

IPA 2009 National Programme for Albania

Project Fiche N°2

Support to Anti-Money Laundering and Financial Crime Investigations Structures

1. Basic information

- 1.1 CRIS Number: 2009/021-642
- 1.2 Title: Support to Anti-Money Laundering and Financial Crime Investigations Structures
- 1.3 ELARG Statistical code: 01.24
- 1.4 Location: Tirana, Albania
Regional Offices of Joint Investigation Units
(Shkodra, Durres, Vlora, Korce, Gjirokaster, Fier)

Implementing arrangements:

- 1.5 Contracting Authority (EC): Delegation of European Commission to Albania.
- 1.6 Implementing Agency: To be selected pursuant to a Twinning Call for Proposals.
- 1.7 Beneficiary:

Lead Beneficiary Institution

General Prosecution Office

Joint Investigation Unit, Tirana District Prosecution Office

Contact: Mr Arben KRAJA, Prosecutor, GPO, akraja@pp.gov.al;

Telephone: +355 69 2023396

Other Beneficiary Institutions

Albanian State Police

Directorate for Economic Crime and Money
Laundering

Albanian State Police Headquarters

Bld Bajram Curi, Tirana, Albania

Contact: Mr. Shpetim MUCOLLARI

Telephone: +355 69 4102316

Financial Intelligence Unit

Ministry of Finance

Directorate for the Prevention of Money
Laundering

Rruga "Dora D'Istria" No. 2, Tirana, Albania

Contact: Mr. Arben DOCI, Head of FIU

Email: adoci@fint.gov.al

Telephone: +355 4 2257156

Agency for the Administration of Sequestered
and Confiscated Assets (AASCA)

Ministry of Finance

Blv Deshmoret e Kombit

Qendra e Biznesit, 2 Kullet

Kulla II, Kati 12, Tirana, Albania

Contact: Mr. Hekuran VLADI

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Financing:

1.8 Overall cost (VAT excluded)¹: million 1.5 EUR

1.9 EC contribution: 100%

1.10 Final date for contracting: Two years following the date of the conclusion of the Financing Agreement.

1.11 Final date for execution of contracts: Two years following the end date of the contracting. These dates also apply to national co-financing.

1.12 Final date for disbursements: Two years following the end of the execution of the contract.

2. Overall Objective and Project Purpose

2.1 Overall Objective

Crime reduction through reinforcing strengthening of the capacities of the four key institutions responsible for tackling money laundering and financial crime with a focus on achieving concrete operational results through inter-institutional cooperation and the institutionalisation of investigative and intelligence gathering processes, including international exchanges.

2.2 Project purpose

The purpose of this project is the enhancement of Anti-Money Laundering operations and inter-institutional coordination and cooperation. This will be achieved through the provision to the four key beneficiaries of on-site, continuous and coordinated technical assistance for the fulfilment of their institutional mandates by the deployment of European experts who will closely mentor and advise the project primary and secondary beneficiaries.

2.3 Link with AP / NPAA / EP / SAA

The Stabilisation and Association Agreement (SAA) was signed between Albania and the EU on 12th June 2006. Article 78 of the agreement places importance on the consolidation of the rule of law and the reinforcement of institutions at all levels and law enforcement and the administration of justice in particular. It stresses that co-operation should aim at improving the functioning of the police and other law enforcement bodies, providing adequate training and fighting corruption and organised crime. Article 85 specifically refers to the need to cooperate to prevent the use of financial systems for laundering the proceeds of crime and encourages administrative and technical assistance in this regard.

The European Commission's European (Accession) Partnership document of 18 February 2008 sets out the following relevant priorities related to fight against criminality:

- Implement the 2007-2013 anti-corruption strategy and the recommendations made in the 2005 evaluation report by the Council of Europe Group of States Against Corruption and investigate and prosecute cases of corruption in the police and the judiciary with due vigour;

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

- Improve coordination between prosecutors and police, in particular by means of the case management system;
- Strengthen the institutional capacity to investigate and prosecute corruption;
- Implement legislation on preventing bribery with due regard for inter-institutional coordination;
- Strengthen mechanisms to enforce the Law on declaration of assets;

Conclude and implement agreements with neighbouring countries and ensure effective implementation, notably on cross border cooperation, the fight against organised crime, trafficking and smuggling, judicial cooperation, border management, readmission, the environment, transport and energy;

- Take the necessary measures to enforce anti-money laundering legislation better in terms of prevention, convictions, confiscations, seizures and freezing assets;
- Enhance the capacity of the financial intelligence unit, the prosecutor's offices and the police Economic Crimes Unit by ensuring appropriate financial and IT resources and improving working-level cooperation;
- Bring the Law on the prevention of money laundering into line with the *acquis* and with the Financial Action Task Force's and Council of Europe's *Moneyval* recommendations;
- Strengthen the capacity of the agency for the administration of seized and confiscated assets;
- Further improve cooperation with the authorities of other countries;
- Ensure proper enforcement of reporting obligations and examine transaction reporting thresholds;
- Take more effective measures to reduce use of cash in the economy;
- Take further measures to enhance cooperation between the various State bodies involved in the fight against organised crime and terrorism and, in particular, between the judicial authorities and the police;
- Take further measures to establish coherent and coordinated intelligence gathering and processing systems;
- Enhance use of special investigative means, interception of telecommunications and use of intelligence information;
- Step up the fight against economic and financial crime, including money-laundering and counterfeiting of currencies;
- Achieve tangible results in the fight against money-laundering, both within and outside the financial sector;
- Further increase international cooperation in the fight against organised crime and terrorism;
- Make major progress on the rate, number and quality of prosecutions in relation to offences connected with organised crime and trafficking and also in terms of seizure of the proceeds of crime;
- Fully incorporate into domestic legislation and implement the international conventions and protocols on prevention of terrorism to which Albania is party.

