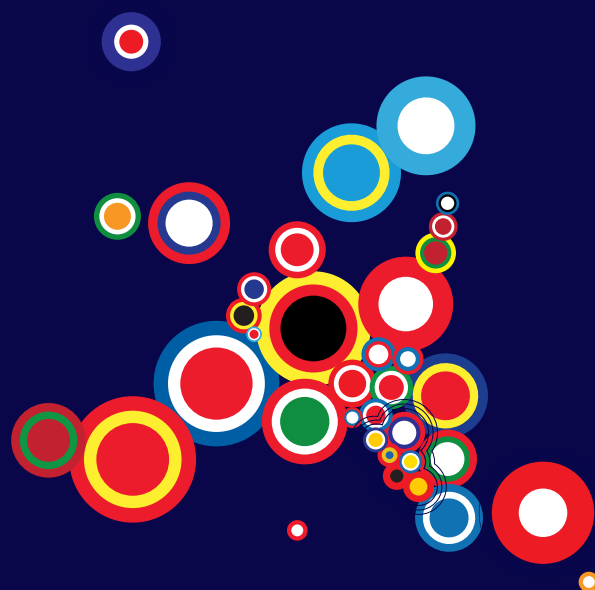




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

Kosovo*

Project Against Economic Crime II



Action Summary

The purpose of this action is to continue supporting Kosovo institutions in conducting assessments of compliance with international standards in the area of anti-corruption (AC), anti-money laundering and combating the financing of terrorism (AML/CFT) based on Council of Europe tools and processes modelled to Group of States against Corruption (GRECO) and Financial Action Task Force/Committee of Experts on the Evaluation of Anti-Money laundering Measures and Financing of Terrorism (FATF/MONEYVAL) evaluation methodologies and specifically tailored for Kosovo. In addition, it should provide the possibility of targeted technical assistance in economic crime area with particular focus on prevention and fight against corruption.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Action Identification	
Programme Title	<i>2014 Annual Action Programme for Kosovo</i>
Action Title	<i>Joint European Union/Council of Europe Project against Economic Crime in Kosovo (PECK II)</i>
Action Reference	<i>IPA 2014 /032353 / Kosovo / PECK II</i>
Sector Information	
IPA II Sector(s)	<i>Rule of Law and Fundamental Rights</i>
DAC Sector	<i>15130</i>
Budget	
Total cost	<i>EUR 2.2 million (CoE: EUR 200.000)</i>
EU contribution	<i>EUR 2.0 million</i>
Management and Implementation	
Method of implementation	<i>Indirect management</i>
Indirect management: Responsible Unit or National Authority/Implementing Agency	EU Office in Kosovo Council of Europe Economic Crime Cooperation Unit, Action against Crime Department Directorate of Information Society and Action against Crime Directorate General of Human Rights and Rule of Law (DGI) Kosovo Anti-corruption Agency (KAA) Financial Intelligence Unit (FIU)
Implementation responsibilities	EU: EU Office in Kosovo Council of Europe:
Location	
Zone benefiting from the action	<i>Kosovo</i>
Specific implementation area(s)	<i>None</i>
Timeline	
Deadline for conclusion of the Financing Agreement	<i>31 December 2015</i>
Contracting deadline	<i>3 years following the date of conclusion of Financing Agreement</i>
End of operational implementation period	<i>6 years following the date of conclusion of Financing Agreement</i>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

The comprehensive assessment carried out by the previous action, Project against Economic Crime in Kosovo I (PECK I) in the anti-corruption area showed that, although the legislative and institutional frameworks on anti-corruption are largely in place, there are legal loopholes, conflicts and uncertainties coupled with a complex institutional set-up. Furthermore, the assessment showed the lack of effectiveness of mechanisms in place, the need to enhance investigative capacities of the Kosovo Anti-corruption Agency (KAA) in close cooperation with other relevant agencies as well as lack of reliable and harmonised statistics in this particular field.

PECK I for the first time implemented in Kosovo structured assessments of the effectiveness and impact of reforms and measures in the AC and AML/CFT areas. There is a need to continue to support Kosovo institutions in conducting this kind of comprehensive assessments in the light of updated relevant international standards. This action will ensure the continuity of usage of internationally recognised GRECO and MONEYVAL methodologies that would enable relevant Kosovo institutions to undertake necessary measures towards strengthening the fight against corruption and money laundering in Kosovo.

