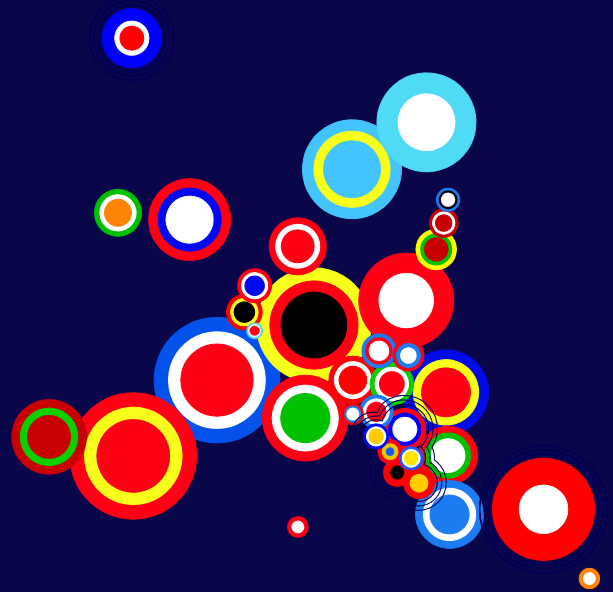




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

SERBIA

Support to Home Affairs 2015



Action Summary

The Action Document 2015 for Home Affairs sector aims to utilise the IPA II assistance in order to support the commitment of the Serbian administration in ensuring efficient and adequate capacities for implementation and enforcement of the EU requirements and recommendations which comes along with the Action Plan for Chapter 24 and 23.

The Action identifies two areas of intervention which outlines priorities for support. Support is planned for increasing capacity of the MoI and MoF for prevention and fight against organised crime, terrorism and other forms of crime, prevention of money laundering, improvement of internal control and on the other side enhancement of relevant national institutions response in emergency situations in order to improve safety and security of citizens.

| Action Identification | |
|---|---|
| Action Programme Title | Annual Action Programme for Serbia 2015 |
| Action Title | <i>Support to Home Affairs Sector</i> |
| Action ID | IPA 2015/ 038-441/06 Support to Home Affairs |
| Sector Information | |
| IPA II Sector | Rule of Law and Fundamental rights |
| DAC Sector | 15113 |
| Budget | |
| Total cost | <i>EUR 8.500.000</i> |
| EU contribution | <i>EUR 8.500.000</i> |
| Management and Implementation | |
| Method of implementation | Direct management |
| <i>Direct management:</i> EU Delegation | EU Delegation to Serbia |
| Implementation responsibilities | For Results 1, 3 and 4 - Ministry of Interior For Result 2 - Ministry of Finance/ Administration for the Prevention of Money Laundering (APML) |
| Location | |
| Zone benefiting from the action | Republic of Serbia |
| Specific implementation area(s) | Republic of Serbia |
| Timeline | |
| Deadline for conclusion of the Financing Agreement | 31 December 2016 |
| Contracting deadline | 3 years after the signature of the Financing Agreement |
| End of operational implementation period | 6 years after the signature of the Financing Agreement |

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Following the opening accession negotiations on 28 June after the European Council decision¹, the Serbian EU accession process has entered new phase requiring for heightening and completion of the reform processes. After the explanatory and bilateral screening meetings, held in Brussels at the end of 2013, the Draft Screening Report was prepared and its recommendations were used as an input for drafting of the Action Plan for Chapter 24. The Ministry in charge of Interior established the institutional setup and started preparation and coordination of the Action Plan for Chapter 24 drafting process. Therefore, IPA assistance in the Home Affairs sector reflect recommendations and priority actions identified within the draft version of the Action Plan and will focus on supporting implementation of the action plans that will be devised under the negotiation framework for Chapter 24 and 23. Having in mind that the Chapter 24 is already a mature draft, changes of a substantive nature in the areas selected for this Action document are not foreseen. More precisely focus of the annual Action programme of the IPA assistance in 2015 will be on: harmonising with the EU *acquis* on Chapter 24 and 23 and building capacity for efficient implementation and enforcement of legislation; improvement border control and management, enhancement and strengthening of migration and asylum system, prevention and fight against organised crime reform tasks. IPA assistance will focus on supporting implementation of the action plans that will be devised under the negotiation framework for Chapter 24 and 23.

Steps are being taken to modernise **police work**, to improve internal coordination, as well as international and regional cooperation and to bring the police close to the citizen via community policing. Efforts have resulted in adoption of several key strategies and laws and the establishment of specialised inter-ministerial structures, such as the Commission for inter-ministerial coordination in the field of Justice and Home Affairs.

The Ministry in charge of Interior has taken extensive measures and activities in the fight against all forms of **organized crime and to improve international police cooperation**. Although the legal and institutional framework in the fight against organized crime has been strengthened, it is necessary to continue work on the harmonization of legislation to enhance efficiency and proactive approach in detection and prosecution of organized crime. Efforts streamlined towards decreasing and combating organised crime will be achieved through the improved efficiency of relevant institutions, record keeping, exchange of information at a national and international level, and further promotion of regional and international cooperation. The field of organized crime remains a serious concern in Serbia, assessed by the latest EC Progress Report 2014 (ECPR 2014), since there is no overarching strategic threat assessment of organised crime in the country and final convictions remain rare. Furthermore, the EC 2014 Progress Report concludes that through the rationalisation of the Ministry of Interior, the adoption of the new Law on the Police and the reorganisation of its human resources management by way of the new systematisation act, it is advisable to increase the efficiency in fighting crime. The introduction of transparent and merit-based criteria for recruitment and career advancement is crucial, as is more specialised training.

The new **Strategy for Combating Organised Crime** has been prepared and currently under procedure for adoption. Serbia has adopted “*Guidelines on the recording and classification of organized criminal groups*” as one of the key prerequisites for the development of National threat assessment of organized crime, according to the EUROPOL SOCTA methodology, and is preparing for the introduction of the concept of Intelligence Led Policing - ILP, based on crime mapping and systematic use of threat assessments. However, both Screening Report on Chapter 24 and ECPR 2014 recognize that these problems still need to be addressed. Also, final convictions and the effective dismantling of criminal organisations remain rare. The track record of proactive investigations and final convictions needs to be established.

¹ Following the Commission’s recommendation of 22 April 2013

The **internal control** remains the field which needs to be improved. Alongside the anticorruption policy, internal control departments are lacking the technical and human resources and capacities. The ECPR 2014 indicates that: “Fighting organised crime and corruption is fundamental to countering criminal infiltration of the political, legal and economic systems”. In addition, the Action Plan for the implementation of the “*National Strategy for the Fight against Corruption*” defines the activities to be carried out in accordance with measures related to building police capacities required for investigations of criminal offenses related to corruption and strengthening the integrity and internal control mechanisms for the purposes of combating corruption in the police sector. Alongside, the *Draft Action Plan for Chapter 23* recognises the needs to take steps to strengthen internal control and auditing bodies and to further develop, implement and assess the impact of specific measures to tackle corruption particularly within vulnerable areas, such as the Police. “National Programme of Serbia for the Adoption of the EU Acquis (NPAA) for the period 2014-2018”, defines increase of employees in Internal Affairs Sector (IAS) by 20 each in the period 2015-2018. The new Police Law, planned to be adopted in 2015, will increase power of Internal Affairs Sector to control not only police officers, but all employees of MoI. IAS will have competence to conduct integrity test, risk analysis of corruption and check asset declaration of MoI managers. Also, MoI employees will be obliged by Police Law to forward all allegations of corruption regarding MoI employees within 24 hours to IAS.

Financial investigations are subject to further improvement due to the conclusions stated in the Screening Report on Chapter 24, the Action Plan for Chapter 24 and ECPR 2014. Additional efforts are needed to systematically carry out financial investigations in conjunction with complex criminal investigations (both law enforcement and judiciary).

The Strategy of Financial Investigations and the National AML/CFT Strategy complement each other, they share the same goals and involve the same authorities. Therefore, the implementation of one strategy directly contributes to the implementation of the other so the different activities in this Action will take into account the goals of both these strategies, as appropriate.

Relative to the fight against money laundering and the financing of terrorism, Serbia conducted a Money Laundering National Risk Assessment (NRA) in 2012. A new National Strategy against Money Laundering and the Financing of Terrorism and its Action Plan that took into account the most important outcomes of the NRA, were adopted on 31 December 2014. They provide for a series of measures and actions to improve the Serbian AML/CFT system. These documents are organised around four strategic themes, each with a set of objectives, including for the levels of policy, prevention, enforcement (repression), and training. Serbia and has been proactive in implementing the revised FATF recommendations, including Recommendation 1 on national risk assessment. Serbia has a legislative, institutional and operational AML/CFT framework in place. Further strengthening of capacities of relevant judicial and money laundering institutions is required and will be secured through this AD. Administration for the Prevention of Money Laundering (APML) is the Serbian financial intelligence unit (FIU).