The Government of Albania's Action Plan for the Implementation of the European Partnership Priorities adopted in September 2007 makes the following commitments regarding Money Laundering and Financial Crime:

The Albanian Government is fully involved in strengthening the fight against money laundering originating from illegal trafficking and terrorism and in decriminalising the country's economic

activity. Therefore, it aims to increase in-country economic and legal credibility levels. Strengthening this field's capacities will be a huge focus for the Government, in order to achieve significant and concrete results.

Therefore, the Albanian Government will increase regional cooperation, particularly on money laundering matters. In addition, it will cooperate with other countries so as to prevent the use of their financial systems for criminal proceeds in general and, in particular, their use to finance terrorism.

This field's cooperation will be based upon the implementation of the appropriate standards and mechanisms in the fight against money laundering and terrorism financing, focusing in particular on the European Union and other international institution standards.

The 2008/2009 Enlargement Strategy Paper published by the European Commission states that "limited progress has been made in preventing money laundering. The legal framework and cooperation between banks and financial institutions on money laundering, have improved. However, enforcement capacity to confiscate assets remains low. Investigation resources, inter-agency cooperation and enforcement capacity need to be further improved".

The European Commission 2008 Progress Report for Albania adopted on 5 November 2008 states as follows (Section 2.3):

Limited progress has been made in the fight against money laundering, which continues to be a major problem. Albania's economy, particularly the private sector, remains largely cash based. In terms of mechanisms to control cash transactions, there is no strategy in place.

A national strategy to prevent and fight against money laundering and financing of terrorism has not yet been adopted.

The General-Directorate for the Prevention of Money Laundering, (Financial Intelligence Unit - FIU), under the Ministry of Finance, is responsible for collection, analysis and dissemination of financial intelligence. Premises and equipment levels have improved.

However, the FIU's capacity remains limited. Staff turnover remains a concern. Coordination and cooperation with the Prosecutor's Office remains problematic.

A new office to combat money laundering, within the State police, became operational in January 2008. However, the link between criminal intelligence and investigations remains weak. The lack of coordination between the judiciary and the police also results in unprocessed intelligence, which is subsequently lost. The investigative and enforcement capacity of the police and the Prosecutor General remain weak.

Under the Prosecutor General, a task force has been established. The Joint Investigation Unit for the Fight against Economic Crime and Corruption (JIU) is now operational. However, the administrative capacity of the JIU requires further strengthening.

2.4 Link with MIPD

The 2009-2011 MIPD states that "In the area of democracy and rule of law, the capacity of the Albanian institutions remains to a large extent limited, in particular as regards the judiciary, the implementation of the public administration reform and the fight against corruption and organised crime". Additionally, the document states that Albania should "strengthen law enforcement agencies and their capabilities to fight against money laundering, drugs organised crime, terrorism, corruption and trafficking."

2.5 Link with National Development Plan

The national development plan makes reference to stepping up the fight against money laundering and financial crime and improving infrastructure and capacity in this regard. This project will contribute to this plan, specifically by:

- a) Increasing the skill levels of those involved in prosecuting financial crime;
- b) Developing the FIU to allow it to begin to fulfil its function;
- c) Assisting in the development of a national strategy and action plan;
- d) Provide for clearer distinction of responsibilities between agencies and improved information flow;
- e) Improve regional cooperation in the tackling of financial crime and money laundering.

2.6 Link with national / sectoral investment plans

NA

3. Description of project

The present project regards the provision of technical assistance to bodies involved in anti money laundering activity (see point 1.7) aiming at strengthening their capabilities. Within this framework of activities, a minimum of 4 (four) Long Term International Advisors from EU MS will be placed within the four beneficiary institutions for a period of 24 months, with a view to reinforce inter-institutional cooperation through the elaboration of standardised operational and reporting procedures, as well as the provision of continuous advice.

The four institutions concerned are 1/ FIU of the Ministry of Finance, 2/ the Albanian State Police Directorate for Financial Crime and Money Laundry 3/ The Agency for Administration of seized and confiscated assets 4/ The General prosecutor office.

3.1 Background and justification:

An outcome of the mass migration that has been part of Albania's recent history is that large sums of money are wired or otherwise transported back to the country in many different forms by the Diaspora. A significant proportion of this money is the proceeds of criminal acts committed elsewhere. In addition, criminal activity originating from Albania itself also feeds the illegal economy.

There has been progress in recent years in developing the financial sector, commercial banking has grown, greatly assisted by the expansion of the presence of foreign banks in the country, despite this a large number of transactions are made outside the formal banking system. Albania also has created and developed a number of institutions to help regulate the financial systems. Amongst them there is a State Audit Office, an Institute for the Declaration of Assets, a Securities Commission and a number of other oversight authorities such as for insurance and casinos. It is fair to say that the quality of these institutions varies greatly and none have yet achieved a fully satisfactory standard and - together with the rest of the public administration - they suffer from a high level of politicisation. Positions within them are awarded in many cases as a result of patronage rather than on the basis of expertise in the required field.