In terms of institutional structure in Kosovo related to anti-corruption, there is Kosovo Anti-corruption Agency (KAA) that is functional since February 2007. The Agency reports directly to the Kosovo Assembly and its duties and competencies include investigation (of administrative nature), corruption prevention and education. It should be noted that during 2013 the Agency did not initiate or implement any awareness raising activity related to the fight against corruption. The KAA has to cooperate closely with Kosovo Prosecutorial Council (KPC), Financial Intelligence Unit (FIU), Kosovo Police (KP), Tax Administration of Kosovo (TAK) and other relevant institutions. While different memoranda of understanding have been signed to officialise this cooperation, further strengthening is needed. Recent appointment of the anti-corruption coordinator within the KPC that maintains closed contacts with KAA is one of the aspects that leads toward improvement. This action will strive to improve the effectiveness of cooperation between KAA and all relevant stakeholders in the field of anti-corruption.

In addition to KAA, there is Kosovo National Anti-corruption Council, chaired by the President of Kosovo and serving as a consultative coordination body for the main stakeholders involved directly or indirectly in the fight against corruption. Furthermore, the office of the National Coordinator on Combating Economic Crime within the Kosovo Prosecutorial Council (KPC) has been established in January 2014 and amongst other things it should coordinate statistics from Police, KPC and KJC/Judiciary. Finally, the Special Prosecutors Office of Kosovo (SPRK) was established in February 2010. The main task of the SPRK is to deal with cases of high level corruption. Today, one third of high profile corruption cases in the SPRK are assigned exclusively to the jurisdiction of local Kosovo prosecutors, although the most sensitive investigations are still under the purview of EULEX nominated international prosecutors

The assessments conducted in the previous action concluded that there is a real need for a more comprehensive approach to prevent corruption and a greater and real involvement of decision-makers. In addition, a concerted approach by simplifying the institutional framework and avoiding overleaping of responsibilities should help to clarify and strengthen existing institutional arrangements and encourage exchanges of knowledge and experience and a more proactive operational activity.¹ Therefore, this action will directly contribute towards meeting the recommendations issued in the framework of the previous assessment cycles conducted within PECK I (assessment years 2013-2014).

¹ PECK I Assessment Report on compliance with international standards in the anti-corruption area, June 2013.

In terms of policy framework, Kosovo has an Anti-corruption Strategy (ACS) 2013-2017. The Anti-corruption Strategy (ACS) 2013-2017 and its respective Action Plan are structured around 7 priority areas that include 31 different objectives. These policy documents have been adopted in early 2013. The Action Plan needs to be reviewed and updated on bi-annual basis. In addition, they are facing difficulties of adequate social and political consensus and ownership as well as due recognition and appropriate references to other sectoral policy documents.

To date the implementation of the Anti-corruption Strategy 2013-2017 is quite low according to available KAA monitoring reports. Some sector strategic documents such as *inter alia* the Strategic Plan for inter-institutional cooperation in the fight against organised crime and corruption 2013-2015 will need to be harmonised, monitored, updated and assessed through joint and coordinated efforts among law enforcement authorities and other relevant agencies. The KAA should revise the Action Plan after the first two years of implementation (2013-2015) in accordance with new/reviewed priorities. This action will support the KAA in this process. Moreover, at the end of 2016 an evaluation of impact of this strategy is expected to be conducted. Moreover, corruption risk assessment tools are still at an initial stage. The action aims at providing capacity building support to KAA in order for this agency to be able to conduct risk assessment and impact evaluation exercises.

Closely related to the anti-corruption policy framework, there are two key laws such as: the Law on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials and the Law on Prevention of Conflict of Interest in Discharge of Public Functions. The first has been recently amended and supplemented while the latter is still under revision. Besides the law regulating itself, the KAA is responsible for the monitoring of implementation of both aforementioned laws. The following are the recommendations of PECK I assessment report of June 2013: (i) to strengthen the control of the declarations of assets and interests in order to ensure proper implementation and monitoring; (ii) to intensify efforts to build capacity in individual institutions to prevent and detect conflicts of interest through close supervision and coordination mechanisms as well as by means of specific reference materials, guidelines and training; and (iii) an adequate and enforceable conflict of interest standard, including improper migration to the private sector (“pantouflage”) be extended to every person who carries out a function in the public administration (including managers and consultants) at every level of government.² This action will aim at supporting Kosovo institutions in meeting these recommendations. Lastly and related to anti-corruption measures, there is in place the Law on protection of informants adopted in 2011 but its implementation is not satisfactory. In this regard, the proposed action will aim to review the current framework and provide support for further review and efficient implementation of this law

RELEVANCE WITH THE IPA II STRATEGY PAPER (OR MULTI-COUNTRY STRATEGY PAPER) AND OTHER KEY REFERENCES

Improving the rule of law is one of the key priorities identified in the EU Enlargement Strategy, the EC Feasibility Study for the Stabilisation and Association Agreement for Kosovo and the Indicative Strategy Paper for Kosovo 2014-2020 (Strategy Paper). In this respect and in the context of the political criteria, effective measures and institutions against corruption, money laundering and other forms of economic crime are of particular importance. According to the Strategy Paper, the Kosovo authorities need to effectively implement anti-corruption legislation and establish effective mechanism for the prevention of corruption, including increased number of investigated, prosecuted and adjudicated corruption cases. Increasing capacities of the individual institutions as well as inter-agency cooperation are also important issues that need to be addressed as a matter of priority. Furthermore, the EC Progress Report of Kosovo for 2013 globally underlines the necessity to implement the legislative and policy frameworks, to provide concrete evidence of results in fighting organised crime and corruption as a matter of priority, and strengthen legislation and its implementation as well as to