In September 2010 the Agreement on the cooperation in fight against of all types of crimes was signed between the Ministry in charge of Interior, the Ministry in charge of finance and the Ministry in charge of justice. The *Law on the organisation and responsibilities of the state institutions in suppressing organised crime*², corruption and other severe criminal offences extended the powers of the Prosecutor for Organised Crime and police. Financial investigation, cyber-crime and drug smuggling units have been established within the Ministry in charge of Interior allowing greater specialization and expertise. However, capacity to carry out complex financial investigations needs to be strengthened and in this context³, action geared towards removing bank secrecy and beneficial ownership regulations in relation to a wider spectrum of corruption offences needs to be pursued. The level of inter-agency cooperation, information flow and exchanges between law enforcement agencies needs to be

2 Official Gazette RS, no. 42/2002, 27/2003, 39/2003, 67/2003, 29/2004, 58/2004 – other law, 45/2005, 61/2005, 72/2009, 72/2011 – other law, 101/2011 – other law 32/2013

3 Lack of internal capacity and expertise in financial investigations and asset recovery, together with a lack of technical equipment for special investigative measures, hamper the effectiveness of investigations.(ECPR 2014)

improved. Risk assessments and crime mapping need to be used more broadly and Intelligence-Led Policing (ILP) needs to be developed. Identified problem is the absence of legislative and policy implementation follow-through. The Financial Investigation Unit (FIU) within Service for Combating Organized Crime (SBPOK) lack of means and technical expertise and this is the reason for additional seminars, workshops and trainings for police officers.

First steps in developing capacity, adjustment of the legal framework and organizational structure needs ILP models, in order to initiate the establishment of model police work led criminal intelligence information. The ILP was done through the Sida support to “*Development of the Ministry of Interior (MoI) of the Republic of Serbia in the period 2012-2014*”, by which the need for full implementation of the idea ILP was identified. Draft national manuals on ILP model was created, GAP analysis was performed and specified the areas in which they need to continue to develop the ILP model within the MoI.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

The Indicative Strategy Paper 2014-2020 for Serbia (the Strategy Paper) sets out the priorities for EU financial assistance for the period 2014-2020 to support Serbia on its path to EU accession. It describes that in the Home Affairs sub-sector support will focus on the creation of an effective and efficient law enforcement system in the fight against organised crime.

This Action will focus on continuation of support to harmonisation with the *acquis* on Chapter 24 and straightening capacities for efficient implementation and enforcement of legislation. More specifically IPA II assistance in provided through this Action will support priorities defined within the Action Plan for Chapter 24 which is the core of the sectorial support in this area, particularly concerning the fight against organised crime, internal control within police; money laundering.

Having in mind the Strategy paper priority areas in the HA sector, this Action Document will specifically target following: implementation and improvement of integrated approach to organised crime (including risk assessment, crime mapping, improved capacities of the police for investigations, including financial investigations, internal control, etc.).

This Action is fully in line with the *EU Enlargement Strategy* for Serbia and the Strategy paper and its implementation will confirm and further address Serbia’s commitment to enhancement of key challenges it faces, particularly paying attention to the key areas of the rule of law, the reform of the judiciary, fight against corruption and fight against organised crime, public administration reform, independence of key institutions, media freedom, anti-discrimination and protection of minorities.

The EC Progress Report 2014 assessed that Serbia made limited progress in the area of justice, freedom and security. In general, the EC Progress Report 2014 (ECPR 2014), in the field of organized crime, concludes that organised crime remains a serious concern in Serbia. Furthermore, it recommends that additional efforts are needed to systematically carry out financial investigations in parallel with complex criminal investigations. Intelligence-led policing based on crime mapping and systematic use of threat assessments remain to be developed. In this regard this Action will particularly focus on: strengthening of financial investigations and ensuring inter-agency cooperation; ensuring better operational cooperation between the judiciary, law enforcement and non-law-enforcement bodies; improving national and international cooperation on the investigation and processing of money laundering and related criminal offences; etc. On money laundering, ‘[t]he administrative and analytical capacity of the [APML] needs to be strengthened, [APML] does not yet have adequate premises, preventing recruitment of new staff. Serbia has not yet established a solid and systematic track record of suspicious investigations and final convictions in money laundering cases. Reporting remains low, in particular outside the banking sector and especially in the real estate sector, currency exchange offices and insurance companies. An effective system for monitoring and analysing cash transactions needs to be put in place and made operational’.

The realisation of this Action Document and achievement of defined results will contribute to the *Southeast Europe Strategy 2020*: Having in mind the effects of this Action and implementation of activities of common interest especially those related to fight against organised crime, corruption, money laundering, would be a key factor in the development of relations between neighbouring countries and strengthening regional stability. Furthermore, this Action by achieving its results will

contribute to reduction of corruption as an essential contributor to achievement of the SEE Strategy 2020 commitment towards creating vibrant economies and thriving societies in each and every country of the region. This Action also contribute to realisation of the SEE Strategy 2020 aims geared towards reinforcing the countries' efforts to advance along their EU accession pathway.

National Priorities for International Assistance 2014-17 with projections to 2020 (NAD) following priority within Home Affairs sector will be addressed: 1) Improving of overall security and fight against crime. More specifically this Action shall contribute to realisation of the **Measure 1.1:** Improving and implementing strategic and normative framework for crime fighting and prevention and **Measure 1.2:** Strengthening the capacities of state authorities to efficiently process cases of organised crime, corruption, money laundering, terrorism financing, terrorism, war crimes and other criminal acts, through: increasing institutional, human and technical capacities for prevention and fight against organised crime, prevention of crime proceeds from entering the financial and other sectors and improvement of detection and disruption of money laundering and terrorism financing, improving police cooperation, improvement of internal control in the fight against corruption within police, etc.

An important benchmark in this process was the adoption by the Government of the **National Plan for the Adoption of the Acquis (NPAA) for the period 2014-2018**. The NPAA represent detailed, multi-annual plan for the harmonization of national legislation with EU regulations, and is designed to connect European legislation and the domestic legal system. In addition it represents a multiannual plan in order to implement obligations from the SAA⁴ and prepare for further alignment with the acquis. The document defines development and strategic goals, relevant policies, reforms and measures (2014-2018). The goals set down in the NPAA are to be completed during this period.

After the explanatory and bilateral screening meetings, the Draft Screening Report was prepared and its recommendations are integrated within the draft Action Plan for Chapter 24, which serves as a basis for identification of activities to be supported under this AD.

The National Strategy against Money Laundering and Terrorism Financing (National AML/CFT Strategy) was adopted on 31 December 2014 and is valid for the next five years. It will focus on the following four strategic themes: Policy, coordination and cooperation among all stakeholders mitigate the money laundering and terrorism financing risks; Proceeds of crime are prevented from entering the financial and other sectors or are detected and reported by these sectors, if already in the system; Detecting and disrupting money laundering and terrorism financing threats, sanctioning of criminals, and seizure and confiscation of illicit proceeds; and Qualified human resources trained to participate effectively in all the segments of the AML/CFT system and understanding by the public of the roles and plans of the competent authorities. The National AML/CFT Strategy has taken into account the latest developments in international standards, which now require not only technical compliance with standards; rather, the success of an AML/CFT system will be assessed against the effectiveness of their implementation. The National AML/CFT Strategy intends to ensure that the standards (at the legislative, institutional and operational levels) are met but in such a way to produce effective results. This Action will directly support and contribute to the implementation of prioritised segments of the National AML/CFT Strategy and its Action Plan, through improving the quality of STRs and APML's products, further reinforcing APML's capacities, reviewing the status of AML/CFT compliance officers, reviewing the system of responsibility for AML/CFT in the private sector and by improving interagency cooperation and coordination in order to ensure better work on ML/TF cases, including financial intelligence.

Actions/results under this Action are linked with the activities from the **draft Action Plan for Ch. 24 and Action Plan for Ch. 23** in following:

⁴ "The Stabilisation and Association Agreement (SAA) and the Interim Agreement on Trade and Trade-Related Matters (ITA) were signed on 29 April 2008. The Serbian National Assembly ratified the SAA and ITA on 9 September 2008 (Official Gazette of RS No. 83/08). The ITA came into force on 1 February 2010 after being ratified in December 2009. The SAA is still in the ratification phase having been ratified by 26 of the 27 EU Member States

Result 1 is linked with the AP for Chapter 24: Activity 6.2.2.4 - Establish technical conditions within Ministry of Interior and other relevant institutions to enable electronic data exchange between law enforcement authorities and judicial authorities in charge of the fight against organised crime; AP for Chapter 24 Activities: 6.1.1.2 - Meet security standards in accordance with recommendations from the analysis; 6.2.1.6 - Improve an integrated Information Communication Technology (ICT) platform of the Ministry of Interior which is accessible to all users.