The primary institution responsible for tackling money laundering is the Ministry of Finance's General Directorate of Money Laundering, Financial Intelligence Unit. This was set up in 2000 when the new law on Money Laundering was established. This law was further amended in 2004 and 2008. The FIU has yet to begin operating at full potential and the number of cases it has referred to the Prosecution office since its creation is low. While precise figures are hard to pin down, 2008 statistics refer to approximately 40 cases referred by the FIU to the ASP. Out of the total of cases referred to either the prosecution or the police, there have been no clear indications

with regard to the impact on trans-national criminal networks or even the higher echelons of organised criminal groups within Albania. Despite some improvements in recent months, most notably as a result of an EU funded twinning project the FIU still is not operating to acceptable standards. Staff in the FIU have two primary functions, inspection (ensuring adequate reporting by reporting bodies) and analysis (analyse CTR & STRs to detect suspicious patterns and referrals for investigation). Staffs are not sufficiently trained to properly carry out these important functions. There has never been a sanction against a reporting subject for failing to report

The FIU has had an IT infrastructure upgrade in 2008 and is currently trying to procure analysis software. Nevertheless it is overwhelmed by the number of reports and is unable to process them effectively. Banks are in effect the only subjects who make reports, despite the legal requirements for many others, such casinos, attorneys and notaries to do so. It simply is unable to carry out any meaningful analysis of that number of hard copy reports.

In terms of investigation and prosecution, the key institutions are the Albanian State Police and General Prosecutors Office. Due to a reorganisation in early 2008 the Albanian State Police Now has a Directorate for tackling Economic Crime and Money Laundering, with about 80 investigators to deal with financial crime across the country. They suffer from a lack of training and procedures for tackling financial crime.

Since autumn 2007 a unit has existed within the Tirana District Prosecution Office called the Joint Investigation Unit. This is a multi agency unit with investigators from Police, Customs & Tax and links with other agencies, split into a number of teams each of which are managed by a dedicated prosecutor. The Unit has a remit to tackle financial crime and Corruption within the Tirana District Prosecution Office area and the number of cases that are been referred to it is steadily increasing with more reports of corruption been made directly by the public. The Unit has access to a full time international expert (lawyer) from the US OPDAT project and has received financial assistance from OPDAT funds. US Millennium Challenge funds have been procured to spread the JIU concept to the main cities of Albania (Shkodra, Durrës, Vlora, Korca, Gjirokaster).

The final main institution in the chain of financial crime investigation is the Agency for the Administration of Sequestered and confiscated Assets (AASCA). This was set up in 2005 after the passing of anti organised crime package of laws. The Agency failed to achieve any of its goals until recently when, under a new administrator it made tentative steps to properly seize and secure a limited number of assets.

The primary problems preventing the Albanian State in properly tackling money laundering and financial crimes are:

- a) A lack of specific expertise in the financial issues related to money laundering and the financial source of crimes, coupled with a lack of understanding of the principles, scope and depth of money laundering and financial crime;
- b) Inadequate cooperation among the institutions involved in tackling money laundering and financial crime;
- c) Inadequate technological support;
- d) Lack of experience in carrying out complex financial investigations;
- e) The weakness of current proceeds of crime seizure and confiscation measures and a lack of implementation procedures on asset forfeiture and confiscation- a lack of commitment by all agencies and the courts to seize from criminals the proceeds of their crimes.

Since 2007 a twinning project to assist the Financial Intelligence Unit has been in place. This has provided training and technical assistance in the field of bank compliance, inter agency cooperation, analysis, regulatory issues and IT infrastructure amongst others. Although the project has increased the professionalism of the Unit, the impact has been reduced by staff changes during the lifetime of the project and continued assistance will be required beyond the scheduled lifetime of the project.

3.2 Assessment of project impact catalytic effect, sustainability and cross border Impact

The project's prime impact will be on strengthened institutional cooperation between the relevant agencies – as with the criminal justice system as a whole, but particularly in relation to financial crime the investigative process is more than the sum of its parts. Each agency must cooperate with another by means of standardized procedures if cases are to be investigated and prosecuted successfully; the importance of the seizure of assets both in the investigative and procedural phase of the criminal process, which has proven to be the key to success across the EU and beyond, is paramount in Albania and must be absolutely developed. The nature of Organised Crime itself causes a continuous spill over effect into other areas relevant to the Rule of Law; integrated, multi-sectorial responses must therefore be enacted which go beyond one single aspect of the criminal phenomenon.

It is a stated goal of the government to tackle financial crime, money laundering and corruption. To this end, the project will meet the support of the GoA and each institution indicated its commitment. Risks remain that the project will be hampered by staff changes. The often stated commitment to staff stability as opposed to the reality that is sometimes encountered can be a measure as to the true commitment to effective financial crime investigation structures.

While the primary purpose of the project will be to improve financial crime investigation within Albania, there will be a knock-on effect in that the various institutions should be able to respond more effectively and professionally to international requests for assistance and sequestration.

3.3 Results and Measurable Indicators

- **Activity 1: Advice and Mentoring to the Financial Intelligence Unit of the Ministry of Finance (FIU)**

Results: National Strategy on Money Laundering fine tuned and with demonstrable progress in implementation; An increase of disseminated intelligence packages to the Investigative Authorities by the FIU; Better compliance by institutions required by law to report to the FIU.