² PECK I Assessment Report on compliance with international standards in the anti-corruption area, June 2013.

improve further the reliability of statistics in these areas. It further stresses the weak cooperation among involved agencies, the necessity of ownership, political continuous support and commitment from all stakeholders in the implementation of the strategy and action plan, the regular revision of risk assessment of vulnerable areas; the need to streamline the complex institutional setup and fragmentation of the system including respective roles and responsibilities and the necessity to give higher priority to effective prevention of corruption at all levels of society.

The proposed action, with its integrated approach, will contribute to strengthening institutional capacities of involved stakeholders in the prevention and fight against corruption, enhancing effective implementation of anti-corruption measures and improving inter-agency cooperation, in combination with comprehensive assessments of the AC and AML/CFT frameworks vis-à-vis applicable international standards.

SECTOR APPROACH ASSESSMENT

This action is foreseen in **Rule of Law Assistance Strategy 2016 – 2019** and its Strategic Objective 2 on improving the prevention and fighting of corruption and organized crime, including trafficking in human beings and narcotics, economic crime and money laundering, arms smuggling, cybercrime and terrorism. The above strategy states that "... the enforcement of legislation on preventing and fighting corruption and organized crime (including all types of serious crimes), as well as institutional capacity building in the field of the Rule of Law, continues to remain a challenge and an obstacle to economic and social development of Kosovo...". In terms of assistance, the strategy envisages support to the field of anti-corruption as a main streaming area targeting different relevant stakeholders with capacity building and other assistance measures.

The **Anti-corruption Strategy 2013-2017** and its respective Action Plan are structured around 7 priority areas that include 31 different objectives. They have been adopted and implemented slowly and need to be reviewed and updated. In addition, they have to face difficulties of adequate social and political consensus and ownership as well as due recognition and appropriate references from other sectoral policy documents. To date the implementation of the Anti-corruption Strategy 2013-2017 is quite low according to available KAA monitoring reports. This is concluded also in **the Mapping of Sector Strategies Report for Kosovo** where it is stated that the Anti-Corruption Strategy 2013-2017 lacks the evidence based analysis and appropriate monitoring mechanisms. The KAA is expected to revise the Action Plan after the first two years of implementation (2013-2015) in accordance with new/reviewed priorities. Moreover, at the end of 2016 an evaluation of impact of this strategy is expected to be conducted. Although the aforementioned strategic document has been elaborated through a risk assessment process, risk assessment tools for anti-corruption purposes are still at an initial stage in Kosovo. Furthermore, the majority of 62 recommendations from PECK I AC Assessment Report are yet pending and not really addressed by respective authorities.

In addition, the **Strategic Plan for Inter-institutional Cooperation in the Fight against Organised Crime and Corruption 2013-2015** will need to be harmonised, monitored, updated and assessed through joint and coordinated efforts among law enforcement authorities and other relevant agencies. The same strategy is assessed in the Mapping of Sector Strategies Report for Kosovo as lacking the situation analysis and needs assessment. More concretely, the same report recommends that the Rule of Law related strategies are accompanied by clear short and medium term action plans that would include measures, responsible institutions, timelines and budget.

The proposed PECK II action will address important needs under core strategic documents and will focus on core priorities including risk assessment tools and methodologies and assistance to implement recommendations from PECK I. It will also, in accordance with conclusions and recommendations of the Mapping of Sector Strategies Report for Kosovo, aim at increasing the KAA capacities for strategic planning and monitoring.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

In spite of significant assistance provided to Kosovo over a decade, existing human resources and institutional capacities are not yet at a desired level. The lack of cooperation and coordination between agencies, coupled with the inability to implement existing laws and regulations, has had a great impact on the accountability and confidence in the institutions. Coordinated action between institutions is a major difficulty where most actions are conducted or expected to be carried out through stand-alone projects.

According to the Thematic Evaluation of Rule of Law Judicial Reform and Fight against Corruption and Organised Crime in the Western Balkans³ and more specific reference to Kosovo, "more needs to be done in terms of the number of cases of corruption being investigated and prosecuted, the financing of political parties needs to be reviewed, public procurement and declarations of assets by senior civil servants for conflict of interest situations need to be monitored better". While some of these measures have been already undertaken (i.e. the Law on Financing of Political parties and Declaration of Assets by Senior Civil Servants are revised). Still the number of cases of corruption investigated and prosecuted is relatively low. Furthermore the statistics on these cases are not harmonised by different institutions. This Action will address directly the findings and conclusions of this report, including the increase of Kosovo institutions' capacities, such as KAA to coordinate with other relevant stakeholders to be able to track the fight against corruption better.