Result 2 is linked with the AP for Chapter 24: Activity 6.2.4.10 – Strengthen capacities of the Administration for the Prevention of Money Laundering.

Result 3 is linked with activities envisaged in AP for Chapter 23 in the area of fight against corruption: Activity 2.2.10.24 - Develop mechanisms to strengthen the integrity of the police officers: a) Develop risk analysis for each position with respect to the integrity of police officers; b) Create the conditions for the normative regulation, strengthening the integrity of the police officers (amendments to the Law on Police, bylaws, procedures and methodologies); c) Changes in the organizational part resulting from the normative framework (creating the conditions for implementation of the laws and regulations) to ensure the necessary human and material resources to warrant procedures and methodology enabling a higher level of integrity in the police; Activity 2.2.10.25. - Strengthen the capacity of the internal control for the purpose of suppression of corruption in the police in accordance with the performed analysis and amended normative framework in line with the activity referred to under item 2.2.10.23; Activity 2.2.10.26 - Continuous training of staff in the Department of internal control and all employees of the Ministry of Interior in relation to the integrity.

Result 4 contributes to achieving activities leading to harmonisation with Directive 2008/114/EC which is within scope of AP Chapter 24, recommendation 7.4 as well as conditions to be fulfilled under Negotiation Chapter 10 related to Directives 2002/22/EC and 2009/136/EC and according to which the Single European Emergency call number 112 needs to be implemented in full.

SECTOR APPROACH ASSESSMENT

Strategic Framework

Home Affairs is a broad sector and it is covered by several sub-sector strategies. The following strategies are relevant for this sector: The Development strategy of Ministry of Interior (2011 – 2016); The Community Policing Strategy with Action Plan (2013 to 2017); the National Strategy for Emergency Management and Civil Protection (2011-2016); Strategy for fire protection (2012-2017); National Defence Strategy (adopted in 2009); Small arms and light weapons control strategy (2010-2015); National Strategy against Money Laundering and Terrorism Financing (2014-2019), and the action plan for the same period; the National Anti-Corruption Strategy⁵ (2013 – 2018); the National Strategy on Protection in Emergency Situations⁶; Strategy for the National Security of the Republic of Serbia⁷; The Strategy for financial investigations (2015-2016).

The main strategic vision and key priority described in the development strategy of the Ministry in charge of Interior for the period up to 2016 is to strengthen the security of citizens through democratic, responsible and efficient police service. The prevention and fight against organised crime foresees the increase of the capacities for prevention and reduction of the organized crime to the lowest possible rate. The overall objective of the 2015-2019 National AML/CFT Strategy, echoing the FATF's high-level objectives in implementing AML/CFT measures, is to protect Serbia's financial system and its economy from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security. Sustainable Integrated Border Management is also an objective that will ensure comprehensive and efficient safety and security of movement of citizens and goods.

⁵Official Gazette of the RS", No. 57/2013

⁶Official Gazette RS, No. 86/2011

⁷ Official Gazette RS", No. 88/2009

In 2013 SEIO launched an initiative to reduce the large number of sector strategies by fostering the development of overarching strategies covering the broader sub-sectors. The strategic review is underway and it is being led by the Secretariat for Public Policies. The Secretariat provides assistance to ministries on the methodology for sector strategic planning. The strategic assessment found that the existing strategies do not cover the entire scope of the sector. The main gap relates to crime prevention and detection. While the strategies often cross-refer to each other (and other documents outside the sector), there is no sign of explicit coordination in their preparation to ensure synergies are taken fully into account, which is unsurprising given their different timeframes, and in the design of objectives and alignment of measures.

Sector Lead Institution and Capacity

The **sector lead institution** for the HA sector is **the Ministry in charge of Interior**. It has the main responsibility of leading the relevant sector institutions in the process of elaborating, implementing and monitoring/reporting on sector policies. The Ministry is in charge of preparations for EU negotiation on the Chapter 24, and it coordinates the activities of all relevant institutions within the sector. Independently or in cooperation with other ministries and relevant institutions, the Ministry in charge of Interior encompasses all the subsectors covered by the corresponding EU legislation related to Chapter 24 (Justice, Freedom and Security).

The Ministry in charge of Interior has a wide scope of competences which are managed through its internal organisation departments. It deals with security and safety policies, crime prevention and protection, and it covers policies related to protection of citizens and the communities, fight against organised crime, which includes cybercrime, drugs trafficking, money laundering and terrorism financing terrorism, human trafficking, border management and control, including migration and asylum, and protection of human rights of refugees and IDPs.

The sector lead institution, in cooperation with other sector relevant institutions, guides and manages activities within the sector and has the power to make decisions, plan and control resources in order to provide inputs to achieve planned positive medium to long term impacts within the sector. In relation to international assistance (including EU funds), the Ministry has the management responsibility for the planning and programming, implementation and monitoring of assistance to sector priorities and measures, as well as for coordinating the inputs of sector institutions in this regard. However, where the assistance is clearly within the mandate of different line ministries/institutions, the MoI relies substantially on respective line institutions in all practical elements of planning, identification, formulation, contract management, reporting, but maintains the coordinative role on the HA sector level.

With regard to this Action, the Ministry in charge of Interior represents the body responsible for the implementation of the activities under Results 1, 3 and 4.

Other institutions in the sector relevant for this Action Document are:

Administration for the Prevention of Money Laundering (APML) is a part of the Ministry in charge of finance and it functions as the financial-intelligence unit (FIU) of the Republic of Serbia. APML's powers and responsibilities are provided for in the Law on the Prevention of Money Laundering and Terrorist Financing (AML/CFT Law). APML's core functions include collecting and analysing reports on suspicious transactions (STRs) and persons that it receives from the obliged entities, and disseminating the financial intelligence, where it suspects money laundering or terrorism financing, to law enforcement authorities (mainly prosecutor's office, police). Also, the APML can start a case upon the initiative of other state authorities (specified in the AML/CFT Law) and foreign FIUs. APML, among other things, can also issue an order to temporarily suspend transactions and monitor client account activity, as specified in the AML/CFT Law. It also has a number of other important functions, including those related to freezing of terrorist assets according to the Law on Freezing of Assets with the Aim of Preventing Terrorism. The APML, in addition to contributing to Chapters 24, 31 and 23, is one of the leading institutions under Chapter 4 – Free Movement of Capital.

Institutional capacity

Within the annual Action programme for **IPA 2015**, a total of 6 contracts are anticipated, consisting of following number and typology of contracts: 2 Supply contracts, 1 Twinning light, 1 Twinning, and 2

Service contracts. The total planned amount of IPA 2015 contribution to Home Affairs sector is EUR 8.500.000.

In line with detailed provisions of the respective procedures under Indirect Management of IPA II, within the MoI the programming and implementation and monitoring of EU funds functions are separated. They are organised under the Department of Finance, Human Resources and Common Affairs and the Division for Management of EU Funded Projects. The Division is organized into two Sections: (i) Section for Project Preparation and Programming and (ii) Section for Project Implementation and Monitoring; taken together these two Sections constitute the IPA Unit.

During the period 2007-2013, the MoI received IPA funds amounting to EUR 13.800.000 (IPA 2007, 2012 and 2013). In the context of **IPA 2013**, which will be implemented under Indirect Management, the MoI will have the implementation responsibility for 2 contracts in the total value of EUR 3.380.000, and will bear the role of direct beneficiary. In the context of the Justice Sector, the Ministry was identified as the beneficiary of IPA 2011 and 2012 assistance in total EUR 7.000.000. With regards to **IPA 2014** Action Document (AD), the Ministry will have implementation responsibility for 2 Twinning and 1 Supply contract in the total value of EUR 3.300.000.

With regard to the annual programme for **IPA 2015**, the MoI is responsible for results related to fight against organised crime and police cooperation, internal control and development of 112 emergency system. Therefore, it will be responsible for the management and monitoring of 5 contracts (2 Supply contracts, 1 Service and 1 Twinning light and 1 Twinning contracts), amounting to EUR 7.000.000. It is expected that the implementation of these projects will start the earliest in 2017.

To date, the tendering and contracting of IPA 2013 contracts has yet been concluded; it is expected that this process will start in 2015, hence the implementation will start during 2016. In this regard the MoI will in total have responsibilities for decentralised management of 10 contracts, which can indicate a possible capacity constraint and bottlenecks when it comes to timely implementation and monitoring of projects under indirect management of IPA assistance.

