Balkans and Turkey will meet in Skopje on 29-30 January 2016, to discuss "Effective implementation of targeted financial sanctions". During the two-day workshop, policy-makers and practitioners will consider good practices with implementation...

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### Legislation on protection of whistleblowers enters into force in Kosovo\*

02 JANUARY 2016 | PRISTINA, KOSOVO\*

The Council of Europe continues to provide substantive support to Kosovo\* institutions in drafting legislation in the area of anti-corruption and anti-money laundering/ financing of terrorism. Recently, Kosovo\* has enacted the new Law on Protection of Whistleblowers which constitutes a direct...

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### Peer exchange meetings on management of conflict of interest cases

17-18 DECEMBER 2016 | PRISTINA, KOSOVO\*

From 17 to 19 December 2016, officials of the Kosovo\* Anti-corruption Agency (KAA) supported by the PECK II Project, conducted meetings with High Inspectorate of Declaration and Audit of Assets and Conflict of Interests (HIDAACI), Ministry of Justice, Public Procurement Agency and High State...

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## 12 ANNEXES

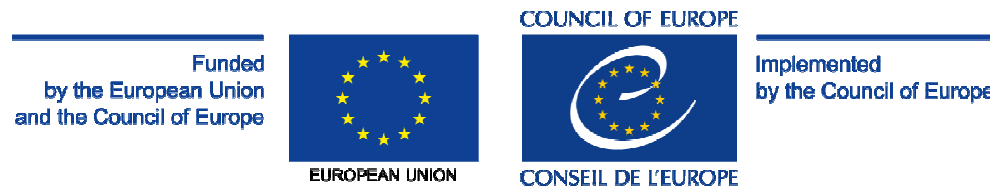
### 12.1 Calendar of Activities

Action No	Logframe Activity No	Name	Venue	Date
01	4.1.6	On-site visit of the AML/CFT Assessment Team to Pristina	Pristina	18 to 28 June 2018
02	2.3	Study visit: Enhancing co-operation in the anti-money laundering and combating financing of terrorism area	Prague	27-29 August 2018
03	4.2	Coordination meeting on assessment of compliance with international standards in the area of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	Pristina	14 September 2018
04	n/a	Fifth Steering Committee Meeting	Pristina	21 September 2018
05	1.2.1	Support to drafting of Law on Targeted Financial Sanctions	Prizren	3-5 October 2018
06	4.3	Face-to-face meeting with Kosovo authorities on AML/CFT assessment	Strasbourg	9-11 October 2018
07	3.3	Face-to-face meeting with Kosovo authorities on AC assessment	Strasbourg	11-12 October 2018
08	2.3	Study visit: Enhancing Cooperation in AML/CFT area	The Hague	29-31 October 2018
09	1.6	Developing a Toolkit for Managing Conflict of Interest in the public service	Pristina	1-2 November 2018
10	3.3	Plenary meeting on AC assessment	Pristina	14 November 2018
11	4.3	Plenary meeting on AML-CFT assessment	Pristina	15 November 2018
12	3.3/4.3	High level conference to present the assessment reports on AC and AML/CFT areas	Pristina	16 November 2018
13	1.6	Presentation of the Toolkit for Managing Conflict of Interest in the public service	Pristina	6-7 December 2018
14	4.1.6	Discussion with high school students "Advocate the cultural change: The role of new generations for shaping the values of tomorrow"	Pristina	11 December 2018
15	1.6	Peer exchange meetings on management of conflict of interest cases	Tirana	17-19 December 2018

## 12.2 List of Technical Papers

Date	Technical Papers (2018)	Languages
December 2018	Toolkit for Managing Conflict of Interest in the Public Service	Eng./Alb.
December 2018	Handbook on Protection of Whistleblowers	Eng./Alb.
December 2018	Assessment Report on compliance with international standards in the anti-corruption area	Eng./Alb./Srb.
December 2018	Assessment Report on compliance of Kosovo with international anti-money laundering and combating the financing of terrorism standards	Eng./Alb./Srb.

### 12.3 Workplan of the no-cost extension



Project against Economic Crime in Kosovo\* (PECK II)  
[www.coe.int/peck](http://www.coe.int/peck)

**No-cost extension: Workplan and Calendar of Activities**

1 January 2019 – 30 September 2019

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\* 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.