Measurable Indicators: Increase in the number of prosecutions for financial crime and Money Laundering generated via financial intelligence.

- **Activity 2: Advice and Mentoring to the Albanian State Police Directorate for Financial Crime and Money Laundering**

Results: Better operational outcomes and increased use of parallel financial investigations by the Albanian State Police, in coordination with other agencies.

Measurable Indicators: Increase in the number of investigations and prosecutions for financial and economic crimes and corruption offences.

- **Activity 3: Advice and Mentoring to the Agency for the Administration of Seized and Confiscated Assets (AASCA)**

Results: Increase in the efficiency of seized and confiscated assets administration; increased awareness of sequestration and confiscation by courts and prosecution authorities; improved functioning of the Office of the Bailiff.

Measurable Indicators: Increase in the amount of money and goods seized & sequestered by the courts; increase in the number of orders carried out by the Office of the Bailiff on behalf of the judicial authorities.

- **Activity 4: Advice and Mentoring to the Joint Investigations Unit of the General Prosecutor's Office (JIU)**

Results: Increased capacity of the JIU to effectively lead and coordinate investigations with a relevant financial dimension in coherence with the Albanian legal framework.

Measurable indicators: Increase in the number of cases investigated and prosecuted by the Joint Investigations Unit.

- **Activity 5: Elaboration of a Joint Training Strategy**

Results: Training Strategy in place with particular emphasis on joint investigations training.

Measurable Indicators: number of officers trained from all institutions (to be determined prior to project inception); Enhanced combined operational effectiveness of the different institutions.

- **Cross-Cutting Activities:**

Results: Fine tuning of the 2007-2013 anti corruption strategy and demonstrable progress in implementation; Establishment of a formal and permanent mechanism, for inter-institutional strategic coordination, meeting on a regular basis; improved coordination between the beneficiary institutions of this project by the institutionalisation of Target Coordination Groups (TCGs);

Measurable Indicators: Clearer, unified and consistent statistics in the area of financial crime, money laundering and corruption prosecutions; clearer and consistent analysis as to the impact of financial investigations and related measure on the higher echelons of OC groups and trans-national criminal networks.

3.4 Activities

Through a Twinning contractual arrangement, a technical assistance team will be recruited and will operate in order to ensure continuity and consistence of approach with the ongoing e Twinning Project 'Tackling Money Laundering and Financial Crime' (CARDS 2004) as well as other EC funded assistance projects such as 'Strengthening the Capacity of the Albanian State Police in Covert Evidence Gathering and the use of technical aids to investigations' (CARDS 2004) , 'Police Assistance Mission of the European Community to Albania-PAMECA III' (IPA 2007), and 'Support to the General Prosecutor's Office (CARDS 2005). Assistance will be greatly broadened by placing experts within all key institutions identified in previous sections. To ensure that the end result of this project will be the achievement of greater operational results and of a greater degree of integration, the General Prosecutor's Office will be in the lead. The project will undertake the following activities:

Cross Cutting Activities (1-4)

Through a process of advice, mentoring and establishment of formalised and informal collaborative groups bring agencies involved in financial investigation closer together, increasing the formal and informal information flow. Activities must be undertaken in cooperation with other providers of assistance (Police Program, Customs Project, OPDAT).

ACTIVITIES MUST NOT BE SEEN IN ISOLATION, THE ENTIRE PURPOSE IS TO BRING THE INSTITUTIONS CLOSER TOGETHER AND ALL ADVISERS MUST SEE THIS AS THE PRIMARY OBJECTIVE.

Activity 1 (Main beneficiary MoF (FIU); Secondary beneficiary: ASP, GPO, JIU, AASCA)

Through a process of advice and mentoring by a long term adviser (LTE) to the Financial Intelligence Unit:

- Continuing the strategic development of the FIU in its efforts to effectively measure and identify money laundering and the flow of illegal money, including the continuous monitoring of the impact of legislation and administrative norms, with a view to proactively propose adjustments when and if necessary;
- Assist the FIU in the implementation of the National Strategy and corresponding Action Plan on Financial Crimes;
- Enhance the analytical capability of the Unit by providing advanced training on financial intelligence gathering, analysis and dissemination; Implementing a pilot training scheme on the detection of corruption through financial analysis tools;
- Ensure the most effective use of IT systems, especially EU funded equipment and software;
- Improve the quality and number of intelligence packages submitted to investigative units;
- Develop the compliance activities of the FIU by implementing a compliance awareness and training campaign among reporting entities such as notaries, banking institutions etc;
- Increase the cooperation, consultation and experience exchange between the FIU, other criminal intelligence units both within Albania and abroad by taking part in already existing regional networks or by promoting the creation of new ones especially with regard to the Western Balkan region.