The Administration for the Prevention of Money Laundering (APML) was the main beneficiary of MOLI-Serbia Project against money laundering and terrorism financing, financed under IPA 2010 annual programme that ended in early 2013. Indirect MOLI-Serbia beneficiaries included the Ministry of Interior, Public Prosecutor's Office, National Bank of Serbia, Ministry of Defence, etc. The total value of the project was EUR 2.265.000.

Within the annual action programme for **IPA 2015**, MoF (APML) is envisaged to be responsible for implementation and monitoring of 1 Service contract amounting EUR 1.500.000 which shall support enhancing APML's core functions. Since the APML is part of the Ministry in charge of finance responsibility for indirect management (implementation and monitoring) of this contract lies within the MoF.

Administrative capacities within the sector have been assessed in the light of EC Progress Report 2014 which highlights the need to strengthen administrative and human and technical capacities across all subsector areas.

Sector and donor coordination

Strong inter-institutional cooperation and coordination in the sector has been ensured through the Sector Working Group (SWG) that prepared the Sector Planning Document for 2015-2017 and the Action Document for 2014.

The overall planning and programming of international assistance (including the IPA II) is organised according the Sector Approach. It is nationally led and coordinated by the NIPAC/NIPAC Technical secretariat (NIPAC TS); however within the HA sector and with the view of introducing full-fledged sector approach, it is expected that the Ministry as the SLI would take overall management responsibility and responsibility in coordinating relevant sector institutions and providing the inputs to planning and programming of international assistance.

The Sector Working Group (SWG) for Home Affairs sector is responsible to coordinate activities related to management of EU funds and other international assistance and to propose relevant Actions and activities. In addition to the national sector institutions, members of SWG contain representatives

of the Ministry in charge of Finance, specifically from the National Fund and the CFCU. Donor community representatives including the Lead Donor participate in the SWG meetings based on the needs. The Lead donor(s) is responsible for supporting the work of SWGs and for representing the interests of the other donors which are active in the sector. The SWG is also acting as Sectorial Monitoring Subcommittee for IPA TAIB under the indirect management. As a monitoring tool, the EU Delegation and NIPAC have also created monthly ‘‘bottleneck meetings’’ between EUD, NIPAC and line ministries to discuss the progress of IPA funded projects and to ensure their smooth implementation. Under the Rules of Procedure for Sector Working Groups, SEIO is responsible for coordination and ensuring the efficient functioning of all activities of the SWG. Coordination and leadership of the SWG is supported by a Task force made up of representatives from the Sector Lead Institution, Lead donor and SEIO.

In order to enable more inclusive and transparent dialogue, consultation and communication with all relevant stakeholders in regard to planning and programming of EU and other international assistance, SEIO established Sectorial Civil Society Organisations (SECOs) mechanism. SECO serves as consultation mechanism with the Civil Society Organisation (CSOs) active in the field of particular sector. Members of SECO are participating at the SWG meetings and takes part in consultation processes for analysing sector priority goals, measures and operations for financing from EU funds and international assistance. SECO and SWG are part of the consultative process that leads to the elaboration of the IPA II Action Documents.

Furthermore, the cooperation with civil society organisation is organised in the light of enabling participation of CSO’s at screening meetings through Internet, as well as subsequent briefings with Chief Negotiator and heads of subgroups for Chapters 23 and 24. With a view to involving CSO’s in the negotiation process, a group of six NGOs created a network ‘‘прЕУговор⁸’’ (Serbian: prEUGovor) in May 2013 in order to monitor the implementation of policies focusing on Chapter 23 and 24. Organisations within the network actively contributed to drafting of the Action Plan for Chapter 24 through improvement of transparency of implementation of AP and indicators for monitoring and measurement the progress of implementation. Cooperation and consultations with the civil society in regard to implementation of the Action Plan will continue after adoption of the Action plan and reports on the implementation of the Action plan will be published on the website of the Ministry in charge of Home Affairs.

Sector budget and medium term perspective

There is no mid-term, sector-based, budgetary planning process in Serbia that could be used to develop mid-term expenditure frameworks across a whole sector. A major reform of the Serbian budgetary process will take place with the introduction of programme-based budgets (PBBs) for all direct budget beneficiaries from 2015 onwards. However, this reform aims to introduce strategic budget planning at the individual institutional level rather than at sectorial level. It will take several years before the PBB methodology can be used to develop mid-term sector budget planning. At present it is only possible to estimate sector budgets on the basis of individual annual budgets for the sector institutions and to gain a mid-term perspective by using the forward projections of these budgets made by government in the most recent Fiscal Strategy (*‘‘Fiscal Strategy 2015 with projections for 2016-17’’*).

The introduction of programme budgeting is of major importance for the improvement of Public Finance Management, as it enables continuous multi-year financing of priority policies, programmes and projects. Currently fourteen institutions are implementing the Program based budget. In the Home affairs sector, the Commissariat for Refugees and Migration is one out of the fourteen pilot institutions that are implementing currently the Program based budget.

8 ‘‘prEUGovor’’gathers the Belgrade Centre for Security Policy, ASTRA, Serbian Centre for Investigative Reporting, Centre for Applied European Studies, Group 484 and Transparency Serbia.

The Methodology on Programme based budget was published by the Ministry in charge of finance in the beginning of 2014. In contrast to the linear and the existing program budget in pilot ministries, this methodology, among other things, will enable monitoring of programs, projects and program activities as well as the associated funding by sectors, corresponding to the division within the sector approach for the planning of EU assistance. In addition, the monitoring of the funds invested in the implementation of activities in the negotiation process with the EU, under Chapter 35, will be provided.

In accordance with the Programme Budgeting Instructions (PBI), programme based budgets in the pilot institution is structured in the form of Programmes and activities/projects. A programme budget is developed in line with medium-term beneficiary's plans and other strategic documents that relate to their competencies. A programme is a set of measures undertaken by budget beneficiary in line with its key competencies and medium-term objectives. Each programme is made up of independent yet closely interlinked components, activities and/or projects, set up objectives and developed indicators.

Performance assessment framework

Sector Performance Assessment Framework (PAF) is currently under development. For time being sector PAF is based on two key mechanisms: (i) system of indicators which have been developed to accompany the document "National Priorities for International Assistance for period 2014-17 with 2020 projections (NAD)" and (ii) indicators identified within the Action Plan for Chapter 24 and 23.

Result-based system of indicators accompanying the NAD defines baseline and target values (benchmarks) for a period up to 2020 and will be revised in 2017. Indicators are linked with the relevant sector priorities and measures defined in the NAD. Definition of the NAD indicators took into account availability of information and their sources (statistics, information that are collected by sector institutions, etc.); sector indicators used in the PEP (Pre-Accession Economic Program) and internationally accepted indicators measured by the relevant IO/IFIs. It is important to note that the NAD indicators and targets have been prepared by the responsible sector ministries in consultation process with SEIO, Sector Civil Society Organisations and key donors. NAD HA sector priorities were formulated at the level of national sector strategy objectives and are therefore set at the impact level of national public policies (Context indicators). The indicators at the level of NAD HA sector measures were designed to measure impact taking into account mainly international assistance (Programme indicators).

In relation to the set of indicators, which are deriving from the AP for Chapter 24 and 23, they are at the level of expected results defined as output indicators which corresponds to the activities, as well as at the level of the overall result defined as outcome indicators, corresponding to the EU recommendations. Impact indicators are defined on the level of impacts on wider society. They also correspond with EU recommendations.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

Lessons learned can be summarized as follows:

- it is of utmost importance to program only the interventions mature enough for the implementation, maturity being reflected in the preparedness of strategic framework linked to accession priorities, in existence of administrative structures to implement strategic priorities and in commitment of policy decision-makers to pursue the agreed reforms;
- Given the complexity of the sector scope and the underlying institutional setup – the number and the variety of stakeholders which are the carriers of sub-sector policies - the success of any intervention is directly proportionate to the extent of readiness of institutions to cooperate, share and exchange information;
- Availability of up-to-date sector assessments and targeted analyses is essential as well as the awareness of sector stakeholders of the data and statistics contained therein.

Taking in consideration the above, actions planned for IPA 2015 will mainly be focused on internal capacity building of the new units within the Ministry in charge of Interior as well as stronger cooperation with other relevant national institutions (e.g. Ministry of Justice, Courts, Prosecutor's office, Customs, etc.).