The low level of implementation of recommendations issued under PECK I Assessment reports clearly demonstrates observed limitations and concerns. Paragraph 275 of PECK I Follow-up Report on compliance with international standards in the area of anti-corruption (AC) states: "Overall, the level of compliance with the Assessment Report recommendations is quite low. The Kosovo authorities have not implemented the majority of the recommendations most of which require revision and adoption of core relevant legislation, while several others call for the efficient implementation in practice of the relatively new legislation."⁴

In this respect, existing inter-agency cooperation mechanisms need to be reviewed and respective gaps should be analysed with the support of main executive agencies. In addition, inter-agency cooperation and coordination platform has to be clearly established, streamlined and enhanced through an efficient accountability chain. Furthermore, inter-agency SOPs, manuals and guidelines as well as improved mechanisms for monitoring, evaluation and reporting on implementation of policy documents and action plans through enhanced capacities of coordination agencies and technical level coordination tools (working group or similar) have to be set up and/or developed. This action will provide direct support to these processes.

There are problems with the implementation of the whistle-blowing legal and institutional framework lacks (see the Law on protection of informants already mentioned above), and the level of trust towards some public institutions is still low in the absence of adequate reporting channels and follow-up. Furthermore, to date the cooperation between relevant public institutions responsible in the economic crime area and civil society organisations has been irregular and lacking periodical consultation, due policy-related input and structured cooperation tools.

EU – Results Oriented Monitoring Report on PECK I recommended to include in future IPA support related to the fight against economic crime individual components focusing on the collection, analysis and use of statistics in line with international and EU standards.

The proposed action will take stock of the consolidated experience and practice of CoE monitoring mechanisms (GRECO and MONEYVAL) in terms of further assessments as well as of various

³ Thematic Evaluation of Rule of Law, Judicial Reform and Fight against Corruption and Organised Crime in the Western Balkans – Lot 3, Main Report, December 2012, February 2013 respectively

⁴ PECK I Assessment Report on compliance with international standards in the anti-corruption area, June 2013.

strengths of Council of Europe in technical assistance during previous actions including PECK I in order to bring qualitative contribution towards a pragmatic, inclusive and integrated long-term approach. In addition, the established network of institutions and contacts and experience gained through PECK I and other actions will be used to further enhance the sense of ownership and accountability.

Technical assistance providers and donor organisations, and in particular the EU, have supported the fight against corruption through other projects in the past years. The project on Support to Anti-corruption Efforts in Kosovo (SAEK) is funded by Swiss Development Cooperation (SDC) and Norway grant and implemented by UNDP Kosovo for the period from May 2013 to April 2016. Its objective is to strengthen institutional transparency, accountability and integrity, with a particular focus on empowering citizens and access to information. However, despite real needs of focused support to anti-corruption institutions in Kosovo, so far, most projects have concentrated on the development of legal framework and policies in this area or even on organisational and institutional capacities. The current project builds on these efforts, but focuses on harmonised implementation of relevant standards and practical-oriented aspects as well as the creation of horizontal and vertical links based on the cooperation and communication among the key stakeholders. This action is complementary to projects which support enhancement of investigative capacities and skills, the efficient prosecution and adjudication of corruption, money laundering and terrorism financing and other related aspects, and contribute to enhanced implementation capacities in Kosovo.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVIs)	SOURCES OF VERIFICATION	
To contribute to democracy and the rule of law through prevention and control of corruption, money-laundering and financing of terrorism in Kosovo	Kosovo rating in the Comparative based Monitoring of Anti- Corruption Progress initiative (CIMAP)	– Transparency International reports	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVIs)	SOURCES OF VERIFICATION	ASSUMPTIONS
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	<ul style="list-style-type: none"> - Level of compliance by Kosovo institutions with international standards (GRECO and FATF/MONEYVAL) in the area of fight against corruption and money laundering; - Cross-annual comparison of anticorruption reported, investigated, prosecuted and adjudicated cases. 	<ul style="list-style-type: none"> – Project assessment and compliance reports – EC Annual Progress Reports for Kosovo 	<ul style="list-style-type: none"> – Political will continues to exist to prevent corruption, money laundering and terrorism financing, if necessary through legislative means – Political will exists in all beneficiary institutions
EXPECTED RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVIs)	SOURCES OF VERIFICATION	ASSUMPTIONS
<ol style="list-style-type: none"> 1. Institutional capacities of anti-corruption stakeholders to effectively implement and coordinate anti-corruption measures are further strengthened 2. Inter-agency information exchange and cooperation mechanisms are streamlined to ensure effective coordinated measures against economic crime 3. Anti-corruption assessment report available, 	<ul style="list-style-type: none"> – At least three risk assessments in the AC area conducted by the KAA in coordination with other stakeholders – At least ten legal opinions and technical papers for concrete anti-corruption measures and/or initiatives produced – Reviewed, updated and developed inter-agency Standard Operating Procedures (SOPs), manuals and guidelines in the AC field – Periodical reports of law enforcement, judiciary and other main executive agencies are produced with harmonised 	<ul style="list-style-type: none"> – Project progress and activity reports – Official statistics of key institutions: Kosovo Anti-Corruption Agency, Kosovo Prosecutorial and Judicial Council, Kosovo Police, Tax Administration – Project assessment reports and compliance matrix 	<ul style="list-style-type: none"> – Willingness of key institutions to cooperate in risk analysis and to implement its recommendations – Readiness of beneficiaries to fully and regularly report, exchange information and provide/receive feedback – Sufficient absorption