Activity 2 (Main beneficiary: ASP; Secondary beneficiary: MoF (FIU), GPO, JIU, AASCA)

Through a process of advice and mentoring by a LTE to the Albanian State Police Directorate for Financial Crime and Money Laundering:

- Assist the ASP to develop financial crime investigative skills, including asset tracing;
- Assist the ASP in the implementation of the National Strategy and corresponding Action Plan on Financial Crimes;
- Develop the understanding of money laundering techniques and investigative measures, including the use of proactive investigative techniques and parallel financial investigations;
- Provide strategic advice and mentoring to Head of the Unit and Investigators;
- Improve the tasking and coordination process to see that the limited police resources available to deal with financial crime are utilised effectively, in line with intelligence-lead policing principles;
- Work with the Human Resources and Training Sectors of the police to oversee the development of a training programme and human resources policy for financial investigators;

- Assist the ASP to make best use is made of technical means to investigation, including computer forensics (dependent on the computer examination sector being established).

Activity 3 (Main beneficiary: MoF (AASCA); Secondary beneficiary: ASP, GPO, JIU, MoF (FIU))

Through a process of advice and mentoring by a long term adviser to the Agency for the Administration of Sequestered Assets:

- Provide advice and mentoring to the head of the Unit to develop the capacity of the AASCA, including the development of a multi-annual management plan encompassing human resources, training and professional development;
- Assist the AASCA in the implementation of the National Strategy and corresponding Action Plan on Financial Crimes;
- Assist the Head of AASCA in reviewing the existing legal and administrative framework with a view to propose the necessary adjustments to be adopted by the relevant authorities, including the review of legal acts, to facilitate the establishment of effective legal and administrative mechanisms for facilitating the return and management of illegal proceeds;
- Assist the AASCA and other agencies to integrate its practices into the financial investigative process so that seizure of assets becomes standard practice in all organized, financial crime, corruption and other serious crimes investigations;
- With the GPO and Courts, establish effective processes for obtaining sequestration & seizure orders in line with existing legislation;
- Work with the Human Resources, finance and Training Sectors of the MoF and other relevant agencies to develop a training programme encompassing measures to investigate, detect, trace, freeze or otherwise stop the transfer of illegally obtained assets and to see that it is adequately resourced;
- Assess the functioning of the office/service of the Bailiff and provide an action plan for improvement, providing ongoing advice, assistance and mentoring in its implementation.

Activity 4 (Main beneficiary GPO (JIU), Secondary beneficiary: ASP, GPO, MoF (FIU & AASCA))

Through a process of advice and mentoring by a long term expert to the Joint Investigation Unit within the Tirana District Prosecution Office (and other Districts where established):

- Continue to develop the JIU's ability to conduct high quality joint investigations;
- Assist the JIU in the implementation of the National Strategy and corresponding Action Plan on Financial Crimes;
- Improve the level of cooperation with other agencies involved in financial investigation and financial data (customs and tax authorities, land and immovable property registries);
- Develop, in cooperation with other international experts and in partnership with the local beneficiaries, a training programme encompassing measures to investigate, detect, trace, freeze or otherwise stop the transfer of illegally obtained assets, as well as the preparation of Mutual Legal Assistance requests.
- Provide strategic advice and mentoring to Head of the Unit and Investigators;
- Improve the tasking and coordination process in line with the Criminal Procedure Code to ensure better coordination with the Judicial Police;
- Ensure that best use is made of technical means to investigation, including computer forensics (dependent on the computer examination sector being established);

- Assist and cooperate with key agencies and other stakeholders to develop a long term strategic plan for the development of financial investigation and anti money laundering in Albania;
- Provide advice and assistance to other relevant parts of the Albanian Prosecution structures (General Prosecution Office and Serious Crimes Court Prosecution Office) on matters related to financial and economic crime;
- Review and identification of gaps and legislative impediments to financial crime investigation, sequestration of assets and EU compliance in areas of financial crime investigation, with a view to delivering a package of recommendations for adoption by the relevant authorities;
- Review of internal and Case Management practices in order to improve the timely and efficient performance of financial investigations.

Activity 5 (Beneficiaries, MoF (FIU, AASCA), GPO (JIU), ASP)

Taking into account assistance delivered to date (at the start of the project) and the needs identified during the inception phase, a Bespoke Training plan to enhance joint investigation and the undertaking of activities 1-4. Training should be conducted on a joint agency basis for the four above mentioned institutions, i.e. 1/ FIU of the Ministry of Finance, 2/ the Albanian State Police Directorate for Financial Crime and Money Laundry 3/ The Agency for Administration of seized and confiscated assets and 4/ The General prosecutor office.

All the above activities will be undertaken within the framework of one single Twinning Contract, which should ideally encompass European Best Practices through the secondment of Member State experts.

3.5 Conditionality and sequencing

The project will be dependent on the following conditions (not exhaustive):

- The appropriate level of political and administrative support to this project is continuously afforded by the Government of Albania;
- The Beneficiaries provide on site embedded accommodation for the advisers and agree to co-locate the advisers within the relevant agencies premises as no provision will be made in budget for the rental of separate premises.
- Commitment to provide a vehicle to experts when required (it is foreseen that most activity will be in Tirana but regional travel will be required and the beneficiary institution(s) should provide when required.

3.6 Linked activities

- Police Assistance Mission of the European Community to Albania, PAMECA III (IPA 2007);
- EURALIUS (European Assistance Mission to the Albanian Justice System, CARDS 2006) and future EU Justice Assistance Programs;
- United States Office of Overseas Prosecutorial Development, Assistance and Training Assistance to the JIU (OPDAT).