A number of evaluations were conducted: EC funded evaluations of assistance implemented and financed by IPA programs and other donors in the Republic of Serbia per sector; IPA Interim Evaluations and meta- evaluation of IPA assistance, funded by the EC; and Evaluation of Effectiveness and Efficiency of Development Assistance to the Republic of Serbia per sector in the period 2007- 2011, initiated by SEIO and implemented with the SIDA support. Also, EC has initiated a project “Monitoring and Evaluation Capacity Building in Western Balkans and Turkey”, implemented by the World Bank, in order to assist the beneficiary countries in strengthening capacities in monitoring and evaluation, with a focus on defining the performance indicators on the sector level.

The following projects are relevant from the perspective of this AD:

The Sector fiche IPA 2013 *„Strengthening the Executive Power Institutions for Law Enforcement in Fighting Organised Crime and Migration Management“* includes two contracts falling within the competence of the Ministry in charge of Home Affairs: 1) Twinning project **„Fight against Organised Crime** (human trafficking, illegal narcotic drugs trafficking, illegal weapons trade and financial investigations)“ and procurement of the **„Laboratories for Evidence Analysis in Criminal Cases Prosecution“**, envisaging activities relating to the fight against organised crime. IPA 2013 *“Support to Further Modernization of the Customs Administration and Improved Border Management in the Republic of Serbia”* focuses on the gradual fulfilment of EU and international interconnectivity, interoperability and e-Customs standards and requirements. Therefore, the comprehensive work started on modernisation of the overall IT network and on introduction of the NCTS and the AEO through IPA 2007 and IPA 2011 Projects, shall continue within IPA 2013 with additional upgrade of the CAS communication network and with preparations for introduction of Automated Import System (AIS) including Import Control System (ICS) and Automated Export System (AES) including Export Control System (ECS). This means also that in practice, the provisions of the national Customs Code, as aligned with relevant acquis and WCO rules, shall be implemented;. Second Project component relies upon the Integrated Border Management Strategy, as further precised by the CAS Business Strategy and Action plans with regards to investments into infrastructure of border crossing points (BCPs). Control, surveillance, trade and traffic aspects are interrelated within the scope of any physical BCP, but the pre-condition for carrying out of all the processes is a reasonably functional basic infrastructure which is also compatible with the one in neighbouring state. In the case of BCP Bajmok (Serbian border with Hungary) comprehensive construction works need to take place and are prioritised for the support under this PF. Realisation of the project shall contribute to improvement of the quality of the CAS towards private sector and Citizens, increase the capacity of CAS, strengthen the function of border control and customs administration to improve the fights against illegal migration.

IPA 2014 in its Action document *„Support to the Sector of Home Affairs“* envisages activities relating to the improvement of overall prevention and detection of THB, visa policy, management of migration flows (accommodation for asylum seekers, external borders and Schengen Action Plan, IDPs and returnees from the readmission process, sustainable return to Kosovo), border management and fight against organised crime.

The Sector Planning Document 2015-2017 envisages various activities covered by the following subchapters: „Migration“, „Asylum“, „Visa Policy“, „External Borders and Schengen“, „Police Cooperation and Fight against Organised Crime“, „Fight against Terrorism“ and „Cooperation in the field of Drugs“.

In the framework of the Kingdom of Sweden bilateral assistance programme, the project *„Capacities Development for the Intelligence-Led Policing in the MoI of the RoS (ILP)“*, was implemented. The project contributed to development of a proposal for change of legal framework concerning Intelligence-Led Policing; establishment of a sustainable system for the development of human capacities and methods regarding Intelligence-Led Policing; development of a proposal for a new organisational structure that will answer to the demands of Intelligence-Led Policing; development of a proposal for a unique database; implementation of unified procedures for the performance of criminal intelligence work and establishment of pilot projects in the two selected Regional Police Directorates, Novi Sad and Kraljevo.

IPA 2010 “*MOLI-Serbia Project against money laundering and terrorism financing*”, implemented by the Council of Europe, supported the strengthening of capacity of the anti-money laundering and counter-terrorist financing system in Serbia in terms of legislation, skills and operational capacities.

IPA 2009 supported the “*Criminal Asset Recovery Project (CAR)*” launched in April 2010 and completed on March 2013, aimed at drafting the new Law on Seizing of Criminal Assets.

IPA 2007 “*Police Reform: Internal Affairs*” - equipment and training related to the strengthening of operational independence, professionalism and abilities of Internal Affairs Sector in promoting police reform in Serbia, as well as assisting the Ministry of Interior (internal Affairs Sector) to reach EU standards in the professional performance of official duties.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

| OVERALL OBJECTIVE | OBJECTIVELY VERIFIABLE INDICATORS (OVI) | SOURCES OF VERIFICATION | |
|--|---|---|---|
| To support Serbia's commitment in meeting EU standards in the field of safety and security including through implementation of Action Plan on Chapter 24 and Chapter 23 | <ul style="list-style-type: none"> • Progress made towards meeting accession criteria, as assessed by the Progress Report (Ch. 23 - Judiciary & fundamental rights) • Progress made towards meeting accession criteria, as assessed by the Progress Report (Ch. 24 - Justice, freedom & security) • Higher level of effectiveness, efficiency and cost- effectiveness of the fight against organised crime. | <ul style="list-style-type: none"> • EC Report on Chapter 23 • EC Report on Chapter 24 • Report on implementation of AP for Chapter 23 and Chapter 24 | |
| SPECIFIC OBJECTIVE | OBJECTIVELY VERIFIABLE INDICATORS (OVI) | SOURCES OF VERIFICATION | ASSUMPTIONS |
| 1. To increase capacity of the Ministry of Interior and Ministry of Finance for prevention and fight against organised crime, money laundering, terrorism and other forms of crime | <ul style="list-style-type: none"> • Degree of efficiency in the process of exchange of information on criminal offences of organised crime; • Level of completion of implementation of relevant activities envisaged by AP for Chapter 24 Activity: 6.2.2.4; 6.1.1.2; 6.2.1.6 ; 6.2.5.6 and 6.2.4.10 • Level of completion of implementation of relevant activities envisaged by AP for Chapter 23 Activity: 2.2.10.24; 2.2.10.25; 2.2.10.23 and 2.2.10.26 • Number of criminal offences recorded by police in accordance with the EUROSTAT methodology • Level of concerns expressed by relevant international organizations (e.g. MoneyVal), especially with respect to APML/FIU core functions | <ul style="list-style-type: none"> • EC Progress Report • Official statistics, information from experience, perception of the level of use of the system for money laundering or terrorism financing purposes – National Risk Assessment. • Ratings by international organizations, such as the MoneyVal • EU Monitoring Reports • CFCU Implementation Reports • Monitoring Reports for implementation of AP 24 • Monitoring Reports for implementation of AP 23 | Police reform, and the fight against organised crime, remain a high priority for the Government and are implemented without delays. Sustained relative political stability in the region Continuation of the EU integration process |
| 2. To enhance safety and security of citizens in emergency situations in accordance with international and EU standards | <ul style="list-style-type: none"> • Analysed current technical situation and recommendation for implementation of system 112 in RS • % Population awareness of 112 system | <ul style="list-style-type: none"> • Progress Report • | |
| RESULTS | OBJECTIVELY VERIFIABLE INDICATORS (OVI) | SOURCES OF VERIFICATION | ASSUMPTIONS |
| Result 1: Strengthened capacity of MoI and other relevant institutions to fight against organized crime, in line with AP 24 for the implementation of: Intelligence Led Policing, National Criminal Intelligence System (NICIS-KOS), and Strengthening international police cooperation (in line with EUROPOL standards) | <ul style="list-style-type: none"> • Number of intelligence-led cases composed in line with ILP standards • ILP databases integrated and accessible to ILP officers • The number of police reports entered into the information system • The number of police officers entering police reports in the information system • Level of fulfilment of physical security standards and recommendations defined by EUROPOL documents • Number of data exchanged between the Republic of Serbia (ENUs and LBs) and EUROPOL via SIENA on annual basis • Number of exchanged operational data to the EUROPOL focal points- | <ul style="list-style-type: none"> • EU Progress Report • MoI and MoJ annual report • Report on implementation of AP for chapter 24 and Chapter 23 | Full commitment of the parties involved |