<p>through coordination of the KAA, on the level of compliance and effectiveness of applicable regulations and practices with international and European standards in the area of anti-corruption (based on criteria used by GRECO evaluations and other relevant international bodies).</p> <p>4. Anti-money laundering assessment report available, through the coordination of FIU, on the level of compliance and effectiveness of applicable regulations and practices with international and European standards in the AML/CFT area (based on criteria used by MONEYVAL and FATF evaluations and other relevant international bodies).</p>	<p>statistics</p> <ul style="list-style-type: none"> – Assessment conducted and completed by 2017 on the basis of reviewed and applicable international standards – Assessment reports made publicly available by Kosovo institutions <ul style="list-style-type: none"> – Assessment conducted and completed by 2017 on the basis of reviewed and applicable international standards – Assessment reports made publicly available by Kosovo institutions 	<ul style="list-style-type: none"> – Media reports on corruption and related offences – Training needs, statistics and capacities report 	<p>capacity of stakeholders to be fully involved in project activities</p> <ul style="list-style-type: none"> – Availability and quality of baseline data – Sustainability of all administrative and reform oriented actions is ensured – Trainees selected appropriately
<p>ACTIVITIES</p>	<p>MEANS</p>	<p>OVERALL COST</p>	<p>ASSUMPTIONS</p>
<p><i>Activities to achieve Result 1:</i></p> <p>1.1 Conduct risk analysis and assessment in up to three priority areas (as identified in the Assessment Report) in order to assess regulatory and institutional obstacles to efficiently prevent and fight corruption and provide recommendation for improvement of the regulatory framework, internal procedures and interagency cooperation</p> <p>1.2 Harmonise relevant anti-corruption legislation with international standards based on analyses and identified needs</p> <p>1.3 Review and strengthen legal and institutional whistle-blowing mechanisms as well as set up information and management systems and channels for reporting corruption cases and ensuring adequate follow-up</p> <p>1.4 Strengthen the KAA investigative capacities and</p>	<p>Delegation Agreement with Council of Europe</p>	<p>2.2 million EUR</p> <p>EU Contribution: 2 million EUR</p> <p>CoE contribution: 0.2 million EUR</p>	<ul style="list-style-type: none"> – Readiness and commitment to co-operate in conducting assessment – Commitment and co-operation to implement assessment recommendations – Full reporting by beneficiaries on the impact of activities

improve quality of reporting to law enforcement authorities through the development and/or revision of methodologies, guidelines and Standards Operational Procedures (SOPs), including specialised and tailor-made training programme

1.5 Review and update the anti-corruption action plan

1.6 Develop methodologies, guidelines and tools as well as training programme, including training of trainers, on asset declarations and conflict of interest prevention for KAA, government officials, investigative journalists and NGOs

1.7 Improve cooperation and consultation and intensify dialogue between public authorities and civil society organisations on anti-corruption activities

1.8 Organise awareness raising campaigns on integrity and prevention of corruption and increase visibility of anti-corruption efforts and agenda

Activities to achieve Result 2:

2.1 KAA and FIU, in close cooperation with major agencies such as Police, Tax, Customs, prosecution services, etc.) will conduct review and gap analysis of existing inter-agency cooperation mechanisms (joint actions, information exchange and feedback, proper monitoring tools and methods)

2.2 Establish, streamline and enhance inter-agency cooperation and coordination mechanism through efficient and clear accountability chain