Regional projects in the Western Balkans

- The ongoing CARDS 2006 regional project "*Support to the Prosecutors' Network*" focuses on strengthening the legislation and institutional capacities of Prosecutors' Offices (POs) of South-eastern Europe in view of a more effective co-operation against serious crime.
- The ongoing CARDS 2005 regional project "*ILECUs*" supports the creation of special international law enforcement coordination units in the beneficiaries with a view to supporting the exchange of information in international investigations and facilitating contacts on an operational level. These units will be integrated in national criminal intelligence models and supported by proper data protection and confidentiality regimes.
- IPA Multi-beneficiary Programme 2008 - Police Cooperation: Fight against organised crime, in particular illicit drug trafficking, and the prevention of terrorism.
- IPA Multi-beneficiary Programme 2008 - Police Cooperation: Regional support to strengthen the Southeast European Cooperative Initiative (SECI) Centre / SELEC for combating trans-border crime.

3.7 Lessons learned

Over the years, the EC has provided assistance via technical assistance projects to individual institutions and units tasked with tackling financial crime. While this provided technical assistance in a specific area, the projects were never tasked to explicitly help 'join up' the investigative chain. Experience of these projects has clearly identified the need to take a holistic approach to future projects and provide assistance across the span of financial investigation institutions to establish inter-agency cooperation.

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1,2,3,4,5,			1,500,000									
contract 1.1 (Twinning Covenant)	X	-		1,500,000	100		0		0	0	0	-
TOTAL IB			1,500,000	1,500,000	100		0	0	0	0		
TOTAL INV					0		0					
TOTAL PROJECT			1,500,000	1,500,000	100							

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Twinning Contract 1.1	April 2010	Sep 2010	March 2012

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the FA

6. Cross cutting issues

6.1 Equal Opportunity

Wherever human resource policy is part of the project (around training, selection etc), full cognisance will be given to equal opportunities and the equal opportunities policy of the ASP

6.2 Environment

NA

6.3 Minorities

Based on the fundamental principles of promoting equality and combating discrimination, the project will encourage participation to project activities, as well as the implementation of sustainable inclusive strategies, within the relevant project components and through linked technical assistance such as PAMECA III.

ANNEXES

Annex 1 Log frame

Annex 2 Amounts Contracted & Disbursed per quarter over the full duration of the programme

Annex 3 Description of the institutional framework

Annex 4 Reference to laws, regulations and Strategic Documents

Annex 5 Details per EU funded contracts

ANNEX 1: Logical Framework matrix in Standard Format

LOGFRAME PLANNING MATRIX FOR Project Fiche

Programme name and number:

IPA 2009

Contracting period expires: two years following the date of conclusion of the Financing Agreement

Disbursement period expires:

One year after the end date for the execution of contracts.

Total budget: million 1.5 EUR

IPA budget: million 1.5 EUR

Overall Objective	Objectively Verifiable Indicators	Sources of Verification	Assumptions
To strengthen the capacities of the four key institutions responsible for tackling money laundering and financial crime with a focus on achieving concrete operational results through inter-institutional cooperation and the institutionalisation of investigative and intelligence gathering processes, including international exchanges.	Increase in the number and quality of cases prosecuted; operational cooperation modules drafted and implemented	GoA reports Prosecution & Court Statistics EU Adviser Reports	Twinning project is timely implemented and continuously supported
Project Purpose	Objectively Verifiable Indicators	Sources of Verification	Assumptions
To provide the four key beneficiaries with on-site, continuous and coordinated technical assistance for the fulfilment of their institutional mandates through the deployment of European experts who will closely mentor and advise the project primary and secondary beneficiaries. The focus of this project will be the enhancement of AML operations and inter-institutional coordination and cooperation.	RTA and Long Term Advisers embedded in respective Units and providing continuous technical advice	GoA reports Prosecution & Court Statistics EU Adviser Reports	That the Beneficiaries provide on site embedded accommodation for the advisers That the GoA maintains it's stated commitment to tackling financial crime and that this commitment transcends any potential political changes as a result of the 2009 elections That the staff situation remains stable,

Results	Objectively Verifiable Indicators	Sources of Verification	Assumptions
National Strategy on Money Laundering fine tuned and with demonstrable progress in implementation	Increase in the number of prosecutions for financial crime and Money Laundering	GoA reports	That the GoA maintains it's stated commitment to tackling financial crime and that this commitment transcends any potential political changes
Fine tuning of the 2007-1013 anti corruption strategy and demonstrable progress in implementation	Increase in the number of prosecutions for corruption offences	Prosecution & Court Statistics	
Improved coordination between the four main institutions primarily responsible for investigating financial crime namely,	Increase in the amount of money and goods seized & sequestered by the courts	EU Adviser Reports	
MoF (FIU & AASCSA) , Police, General Prosecution Office and Joint Investigation Unit.	The establishment of a formal and permanent mechanism, for inter-institutional strategic coordination, meeting on a regular basis.		
An increase of disseminated intelligence packages to the Investigative Authorities by the FIU.	The continuation and expansion of activities of the Joint Investigation Units		
Increased awareness of sequestration and confiscation by courts and prosecution authorities	Clearer, unified and consistent statistics in the area of financial crime, money laundering and corruption prosecutions		
Improved Functioning of the Office of the Bailiff	An increase in the number of court orders executed by the Bailiffs Office		
Better compliance by institutions required by law to report to the FIU			

Activities	Means	Costs	Assumptions
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Cross Cutting Activities (1-4)