| | | | |
|---|---|---|--|
| | Analytical Work Files (AWF) on annual basis | | |
| Result 2: Capacities and systems for the fight against money laundering and terrorism financing improved through enhanced quality and efficiency of Suspicious Transactions Reporting and APML's core functions | <ul style="list-style-type: none"> • APML satisfaction with STRs received; <ul style="list-style-type: none"> • Share of usable APML reports in the total number of APML reports • <u>AP Chapter 24 Indicators:</u> • Information on the necessary capacities of the APML available • Number of conducted training sessions in the area of money laundering; • Reducing time necessary for analysis, a larger number of analyses submitted to law enforcement agencies compared to the previous year | <ul style="list-style-type: none"> • Annual report of the APML • Report on implementation of AP for CH 24 • APML satisfaction survey replies | APML capacities in place, willingness of private sector to cooperate; willingness of authorities to cooperate |
| Result 3: Capacity of Internal Control unit to fight against corruption within the police is strengthened | <ul style="list-style-type: none"> • Number of IAS officers trained to conduct integrity test and advanced surveillance techniques by the end of 4th quarter • Number of IAS officers trained to conduct proactive investigations of corruption and financial investigations by the end of 3rd quarter • Number of IAS officers trained to process intelligence and operational corruption data by the end of 2nd quarter • Number of police officers trained to check declaration of assets/property by the end of 3rd quarter • Number of police officers trained to use new hardware and introduce secure network by the end of 2nd quarter | <ul style="list-style-type: none"> • Report on the Border Police Integrity Plan • Report on implementation of AP for Chapter 24 and Chapter 23 • MoI Reports | Willingness of all stakeholders to participate Internal control unit at the Ministry of Interior appropriately staffed |
| Result 4: Designed efficient emergency support system 112 for the Republic of Serbia | <ul style="list-style-type: none"> • Degree of completion of implementation steps required for the introduction of 112 system • Degree of preparation of the communication campaign on importance of system 112 • Awareness campaign implemented | <ul style="list-style-type: none"> • Monitoring reports • MoI reports, Project reports, Reports of Civil society, News papers, TV reports | |
| ACTIVITIES | MEANS | OVERALL COST | ASSUMPTIONS |
| Activities to achieve Result 1: 1.1 Support to Establishment of the National Criminal Intelligence System (NICIS) <ul style="list-style-type: none"> • Analysis of the current conditions relevant to establishment of the NICIS and the assessment of the scope, frequency and priorities for data exchange • Draft the model and architecture of the NICIS platform and conceptual model of the NICIS System is developed. • Development of the integrated methodology for statistics reporting based on legal acts • Develop and adopt architecture for ICT aspect of NICIS • Provision ICT equipment for establishing secure communication platform within MoI for data and information exchange with other external subjects • Draft proposal for enhancing of administrative capacities relevant to data processing is developed and conduct training 1.2. Support to establishment ILP (Intelligence Led Policing) <ul style="list-style-type: none"> • Provide adequate necessary equipment for operational level, for entry of data (field level), analysis and strategic decision making level | Supply, Twinning, Twinning light, Service Contracts | Total EU contribution : EUR 8.500.000 | Efficient cooperation and coordination among the different units in the MoI and other relevant institutions is maintained during Action implementation |

| | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> • Enhance existing ICT infrastructure in order to support data and information collection, storage and management on central site available for all users • Develop and establish software solution for support ILP full implementation and necessary training <p>1.3. Support to development of Analytic</p> <ul style="list-style-type: none"> • Define Business Intelligence (BI), analytical and statistical tools and define technical specification for ICT infrastructure enhancement • Define tools for crime mapping • Train the personnel for further work on the modelling and implementation of the Data Ware House (DWH). • Define and adopt a front-end system for the production of the results of the analytical work based on so-called "Business Intelligence" (BI) technologies • Implementation of tools for reporting, predictive analytics and crime mapping with possibility to use data warehouse platform • Train the employees to work with this type of tool. <p>1.4 Strengthening ICT and providing ICT platform for better functioning of Criminal Police Directorate</p> <ul style="list-style-type: none"> • Definition of Procedures for data analysis • Preparation of methodologies | | | |
| <p>Activities to achieve Result 2:</p> <p>2.1 Analyse and improve the current STR guidelines for the financial sectors and designated non-financial businesses and professions (DNFBPs)</p> <p>2.2 Analyse as appropriate the current AML/CFT systems in the financial and non-financial sectors, provide recommendations and implement the required improvements.</p> <p>2.3 Review the suspicious transaction reporting indicators for all sectors (financial and DNFBPs), as appropriate.</p> <p>2.4 Capacity building including training needs analysis of financial and DNFBP AML/CFT supervisors, APML analysts and other AML/CFT stakeholders (APML, law enforcement, judiciary, obliged entities) in various fields (risk-based supervision, tactical and strategic analysis, ITC solutions, implications of the AML/CFT standards, e.g. 4th EU AMLD, study visit to systems with joint AML/CFT task forces in operation)</p> <p>2.5 Review APML internal business processes, including APML competences and resources, and implement changes, as appropriate.</p> <p>2.6 Analyse of relevant ML/TF-related court decisions or those non-related but with equal effects produced without an ML/TF prosecution (in consultations with key higher court judges/prosecutors involved in ML/TF cases),</p> <p>2.7 Analyse current situation concerning APML's access to databases and its key ICT systems (Transaction Management Information</p> | | | <p>APML capacities in place, willingness of private sector to cooperate; willingness of authorities to cooperate</p> |

| | | | |
|---|--|--|--|
| <p>System - TMIS and Case and Document Management System - CDMS) and provide recommendations for improvement</p> <p>2.9 Improve efficiency and effectiveness of feedback on the quality of AML/CFT products, especially by establishing/reviewing appropriate feedback methodologies and track record of APML cases;</p> <p>2.11 Update the current APML website to contain a customised section for obliged entities ('What you need to know if you are...')</p> <p>2.12 Design and develop a mobile application to ensure public information is easily accessible for AML/CFT stakeholders, especially obliged entities, and populate relevant content into the AML/CFT Mobile Application</p> | | | |
| <p>Activities to achieve Result 3:</p> <p>3.1 Develop manuals and operational procedures for investigation corruption criminal offences and for using special investigative techniques</p> <p>3.2 Develop operational procedure for corruption intelligence gathering, processing and transforming it into evidence</p> <p>3.3 Develop procedures for investigation of changes of property/assets</p> <p>3.4 Develop procedure for IT security protection of database used by internal control</p> <p>3.5 Develop legal frame and procedures for conducting integrity test</p> <p>3.6 Prepare training plan and conduct trainings</p> <p>3.7 Prepared necessary documentations for procurement, tendering equipment</p> <p>3.8 Purchase of equipment for implementation of "Integrity Test", surveillance and IT equipment</p> | | | |
| <p>Activities to achieve Result 4:</p> <p>4.1. Carry out a Needs Assessment study for the preparation and implementation of 112 System.</p> <p>4.2 Define educational program for system administrators and for all users of System 112 and conducting training</p> <p>4.3 Prepare and carry out campaign to inform public about the emergency call Centres 112</p> | | | <p>Good cooperation with all other relevant national and EU institutions</p> |

ADDITIONAL DESCRIPTION

Activities to achieve Result 1:

- *Strengthened capacity within home affairs sector for the fight against organized crime, in line with AP 24 for implementation of: Intelligence Led Policing, National Criminal Intelligence System (NICIS -KOS), Criminal analysis including crime mapping, support to service for fight against organised crime and strengthening international police cooperation (in line with EUROPOL standards)*

Activities related to the achievement of the Result 1 are designed in order to support the MoI in strengthening capacities (both technical and analytical) in electronic data exchange between law enforcement authorities and judicial authorities in charge for the fight against organised crime, and to develop an integrated Information Communication Technology (ICT) platform of the MoI to implement ILP and NICIS. Furthermore, proposed activities aim to further boost efficiency and effective application of Intelligence Led Policing (ILP) concept on strategic and operational level. Analytical and reporting capacities will be strengthened by development of hardware and software which shall help in improvement of analytical and statistical tools for crime mapping, modelling and implementation of the Data Ware House (DWH) and adoption of front-end system for the production of the results of the analytical work based on so-called "Business Intelligence" (BI) technologies. In addition, activities designed to support achievement of Result 1 are focused on supporting the Criminal Police Directorate capacities in its investigation process by strengthening ICT infrastructure for enabling, entering, storage, management and use operation and specific time stamp data; providing ICT platform in which it would be possible to integrate data of the MoI from different databases at different points in time as well as to support to achieve EUROPOL security standards and working conditions in order to strengthen international cooperation in the fight of cross border crime.