2.3 Develop inter-agency SOPs, manuals and guidelines in relation to economic crime

2.4 Enhance monitoring, evaluation, and reporting on implementation of economic crime policy documents and action plans

<p><i>Activities to achieve Result 3:</i></p> <p>3.1 Organise assessment on measures against corruption</p> <p>3.2 Prepare a compliance matrix and set priorities with regard to corruption assessment</p> <p>3.3 Kosovo beneficiary institutions will develop mechanisms for collecting and processing data necessary for reporting on AC reforms and will enhance their reporting capacities in line with assessment methodology on anti-corruption</p> <p>3.4 Publish, translate, disseminate and raise awareness of the assessment reports in English, Albanian and Serbian languages</p> <p><i>Activities to achieve Result 4:</i></p> <p>4.1 Organise assessment on measures against money laundering and financing of terrorism</p> <p>4.2 Prepare a compliance matrix and set priorities with regard to money laundering and financing of terrorism assessment</p> <p>4.3 Kosovo beneficiary institutions will develop mechanisms for collecting and processing of data necessary for reporting on AML/CFT reforms and will enhance their reporting capacities in line with assessment methodology on anti-money laundering and combating the financing of terrorism</p> <p>4.4 Publish, translate, disseminate and raise awareness of the assessment reports in English, Albanian and Serbian languages</p>			
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ADDITIONAL DESCRIPTION

The intervention logic is based on a model that ensures continuity of the previous action and support/assistance to a broad range of beneficiaries. The components are designed for the purpose of translating this logic into action.

As far as the technical assistance components are concerned, appropriate cross-sectoral tools and inter-institutional mechanisms aimed at implementing anti-corruption measures in key priority areas will be available. Furthermore, the intervention will particularly focus on the efficient vertical and horizontal cooperation between prevention and law enforcement institutions. Adequate tools for proper communication between relevant institutions in the economic crime area will be promoted through the strengthening of mechanisms for data exchange and verification (aimed to address *inter alia* loss of documents, lack of monitoring case flows, inadequate time limits and response actions, difficulties in updating the status of cases, interoperability and availability of data across the law enforcement and other agencies, regular feedback mechanisms, harmonised methodologies for collection and exchange of data as well as for statistical reporting). The intervention will support the development of gap analysis, relevant regulatory framework and appropriate methodologies and implementation of other relevant capacity building activities. The intervention will also contribute to increasing public awareness of the factors leading to and the risks and consequences of corruption. Adequate awareness raising campaign will also be used as a useful tool for corruption prevention and building public confidence in state institutions in parallel to efficient whistle-blowing protection tools in place to encourage the reporting of misconduct, fraud and corruption. In sum, those interventions through the proposed Action will be expected to enhance capacities, systems and policies to implement necessary economic crime related reforms at a higher professional level and in line with international standards.

Thus technical assistance components will aim to address mainly the following aspects: developing and/or streamlining available tools and mechanisms to ensure the implementation of the anti-corruption strategy and action plan (review and update the action plan on regular basis, promote enhanced implementation, strengthen monitoring and coordination roles); conducting adequate identification and assessment of corruption risks and sectors at risks in Kosovo and based on obtained results reviewing anti-corruption policies, strategies and regulations; enhancing capacities of the Anti-corruption Agency for effective monitoring tools and improved investigative capacities; supporting law enforcement agencies to effectively meet their obligations; assisting in legal drafting and review of the most relevant anti-corruption legislation, strengthening integrity and capacity for preventing corruption with particular focus on efficient enforcement and improvement of whistle-blower legislation, asset declarations and conflicts of interest, as well as active cooperation with the civil society and awareness raising campaigns. The expected overall outcome will be a reinforced capacity and streamlined available mechanisms of relevant anti-corruption bodies, in particular the KAA, to manage, coordinate and monitor anti-corruption agenda and efforts. Moreover, strategic and practical support will be provided to identify needs and gaps in inter-agency cooperation in economic crime area, to support updating and streamlining of cooperation platforms, procedures, guidelines and practices as well as concrete mechanisms for information and feedback exchange between relevant agencies and institutions.

On the other hand, remaining components will be focused on the comprehensive and structured assessment process vis-à-vis revised international standards when available and in place as well as the necessity to prioritise and adequately address pending challenges and recommendations resulting from PECK I. The continuity of the assessment and the increased understanding and capacity of Kosovo institutions to support and apply peer evaluations will significantly contribute to enhanced ownership of the process from the beneficiaries. Furthermore, assistance and support in implementation of the PECK I recommendations will be adequately provided.

Some risks in implementation may include:

- Possible changes in the commitment of beneficiary institutions during project implementation.
- Potential negative rivalry between some agencies.

- Indifference and/or formal approach of some of the stakeholders to cooperation and coordination efforts.
- Kosovo institutions distancing themselves from the responsibility of achieving specific objectives or activities of the project.