Through a process of advice, mentoring and establishment of formalised and informal collaborative groups bring agencies involved in financial investigation closer together, increasing the formal and informal information flow. Activities must be undertaken in cooperation with other providers of assistance (Police Program, Customs Project, OPDAT)

ACTIVITIES MUST NOT BE SEEN IN ISOLATION, THE ENTIRE PURPOSE IS TO BRING THE INSTITUTIONS CLOSER TOGETHER AND ALL ADVISERS MUST SEE THIS AS THE PRIMARY OBJECTIVE. Activity 5 (Beneficiaries, MoF (FIU, AASCA), GPO (JIU), ASP)

Taking into account assistance delivered to date (at the start of the project) and the needs identified during the inception phase, a Bespoke Training plan to enhance joint investigation and the undertaking of activities 1-4. Training should be conducted on a joint agency basis.

Activity 1

(Main Beneficiary MoF (FIU), Secondary : ASP, GPO, JIU, AASCA)

Through a process of advice and mentoring by a long term adviser (LTE) to the Financial Intelligence Unit:-

Activities will be implemented through a Twinning contract (EUR 1.500,000 covered by IPA 2009)
LTE +STE

Suitable LTEs can be found and STE contracted

That the LTEs are collocated by the beneficiaries

Continuing the strategic development of the FIU in its efforts to effectively measure and identify money laundering and the flow of illegal money

Enhance the analytical capability of the Unit

Ensure the most effective use of IT systems, especially EU funded equipment and software

Improve the quality and number of intelligence packages submitted to investigative units

Develop the compliance activities of the FIU with both education and sanction measures

Increase the cooperation between the FIU, other criminal intelligence units both within Albania and abroad.

Activity 2

(Main Beneficiary ASP Secondary : MoF (FIU), GPO, JIU, AASCA)

Through a process of Advice and Mentoring by a LTE to the Albanian State Police Directorate for Financial Crime and Money Laundering:-

Assist the ASP to develop financial crime investigative skills

Develop the understating of money laundering techniques and investigative measures

Provide strategic advice and mentoring to Head of the Unit and Investigators

Improve the tasking and coordination process to see that the limited police resources available to deal with financial crime are utilised effectively.

Work with the Human Resources and Training Sectors of the police to oversee the development of a training programme and human resource policy for financial investigators.

LTE +STE

Suitable LTEs can be found and STE contracted

That the LTEs are collocated by the beneficiaries

Assist the ASP to make best use is made of technical means to investigation, including computer forensics (dependent on the computer examination sector being established)

Activity 3

(Main Beneficiary MoF (AASCA), Secondary : ASP, GPO, JIU, MoF (FIU))

Through a process of advice and mentoring by a long term adviser to the Sector for the Administration of Sequestered Assets

Provide advice and mentoring to the head of the Unit to develop the capacity of the AASCA

Assist the AASCA and other agencies to integrate its practices into the financial investigative process so that seizure of assets becomes standard practice in all financial crime/corruption investigations

With the GPO and Courts, establish effective process for obtaining sequestration & seizure orders in line with existing legislation.

Work with the Human Resources, finance and Training Sectors of the MoF to oversee the development of a training programme, human resource policy for the AASCA and to see that it is adequately resourced.

Assess the functioning of the office/service of the Bailiff and provide an action plan for improvement, providing ongoing advice, assistance and mentoring in its implementation

Activity 4

(Main Beneficiary GPO (& JIU), Secondary : ASP, GPO, MoF (FIU & AASCA))

Through a process of Advice and Mentoring by a long term expert to the Joint Investigation Unit within the

LTE + STEs

Suitable LTEs can be found and STE contracted

That the LTEs are collocated by the beneficiaries

LTE + STE

Suitable LTEs can be found and STE contracted

That the LTEs are collocated by the beneficiaries

Tirana District Prosecution Office (and Other Districts where established):-

Continue to develop the JIU's ability to conduct high quality joint investigations

Improve the level of cooperation with other agencies involved in financial investigation and financial data (customs and tax authority)

Provide strategic advice and mentoring to Head of the Unit and Investigators

Improve the tasking and coordination process to see that the limited JIU resources available to deal with financial crime are utilised effectively.

Ensure that best use is made of technical means to investigation, including computer forensics (dependent on the computer examination sector being established)

Assist key agencies to develop a long term strategic plan for the development of financial investigation and anti money laundering in Albania.

Provide advice and assistance to other relevant parts of the Albanian Prosecution structures (General Prosecution Office and Serious Crimes Court Prosecution Office)

Identify legislative impediments to financial crime investigation, sequestration of assets and EU compliance in areas of financial crime investigation. Deliver to the GoA a list of recommendations for essential legal amendments, if/where necessary

ANNEX 2 - Amounts contracted and Disbursed per Quarter over the full duration of Programme (in EUR million)

Contracted	2 nd Quarter 2010	3 rd Quarter 2010	4 th Quarter 2010	1 st Quarter 2011	2 nd Quarter 2011	3 rd Quarter 2011	4 th Quarter 2011	1 st Quarter 2012	2 nd Quarter 2012	3 rd Quarter 2012	4 th Quarter 2012
Contract Twinning project		1.50									
Cumulated		1.50									
Disbursed											
Contract Twinning project		0.70				0.70				0.10	
Cumulated		0.70				1.40				1.50	

ANNEX 3 - Description of Institutional Framework

Albania has made progress in recent years with regard to the fight against Crime. The government took a number of steps to strengthen the judicial system and the fight against corruption, money laundering and other related criminal phenomena. There are a series of institutions which have developed or are developing themselves as serious interlocutors on the advancement of the fight against organised crime in Albania. Legal acts have been put in place in order to serve as basis for enhanced operational results.