Activities to achieve Result 2:

- *Capacities and systems for fight against money laundering and terrorism financing improved through enhancing the quality and efficiency of Suspicious Transactions Reporting and APML's core functions*

Activities related to the achievement of the Result 2 are designed in order to support the fight against money laundering and prevention of the use of the financial system for money laundering and terrorist financing purposes. All activities are designed to support implementation or complement the relevant measures and activities envisaged under the National AML/CFT Strategy and its Action Plan, as well as to address European Commission concerns with respect to AML/CFT system (e.g. to improve the level of reporting from non-banking and non-financial sectors). Focus would be on improving the quality of Suspicious Transactions Reports received by APML, further reinforcing of APML's administrative and analytical capacities, analysing AML/CFT systems in key obliged entities and suggesting recommendations for improvement. The specific actions from the Action Plan under Chapters 24 and 4, such as the comprehensive assessment of the APML's necessary capacity upgrades, improvement of the reporting quality, etc., will be implemented so as to ensure, among other things, faster and more efficient financial-intelligence analyses.

The intention is to ensure the obliged entities (financial and non-financial institutions) understand reporting requirements better and have most up-to-date guidelines and suspicious transaction indicators (STR indicators), in line with relevant risk assessments, international and EU standards. Recommendations on how to adjust their internal AML/CFT reporting processes and systems to better meet their legal AML/CFT obligations will be additionally provided. On the other side, the AML/CFT supervisors (e.g. National Bank of Serbia, Securities Commission, APML, Market Inspectorate, etc.) will also improve their knowledge and understanding of the risks they are exposed to and how to adjust their own AML/CFT supervision planning according to the current risks and vulnerabilities.

Furthermore, the Action aims to improve its understanding of its current level of analytical capacities (TNA) and the level of knowledge and skills of APML's analysts (e.g. through tactical and strategic analysis courses). It will cover other stakeholders, such as the obliged entities, law enforcement and

judiciary institutions, through joint events thereby ensuring an appropriate information and expertise sharing. Information sharing on functioning of information exchange at EU level will be covered as well.

The Action will improve the methodologies for provision of feedback (APML to private sector; law enforcement/FIU to APML) on the usability of APML's financial intelligence products.

In relation to APML ICT capacities and needs, the Action will contribute to better understanding of existing APML ICT capacities and key infrastructures. Custom made web/mobile application focused on specific groups of obliged entities shall be designed in order to improve information sharing and communication with particular groups of obliged entities.

This activity is in line with previously financed IPA 2010 "MOLI-Serbia Project against money laundering and terrorism financing" which supported the strengthening of capacity of the anti-money laundering and counter-terrorist financing system in Serbia in terms of legislation, skills and operational capacities. The Action activities took into account the recommendations from the MOLI-Serbia Evaluation Report in that they seek to address objective needs of the financial-intelligence process within the AML/CFT system. Also, the Action aims to establish a good balance between training and analytical exercises such as the drafting or amendment of work procedures, guidelines, indicators etc. Action activities under each of the results build on each other, and aim to advance the assistance granted under MOLI-Serbia project activities. As suggested in the recommendations, the Action focuses on those areas that pose the biggest challenge to an effective implementation of this segment of Serbian AML/CFT framework (prevention, suspicious transaction reporting, financial intelligence). In addition, echoing the MOLI-Serbia Evaluation Report recommendations, the relevant activities will not focus exclusively on APML but rather on the processes that its core functions involve whereby the various supervisory and law enforcement authorities which may be operating on different levels in terms of skills, experience and resources may all benefit for the overall benefit of the financial intelligence process.

The activities are planned to be implemented through one Service contract, due to the particularity of requirements the Serbian FIU needs to address with the proposed Action and more importantly, due to the nature of the national FIU. In some cases, FIUs are more tightly linked with central banks, while in other cases they function as independent state agencies, or are institutionally positioned closer to interior affairs. Serbian FIU is an administrative-type FIU and the number of adequate counterparts would too narrow. Therefore, the twinning as the modality of capacity building could bring some adverse effects if trying to artificially establish matching of the administrative practices between EU MS twinning partner and the domestic APML. Instead, the expertise that would be tailored to upgrade analytical and reporting capacities of the APML and to assist with improving the performance in APML track record will require a combination of experts' profiles and certain flexibility in tackling the country-specific challenges. A service contract seems to provide ample possibilities for benefiting from various sources (experiences of different FIUs) in terms of skills and knowledge, rather than having a twinning counterpart that would probably limit the skills and knowledge sharing process to one particular source. It is worth mentioning as well that the Serbian FIU is seriously lacking technical capacities (notably working space and adequate premises) to host the twinning partner, as it has been stressed and acknowledged in a number of consecutive EC Progress Reports. On these grounds, the Service Contract is herewith proposed as the optimal assistance modality and is assessed as the appropriate in further upgrading the good base of expertise already provided with IPA 2010 MOLI project directly implemented by the Council of Europe.

Activities related to Result 3:

- *Capacity of Internal Control in the fight against corruption within the police strengthened*

Activities related to the achievement of the Result 2 are designed in order to support strengthening proactive capacities of Internal Control Sector to successfully fight corruption in MoI. A set of activities developed in order to enable introduction and establishment of "Integrity test", enable check of property/asset of MoI employees, further develop capacities of investigation of corruption and financial investigations, will contribute to improvement of internal control in the fight against

corruption in police in order to enable efficient fight against corruption at the national level. Activities related to strengthening capacities to process intelligence and operational data related to corruption and improve IT capacities and security will enable Internal Control to have a stand-alone system which will enable using of multiple databases for processing data and protection of sensitive data.

Supply of surveillance equipment and integrity test provide surveillance team to operate independently from Criminal Police, Supply of IT equipment will strengthen capacities of the Internal Control headquarters Sector by, supporting all existing and future databases (check of property, risk analysis of corruption, operational analytics, etc) and create safe environment for using these data.

Activities to achieve Result 4:

- *Designed efficient emergency support system 112 for the Republic of Serbia*

This Action is aimed to provide the most effective recommendations for introduction of emergency system 112 in Serbia. At this moment, detailed assessment of existing emergency systems and their capacities shall be conducted and provided recommendations shall elaborate how the new 112 emergency system shall look like, what are the requirements for establishment of such system and to proposed manners of its implementation.

The recommendations shall be based on comprehensive analysis of existing organisational, technical, administrative, legislative, functional structures of emergency systems which are currently in use. Furthermore, the analysis shall take into consideration the MoI efforts towards establishing a system 112, the adoption of appropriate legal documents and preparation of the technical systems needed for the establishment of the System 112, which are developed so far.

In addition to the assessment of existing state in terms of introduction of 112 system, the analysis shall aim to define all necessary requirements, human, technical, organisational, financial, etc., for development of unified solutions and procedures. The analysis shall recommend how the emergency system 112 shall look like and what is necessary to establish ICT infrastructure required for implementation and functioning of operational centre 112.

Activities shall include also preparation of detailed technical specifications of necessary ICT equipment, required for introduction of 112 system and technical conditions for unified command and coordination of all services participating in interventions.

Furthermore, it will prepare and adopt educational program for system administrators and for all users of System 112 and conducting trainings, during the project implementation and after. A public campaign shall be prepared and implemented to inform public about the emergency call Centres 112 system.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

Results under this Action will be implemented in the modality of direct management, with EU Delegation being responsible for contract implementation and monitoring. Results 1, 3 and 4: the lead institution is the Ministry in charge of Interior.

Result 2: the lead institution is the Ministry in charge of Finance and within administrative structure, the Administration for Prevention of Money Laundering.

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

Result 1: Strengthened capacity within home affairs sector for the fight against organized crime, in line with AP 24 for implementation of: Intelligence Led Policing, National Criminal Intelligence System (NICIS -KOS) and strengthening international police cooperation (in line with EUROPOL standards) – will be implemented through one Supply and one Twinning light contract.

Result 2: Capacities and systems for fight against money laundering and terrorism financing improved - will be implemented through Service contract.

Result 3: Internal control in fight against corruption – will be implemented through one Supply and one Twinning contract

Result 4: Designed efficient emergency support system 112 for the Republic of Serbia – will be implemented through one Service contract.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Monitoring arrangements

The Commission may carry out a mid-term, a final or an ex-post evaluation for this Action or its results via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the Action might be subject to external monitoring in line with the EC rules and procedures set in the Financing Agreement. The evaluation shall include gender analysis as well.

Project monitoring will be conducted through direct participation in the project approval committee as well as regular reporting provided by the implementing agency. The action further foresees monitoring from the EU Results Oriented Monitoring (ROM) team.

The implementing authority will provide regular reporting on the implementation of the project, and on ensuring the beneficiary's needs and concerns are met and addressed. The implementing authority will ensure the flexibility of accommodating the needs within the framework of the project's mandate. The assessment will be used to provide suggestions for the future implementation of similar programming and draw out lessons learned from the current phase.

The project may be evaluated at the interim or ex-post stages under the supervision of the Commission's Evaluation Unit. The project may be audited by the Court of Auditors – in line with the standard European Commission procedures.