Some of the main preconditions include:

- Active involvement and assumed leadership or proactive position of the KAA and FIU in inter-ministerial work and other relevant project activities.
- Maintaining close cooperation as in previous action between EUD and project team in order to seek and ensure the active involvement of key stakeholders in the process.
- Appointment of relevant and appropriate staff by the beneficiaries to participate in project activities as per work plan.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

Key local coordinators and main beneficiaries will be the Kosovo Anti-corruption Agency and the Financial Intelligence Unit. Target groups will include relevant key ministries (Ministry of Justice, Ministry of Internal Affairs, Ministry of Finance, Ministry of Trade and Industry and Ministry of Public Administration), implementing anti-corruption (AC) and anti-money laundering/ combating the financing of terrorism (AML/CFT) institutions and structures and law enforcement agencies, , the financial sector and the industry , as well as the civil society. Final beneficiaries include society at large to the extent that it benefits from an efficient anti-corruption and anti-money laundering/countering the financing of terrorism framework.

In order to effectively and efficiently manage the project, a Project Steering Committee (PSC) will provide guidance to the project and will play an active role in cooperation and coordination of project activities. PSC will meet twice per year and ad hoc as required. The details of the roles of beneficiary institutions and stakeholders can be found in annex 2a.

Bearing in mind cross-cutting nature of project components and activities, donor community has important role especially with regard to EULEX and other EU/international assistance projects implemented in related areas.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

The Action will be implemented through the indirect management, following the conclusion of the indirect management delegation agreement with the Council of Europe for an amount of EUR 2.0 million. A co-financing of 10% or in indicative amount of EUR 0.2 million will be provided by the Council of Europe.

The award is based on the Financial Regulation Article 58(c) and Article 188 that refers to the Implementation of external actions through indirect management as well as Rules of Application of the Financial Regulation, Article 43 on specific provisions for indirect management with International Organisations.

The action aims to embed and implement in the Kosovo legal framework the provisions of evolving international standards in the area of anti-corruption (AC), anti-money laundering and combating the financing of terrorism. The Council of Europe adopted resolutions on these issues, which are reflected in the EU acquis. Its expertise in this area together with its experience in advising enlargement countries, makes it the most suitable organisation to implement the action. Moreover, this action constitutes the second phase of a project successfully implemented by the Council of Europe in Kosovo.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

The daily management and reporting of specific activities of the project will be monitored by the Project Manager in Pristina and the Project Manager in Strasbourg. Monthly monitoring meetings with the EU task manager will assess ongoing progress and identify potential difficulties. Monthly reports will be submitted to the EU Office in Kosovo outlining implemented activities and achieved results on a monthly basis while annual narrative reports will provide a detailed summary of implemented activities and progress made in achieving project objectives, and will identify potential risks for the forthcoming period.

External evaluation through Result Oriented Monitoring (ROM) missions will assess progress of delivery of specific project results and towards achievement of project objectives.

Project monitoring and evaluation will be based on a periodic assessment of progress in delivering specified project results and achieving project objectives

The Council of Europe will commission an external evaluation of the project three months prior to its scheduled end. The evaluators will be selected in consultation with the EU Delegation. The external evaluation will provide an assessment of the overall project progress from its start until the end against the objectives and indicators of achievement, as well as its overall impact, by addressing i. a. the following points:

- Results and impact produced;
- Efficiency/effectiveness of implementation;
- Assumptions/influence of external factors;
- Sustainability potential;
- Relationship with other projects/donor actions;
- Conclusions and implications for future projects.

INDICATOR MEASUREMENT

Indicator	Description	Baseline (year)	Last available (year)	Milestone 2017	Target 2020	Source of information
Number of developed and approved policies enabling judicial reform in Kosovo	Kosovo rating in the Comparative based Monitoring of Anti-Corruption Progress initiative (CIMAP).	(2011): EU anti-corruption requirements: measuring progress in Albania, Kosovo, FYR Macedonia and Turkey	(2011): EU anti-corruption requirements: measuring progress in Albania, Kosovo, FYR Macedonia and Turkey	Minimum 3 policy decisions and strategic documents issued by Ministry of Justice	Minimum 6 policy decisions and strategic documents issued by Ministry of Justice	Transparency International reports
Level of compliance by Kosovo institutions with international standards in the anti-corruption and anti-money laundering area	Level of compliance by Kosovo institutions with international standards (GRECO and FATF/MONEYVAL) in the area of fight against corruption and money laundering	0	(2013): 3% of compliance with 2013 recommendations	50% compliance with 2013-2014 PECK I assessments recommendations	80% compliance with 2013-2014 PECK I assessments recommendations	PECK and Kosovo Government Assessment reports based on GRECO and MONEYVAL methodology
Kosovo's ranking in the Global Integrity Report (category VI-3) improved	Cross-annual comparison of anticorruption reported, investigated, prosecuted and adjudicated cases.	(2012) statistics: KAA : 52 cases with 159 persons Kosovo Police : 266 persons Prosecution: 132 persons and Courts: 50 cases	(2012) statistics: KAA : 52 cases with 159 persons Kosovo Police : 266 persons Prosecution: 132 persons and Courts: 50 cases	30% increase of investigated and prosecuted corruption cases	50% increase of investigated and prosecuted corruption cases	National reporting mechanisms and statistics EC Annual Progress Report for Kosovo