However, relevant institutions must now take further steps to enhance the combined results of individual actions. The nature of organised crime itself, which is multifaceted, multisectorial and often transnational, requires synergy of approaches across the entire spectrum of law enforcement institutions; countering the financial aspects of organised crime will be the key to consistently achieving progress in this field.

This project ideally encompasses the main responsible actors and institutions in Albania which are mandated to attack money laundering and financial crime. While the General Prosecutor's Office is the body mandated to perform independent and objective investigations in Albania, the State Police is the organ which is competent to maintain public order and perform inquiries on behalf of the judicial authority. While the FIU positions itself as the only agency authorised and capable of collecting, processing, analysing and disseminating financial intelligence, the AASCA stands at the opposite extreme- guaranteeing added efficiency to the fight against organised crime by ensuring efficient, effective administration of seized and confiscated assets once a crime has been detected and prosecuted, thus depriving criminal groups of their patrimony and in parallel, enhancing the state's capacity to make best use of those resources. This project aims at strengthening the existing institutional framework by putting in place strategies which will optimise the use of resources, institutionalise cooperation, and in the end produce a quality increase in results.

ANNEX 4 Reference to laws, regulations and strategic documents:

EU 2008 Progress Report for Albania dated 5th November 2008, p.46/47 et al.

Multi-Annual Indicative Planning Document 2009-2011, p. 13/14.

National Strategy for Development and Integration 2007-2010, p. 40 42, 49 al.

Law nr. 9284 and successive amendments, 'On Preventing and Striking at Organised Crime', 2004, art. 2, 4, 5 et al.

Law nr. 7905 and successive amendments, "Criminal Procedure Code of Albania", 1995.

Law nr. 9917 "On the prevention of money laundering and terrorism financing", adopted in 2008.

ANNEX 5- Details per EU funded contract (*):

A Twinning contract is the most indicated type of contract given the nature of the activities and the expectation that the project will aim at incorporating European Best Practices and the *acquis communautaire* into this crucial sector. While a detailed description of the Experts' Profiles, as well as of both Member State and Beneficiary Country Project Leaders and counterparts will be further developed within the Twinning Fiche, (and subjected to a contextual review of project objectives), it is important at this stage of programming that the main characteristics of the key experts are already identified in line of principle. It is envisaged that individual experts should have the following (minimum) main tasks and qualifications:

Resident Twinning Advisor:

The RTA will lead the project and ensure the achievement of the overarching project objectives. She/He must be an experienced Prosecutor specialised in the investigation and prosecution of organised crime, financial crime and/or complex criminal cases involving large amounts of financial transactions; the RTA shall be experienced in leading multi-disciplinary teams of investigators including financial investigators. A minimum of 5 years of directly relevant professional experience in the above fields must be required. Experience in trans-national, cross-border criminal investigations is highly desirable. Project Management skills, or experience in comparable projects as Team Leader or Key Expert are also highly desirable. Excellent interpersonal and good communication skills, reporting and analysis capacity and drive for results will be essential components of the RTA's profile.

Expert on Police Financial Investigations

This expert shall lead the Police component of this project. She/He must be an experienced Investigator specialised in the investigation and criminal intelligence gathering on cases of Organised Crime, Financial Crime and/or complex criminal cases involving large amounts of financial transactions; the Expert shall have a proven track record as an Investigator in parallel financial investigations, and must be suitable to work within a multi-disciplinary team. A minimum of 5 years directly relevant professional experience at the supervisory level is required; Excellent interpersonal and good communication skills, reporting and analysis capacity and drive for results will be essential components of the expert's profile.

Expert on FIU Operations

This expert shall lead the FIU component of this project. She/He must be an experienced Investigator or Financial Intelligence Officer specialised in the gathering, collection, analysis and dissemination of financial information, including internal processes and IT tools, applied to cases of Organised Crime, Financial Crime and/or complex criminal cases involving large amounts of financial transactions. The Expert shall have a proven track record as a Financial Intelligence Officer, and must be suitable to work within a multi-disciplinary team. A minimum of 5 years directly relevant professional experience at the supervisory level is required; Excellent interpersonal and good communication skills, reporting and analysis capacity and drive for results will be essential components of the expert's profile.

Expert on the Confiscation and Administration of Assts and Proceeds of Crime

This expert shall lead the AASCA component of this project. She/he must be an experienced professional specialised in the administration of crime proceeds (funds as well as movable/immovable property), including sequestration processes, internal administrative procedures, and liaison/coordination with the Police and Judicial elements (particularly

Prosecution). The Expert shall have a proven track record as an Administrator of seized and confiscated assets, and must be suitable to work within a multi-disciplinary team. A minimum of 5 years directly relevant professional experience at the supervisory level is required; Excellent interpersonal and good communication skills, reporting and analysis capacity and drive for results will be essential components of the expert's profile.

All experts should be serving or recently retired officers; The Team should have access to homologue structures in a member state and to a pool of Short Term Experts.