The monitoring of the action will be based on the four clusters of indicators as set below:

- Resource Indicators (indicators which provide information on the financial and human resources allocated by the experts' team to reach the results as described in the log frame
- Output Indicators (indicators which represent the product/output of the each implemented activity);
- Impact Indicators (indicators, which represent the consequences of each implemented activity such as backlog reduction or number of court case decisions enforced. .

INDICATOR MEASUREMENT

| Indicator | Baseline (year) (2015) | Milestone 2017(3) | Target 2020 (4) | Final Target (year) (5) |
|--|---|--|--|--------------------------------|
| <p>Overall Objective</p> <p>Progress made towards meeting accession criteria, as assessed by the Progress Report (Ch. 23 - Judiciary & fundamental rights)</p> <p>Progress made towards meeting accession criteria, as assessed by the Progress Report (Ch. 24 - Justice, freedom & security)</p> | <p>For Ch 23: Good progress</p> <p>For Ch 24: Some progress</p> | <p>For Ch 23: Good progress</p> <p>For Ch 24: Good progress</p> | <p>For Ch 23: Good progress</p> <p>For Ch 24: Significant progress</p> | |
| Result indicators | | | | |
| <p>Result 1</p> <p>Degree of efficiency in the process of exchange of information on criminal offences of organised crime</p> | <i>100% Hard copy exchange of information</i> | <i>At least 20% approved information exchanged electronically</i> | <i>At least 80% approved information exchanged electronically</i> | |
| <p>Result 1</p> <p>Level of implementation of relevant activities envisaged by : AP for Chapter 24 Activity: 6.2.2.4; 6.1.1.2; 6.2.1.6; 6.2.5.6 and 6.2.4.10</p> | <i>Activity 6.1.1.2 10% in line with EUROPOL standards Activity 6.2.1.6 - 0% and 6.2.2.4 - 0%</i> | <i>Activity 6.1.1.2 At least 30% in line with Europol standards (evaluated and reported by Europol experts)Activity 6.2.1.6 at least 50% and 6.2.2.4 - (Prepared administrative and technical preconditions for the establishment of a single centralized criminal intelligence system and a safe platform for communicating between law enforcement bodies)</i> | <i>Activity 6.1.1.2 At least 50% in line with Europol standards (evaluated and reported by Europol Activity 6.2.1.6 at least 80% integrated and 6.2.2.4 – System established and functioning</i> | |
| <p>Result 1</p> <p>Number of criminal offences recorded by police in accordance with the EUROSTAT methodology</p> | <i>100.934</i> | <i>At least 30% more cases recorded</i> | <i>At least 80% more cases recorded</i> | |
| <p>Result 1</p> <p>Number of intelligence-led cases composed in line with ILP standards</p> | <i>0</i> | <i>50</i> | <i>100</i> | |
| <p>Result 1</p> <p>ILP databases integrated and accessible to ILP officers</p> | <i>0</i> | <i>30%</i> | <i>100%</i> | |
| <p>Result 2</p> <p>Level of concerns expressed by relevant international organisations (e.g. MoneyVal), especially with respect to APML/FIU core</p> | Concerns expressed with regard to the effectiveness of the overall reporting | Fewer concerns and some progress (under the MoneyVal 5 th round evaluation | Good progress and minor concerns (under the MoneyVal 5 th round evaluation | |

| | | | | |
|--|---|---|---|--|
| functions | system (specific deficiencies listed in the MoneyVal Progress Report of 2012) | process). | process). | |
| Result 3 Level of implementation of relevant activities envisaged by AP for Chapter 23 Activity: 2.2.10.24; 2.2.10.25; 2.2.10.23 and 2.2.10.26 | 10% | At least 50% | At least 70% | |
| Result 4 Analysed current technical situation and recommendation for implementation of system 112 in RS | Available for Belgrade region | Prepared for the Republic of Serbia | Plan for technical equipment and further implementation, according to availability of funds | |
| Result 4 % Population awareness of 112 | 0 | More than 50% of citizens on territory are aware of 112 functions | At least 85% | |

5. CROSS-CUTTING ISSUES

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The Action does not anticipate any particular impact on the environment and the environmental impact of this Action will be limited. It will not have a negative impact nor jeopardise the 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 uploading them on intranet/internet.

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

In order to ensure transparency of the consultation processes related to planning and programming of international assistance, NIPAC TS established a consultation mechanism with the Civil Society Organisation (CSOs). This mechanism is based on the consultative process with Sectorial Civil Society Organisations (SECOs) and serves as a platform which enables exchange of information and contribution of CSOs in relation to programming and monitoring of the international assistance including IPA. Members of SECO participate in SWG meetings based on the needs and requirements and take part in consultation processes.

Civil Society in the area of Home affairs in the programming process led by SEIO is represented by the SECO mechanisms for cooperation with civil society. Through a set of CSOs which were selected to coordinate the work of all of the CSOs that take participation in the diverse areas covered by this sector (coordinating CSOs are Belgrade Centre for Security Policy, Belgrade Centre for Human Rights and Group 484), the relevant Action document was consulted with the larger CSO group, and the organisations were invited to provide comments of the proposals, which contributed to quality and consistency of document.

Cooperation and consultations with the civil society in regard to implementation of the Action Plan for Chapter 24 will continue after adoption of the Action plan and reports on the implementation of the Action plan will be published on the website of the Ministry in charge of Interior.

EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING

The Action will be implemented in a non-discriminatory manner with equal opportunities observed and firm guarantees that distinctions will not be drawn on the basis on sex, race, ethnicity, religion or other possible grounds in any aspect. Gender equity principles will be respected in the implementation of all activities. Policy of equal opportunities will be taken as one of the overall principles in

establishment on modern operational system in the Ministry in charge of Interior. The Action will promote high standards of equality and gender mainstreaming both in designing of criteria for hiring and promotion as well as in its training components. Health and safety plans and policies of the contractor must be fully in line with Serbian legislation and is required within the contract. They must reflect contemporary working practices and national legislation that take into account gender and equal opportunities issues.

MINORITIES AND VULNERABLE GROUPS

Standards of ethnic balance in specific multi ethnic communities and MoI in all will be maintained and improved within the scope of this Action by developing a transparent system for hiring and promotion of employees. The relevant international HRM standards to be applied in the MoI will provide additional care and attention to these issues. During the implementation of the Action respect for minority groups rights will be respected. The proposed project will take the required steps to ensure that the operating procedures of the Contractor will conform to women and minorities' promotion policies.

6. SUSTAINABILITY

The support to operational and maintenance work will be secured by Professional services of the Sector for Analytics, telecommunications and information technology, who provide support to the work of development of ICT infrastructure, development of information systems MoI and automation of business processes, implementation of modern information - communication technologies in the daily work of all operational and other line of work for faster, more efficient, simpler and more reliable all business processes, using the standards of protection of information and communication system as well as data that are kept there or transferred, respecting the regulations governing the protection of personal data which are processed using modern technologies. Training for administrator of the system will be organised by the supplier for the use of the system.

In regard to the purchasing of equipment the financial sustainability will be provided through the Budget of the Republic of Serbia, and funds allocated for the MoI, which will be used for the maintenance of the equipment. For the beginning, the equipment shall be requested at a minimum of three years regular service, and after the warranty period, the responsibility for service and maintenance of the equipment shall be taken over by the MoI, Sector for Analytic, telecommunication and information technology. The Supplier will provide installation and training to the users of the IT equipment and for the analytical and statistical tools.

Activities related to support the fight against money laundering and prevention of the use of the financial system for money laundering and terrorist financing purposes, are designed to support implementation or complement the relevant measures and activities envisaged under the National AML/CFT Strategy and its Action Plan, as well as to address European Commission concerns with respect to AML/CFT system. Hence all results achieved by implemented activities will be further integrated into national systems for fight against money laundering and terrorism financing.

There is a need to increase the efficiency of the emergency services (192, 193, 194, 1985) and to introduce the change in their working procedures and mutual coordination in case of incident events. The only way to maximize system efficiency and usage of the existing resources is the introduction of 112 system. The 112 system requires precise and comprehensive approach to resource management of the system stakeholders in emergency or extraordinary events, and/or emergency situation. So, there must be complete redundant connections between all stakeholders via multiservice telecommunication network. At this moment, detailed assessment of existing emergency system and its capacities shall be conducted and provided recommendations shall elaborate how the new 112 emergency systems shall look like, what are the requirements for establishment of such system and to proposed manners of its implementation. Provided analysis shall elaborate what are the necessary financial resources needed for establishment of 112 system and part of resources shall be provided by state budget and MoI and other relevant institutions budget resources.

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.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions.

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 Delegation 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 sectorial monitoring committees.