Activities/Actions		Deliverables	Explanation	Beneficiary institutions	Extension period (months)								
					1	2	3	4	5	6	7	8	9
<b>ER 1:</b>													
<b>Institutional capacities of anti-corruption stakeholders to effectively implement and coordinate anti-corruption measures are further strengthened</b>													
<b>Activity 1.2:</b> Provide legal and technical opinions and legislative proposals and support their implementation to make the relevant anti-corruption and anti-money laundering legislation compliant with international standards					1	2	3	4	5	6	7	8	9
Action 1.2.1	Review of the final drafts of Law on Asset Declarations and KAA Law and provide proposals for improvement	– Technical Paper	Review of the final draft Law on Asset Declaration and KAA Law to be carried out by PECK II following the preparation of the drafts with UNDP and US assistance	KAA, FIU, MoJ, MoF, MFA, CBK, KP, SPO, AMSCA			X		X				
Action 1.2.2	Support the preparation of the Concept Document on legislative amendments to the Anti-Money Laundering Law	– 1 workshop for practitioners from relevant institutions – Technical Paper	Initial consultations with FIU have been held to determine the timetable for the preparation of the Concept Document	KAA, FIU, MoJ, MoF, MFA, CBK, KP, SPO, AMSCA							X		
Action 1.2.3	Assistance on the drafting of the Law on International Targeted Financial Sanctions	– 1 workshop on the assessment of targeted sanctions – Technical paper		KAA, FIU, MoJ, MoF, MFA, CBK, KP, SPO, AMSCA			X						
Action 1.2.4	Review (analyses) of existing regulations on beneficial ownership (BO) transparency in Kosovo and propose remedies on the identified gaps (if applicable)	– 2 workshops – Technical paper – 1 study visit	One workshop has taken place in February 2019. Second workshop to take place in March 2019.	KAA, FIU, MoJ, MoF, MFA, CBK, KP, SPO, AMSCA		X		X		X			
Action 1.2.5	Support the preparation of a model regulation for government agencies on conflict of interests in discharge of public functions	– 2 workshops – Technical advisory paper	Model regulation for Kosovar government agencies on the internal procedure of handling whistleblower complaints.	KAA, ministries, central institutions and agencies, law enforcement bodies, civil society and journalists		X	X						
Action 1.2.6	Support the implementation of the of the new Criminal Code provisions on anti-corruption and counterterrorism through capacity building	– 2 trainings	To be initiated in June 2019. 25 participants/ training for Police, Prosecution, Judiciary, FIU, KAA, Customs, Tax Administration	Police, Prosecution, Judiciary, FIU, KAA, Customs, Tax Administration						X		X	

<b>Activity 1.3: Review legal and institutional whistleblowing mechanisms and provide proposals for improvement</b>					1	2	3	4	5	6	7	8	9
Action 1.3.1	Provide a model regulation for government agencies on the procedure for handling whistleblower complaints	– 1 workshop / round-table meeting	This Action will complement the Handbook on Whistleblowing developed by PECK II aimed at a broader target audience	KAA, MoJ, MIA, KP, KC, TAK and civil society organisations			X						
<b>Activity 1.4: Strengthen KAA investigative capacities and improve quality of reporting to law enforcement authorities as a result of the development and/or revision of methodologies, guidelines and Standards Operating Procedures (SOPs)</b>													
Action 1.4.1	Available tools and models on administrative inquiries	– 1 study visit in a homologue institution of KAA	TBD: the focus of the activity depends on expected new legal framework regulating the KAA and asset declaration.	KAA, KP, SPO, SPRK									X
<b>ER 2 Interagency information exchange and cooperation mechanisms are streamlined to ensure effective coordinated measures against economic crime</b>													
<b>Activity 2.3: Develop interagency SOPs, manuals and guidelines in relation to economic crime</b>					1	2	3	4	5	6	7	8	9
Action 2.3.1	Provide assistance in developing Standard Operating Procedures (SOP) provisions related to interagency cooperation	– 1 Workshop – 1 Technical Paper		KAA, FIU, Police, Tax, Customs, prosecutors, relevant ministries (MoF, MoJ, MIA), central institutions and agencies			X						
Action 2.3.2	Development of a methodology on Supervision of Reporting Entities for the purpose of monitoring requirements set by the AML/CFT Law; presentation of the international perspective and best practice on the topic.	– Methodological tools (guidelines and indicators) developed and delivered – 1 study visit to provide first-hand experience and share good practice in the AML/CFT supervision area.	On the basis of identified issues of concern in the AML/CFT assessment report, planned activities will serve to prepare compilation of guidelines in implementing the required existing standards for supervisors and regulators with an emphasis on risk-based supervision.	FIU, CBK and other sectoral supervisors in the AML/CFT area and selected reporting entities			X						
<b>Activity 2.5: Enhancing international legal cooperation through visits to relevant bodies of the Council of Europe</b>					1	2	3	4	5	6	7	8	9
Action 2.5.1	Strengthening the effectiveness of international cooperation	– Exchange of views (enhance legal knowledge; exchange of good practices)		KAA, FIU, CBK									
<b>SC Meeting and PECK III development</b>		6 <sup>th</sup> SC and bilateral meetings on development of PECK III		TBC	May-June 2019 (TBD)								
<b>Final Conference and Reporting</b>				TBC	September 2019								

AC	Anti-corruption
ACAP	Anti-corruption Action Plan
AML/CFT	Anti-Money Laundering / Combating Financing of Terrorism
AMSCA	Agency for Managing Seized and Confiscated Assets
CBK	Central Bank of Kosovo
CoE	Council of Europe
EUOK	European Union Office to Kosovo
FIU	Financial Intelligence Unit
GRECO	Council of Europe Group of States against Corruption
KAA	Kosovo Anti-corruption Agency
KJC	Kosovo Judicial Council
KPC	Kosovo Prosecutorial Council
KJI	Kosovo Judicial Institute
LEAs	Law Enforcement Agencies
MIA	Ministry of Internal Affairs
MoF	Ministry of Finance
MoJ	Ministry of Justice
MONEYVAL	Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
MPA	Ministry of Public Administration
NGO	Non-Government Organisation
SOP	Standard Operating Procedure
SPO	State Prosecutor's Office
SPRK	Special Prosecution of Kosovo
STC	Short Term Consultancy