5. CROSS-CUTTING ISSUES

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

Environmental protection is an indirect benefit of the action. The proposed project will not have a negative impact on the environment nor jeopardise environment, health and security in the future. The project will be delivered in the most environmentally friendly way possible, including the recycling of paper and the reduction of paper-based activities to the absolute minimum, including through distribution of project materials through internet and use of alternative ways.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

Civil Society engagement in this sector has always been an important part of the CoE's approach in Kosovo. Under the PECK I project the focus has been to capitalise on the existing knowledge and experience of civil society organisations and their approaches/concerns/proposals during on-site visits and referring to their findings in respective assessment reports. Participation and involvement of CSOs for assessment purposes will be very useful by building on the previous similar actions. In addition, their role will be valuable during the implementation of technical assistance activities including *inter alia* risk assessment process, monitoring, reviewing and updating respective anti-corruption strategies and action plans and, when available, in the assessment of the level of corruption and effects of anti-corruption measures, as well as in the measurement of public awareness and perception of corruption.

The industry in the financial sector (commercial banks, micro-finance institutions, money or value transfer service providers, exchange bureaus), non-profit organisations, designated non-financial businesses and professions (lawyers, notaries, auditors, accountants, casinos, real estate agents, dealers in precious metals and stones and trust and company service providers) as well as professional associations (Kosovo Bar Association, Chamber of Notaries, Auditors Association, etc.) will be important within the framework of the AML/CFT assessment process and respective follow-up.

EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING

Achieving gender equality being central to the protection of human rights, the functioning of democracy, and the respect for the rule of law, the highest body the Council of Europe, the Committee of Ministers, has adopted a strategy on Gender committing to gender equality in all areas of action of the Council of Europe. All Council of Europe decision-making, advisory and monitoring bodies should indeed support and actively contribute to the achievement of the goal and the strategic objectives of the Gender Equality Strategy. The Gender Equality Commission has been set up to follow closely the implementation of the Strategy.

Gender equality will be taken into consideration in the organisation of project activities. The project will promote the requirements of gender equality and a more active participation of women who remain to a certain extent underrepresented. In addition to this, the services and outputs produced by the project will conform to the relevant principles of equal opportunities and non-discrimination.

MINORITIES AND VULNERABLE GROUPS

Respect and protection of minorities and vulnerable groups are key values of the Council of Europe. The project will take them into account in all its activities and will strive to involve as much as possible all minority groups in Kosovo and ensure that information is provided in the recognised minority languages. Through its activities the project will also aim to enhance the responsiveness of involved beneficiary institutions towards all citizens including those belonging to national minority groups.

6. SUSTAINABILITY

The focus in supporting anti-corruption and money laundering reforms in Kosovo, while assessing and benchmarking under the GRECO and MONEYVAL modelled mechanism/exercise will support and enhance the institutional capacities of the relevant Kosovo structures. It furthermore, would allow peer

dialogue and good practice exchange among professionals, practitioners and counterpart institutions in other countries.

A concerted effort of the EU and the CoE, based on the experience of many successful joint projects in this area would be an appropriate approach to ensure that European standards and practices are clearly followed when applied in Kosovo. Such an effort would contribute to coherent anti-corruption and money laundering reforms in Kosovo, also to the benefit of EULEX Kosovo, thus making reform results more sustainable and bring them in line with European standards.

All project activities and results will eventually lead to the setting up or strengthening of sustainable practices that will enable relevant responsible institutions and stakeholders to implement an effective credible anti-corruption policy, measures and instruments. The project also targets the setting up of a checks and balance mechanism for all institutions targeted in order to ensure efficient accountability.

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the Action.

The implementation of the communication activities shall be the responsibility of the beneficiary, and shall be funded from the amounts allocated to the Action.

The Council of Europe will ensure adequate visibility of EC financing and of the results achieved. Key results will be communicated to all governmental, non-governmental and other stakeholders. All reports and publications produced will be widely disseminated and published on the Council of Europe Economic Crime Cooperation Unit's website (www.coe.int/corruption), and the section exclusively dedicated to the PECK project: www.coe.int/peck, together with project news, activities and deliverables.

All activities will adhere to the European Union requirements for visibility on EU-funded activities, as described in the "Communication and Visibility Manual for EU External Actions". This shall include, but not be limited to, press releases and briefings, reports, seminars, workshops, events, publications, websites and any promotional items. A project related documents and deliverables will acknowledge that actions have been carried out "with funding from the European Union" by also displaying in an appropriate way the European Union logo.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It is the responsibility of the beneficiary to keep the EU Office fully informed of the planning and implementation of the specific visibility and communication activities.

The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA monitoring committee and the sectoral monitoring committees.