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Project against Money Laundering in
“the Former Yugoslav Republic of Macedonia”

(MOLI-MK)

Inception Report

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Report cover page

Project Title	:	Project against Money Laundering in "the Former Yugoslav Republic of Macedonia"	
Project Number	:	MOLI-MK	
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Reporting period : 1 June – 1 July 2004

Author of report : Daniel Thelesklaf, AML Expert

Project synopsis

Project Title	:	Project against Money Laundering in "the Former Yugoslav Republic of Macedonia" MOLI-MK
Project Number:		02MAC01/15/001
Country	:	"The Former Yugoslav Republic of Macedonia"

Project objective: The overall objective of the project is to contribute to the establishment of a fully functioning system to prevent money laundering and terrorism financing as well as to enable the authorities of "the Former Yugoslav Republic of Macedonia" to co-operate internationally in accordance with European and international standards and Moneyval recommendations.

Planned outputs:

It is expected that by the end of the project, the Directorate for Money Laundering Prevention (DMLP) will:

- have completed its operational set-up (in terms of staffing, premises, internal rules and procedures),
- have a complete legal basis for its work and its interaction with other institutions
- have identified its needs concerning the information system (software and hardware) and prepared the technical specifications thereof
- co-operate with supervisory institutions, obliged entities, law enforcement and criminal justice bodies
- exchange information with the Financial Intelligence Units (FIU) of other countries.

It is also expected that by the end of the project:

Financial market supervisors and regulators will:

- send the reports to DMLP as required by law and in accordance with clear procedures
- ensure and control application of the AML legislation in the financial sector.

Obliged entities will:

- report suspicious transactions and cash transactions to the DMLP in accordance with laws, clear procedures and best practices

Law enforcement and criminal justice bodies will:

- have their roles and responsibilities in the AML system clearly defined
- receive reports on suspected ML/TF cases from the DMLP and launch investigations
- be able to apply provisional measures and confiscation and manage the assets to which these measures refer
- be able to interpret and apply the AML legislation.

The AML system as a whole will:

- have identified its IT needs along with the technical specifications and recommendations for another technical assistance project to meet these needs.

Project starting date : 1 June 2004

Project duration : 18 months

1 Background information

1.1 Beneficiary country and entity

“The Former Yugoslav Republic of Macedonia”, Directorate for Directorate for Money Laundering Prevention (DMLP), as main beneficiary

1.2 Contracting authority

European Agency for Reconstruction (EAR)

1.3 Implementing organisation

Council of Europe, Technical Co-operation Section, Directorate General of Legal Affairs (COE)

1.4 Relevant country background

Countries of the Balkan region are undergoing significant political and economic changes. Accompanying this transition, there has been a considerable rise in criminal activity – including organised crime, economic crime and money laundering – threatening democracy, the rule of law and social and economic progress.

“The Former Yugoslav Republic of Macedonia” has committed itself to anti-money laundering measures, *inter alia*, by ratifying the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances in 1991 and the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of Proceeds from Crime (ETS 141) in December 1997.

In 2002, “the Former Yugoslav Republic of Macedonia” underwent a review by the Council of Europe’s money laundering evaluation mechanism (Moneyval). The evaluation report, adopted in December 2003, noted serious shortcomings in country’s anti-money laundering system and recommended a number of reforms.

The AML system in “the Former Yugoslav Republic of Macedonia” is not fully operational. The existence of an efficient AML system is essential for fighting money laundering and organised /economic crime nationally and internationally. The level of complexity of the AML system makes it unlikely that the national authorities will be able to put the necessary structures in operation in a relatively short time without significant technical assistance.

1.5 Legal basis to combat money laundering

The Law on the Prevention of Money Laundering was adopted on 29 August 2001 of (‘LPML)and became operational on 1 March 2002 The LPML provided the legal grounds for the creation of an Financial Intelligence Unit. The Directorate for Money Laundering Prevention (DMLP) was created as the FIU, and is an administrative body within the Ministry of Finance. The LPML was redrafted, with the assistance of the Council of Europe

experts, at the beginning of 2004 adopted by Parliament on 1 July 2004 and entered into force on 20 July 2004 ("New LPML").

2 Project

2.1 Project duration

The project started on 1 June 2004 and will last for 18 months.

2.2 Project team

The role of the team leader will be performed by Mr Evert van der Steeg. He will be based in Skopje and assisted by Ms Ilina Garevska.

Short-term experts come from other Financial Intelligence Units and from other European countries and will be hired from time to time.

Przemysław Musiałkowski is the Project Manager based in Strasbourg.

2.3 Project team's activities

1st mission

From 4 and 5 September 2003, a mission of Mr. Seger, Mr. Musialkowski and Mr. Thelesklaf to Skopje focussed on the following issues:

1. Clarifying the future position of the FIU
2. Describing in more detail the tasks and competences of the FIU
3. Political commitment to strengthen the staffing and other resources of the FIU
4. Set-up of a co-ordination body
5. Access to evaluation and assessment reports / Gap Analysis

Advice was given on the draft legislation which was in preparation at that time. The COE and EAR concluded that, due to institutional, organisational and legal shortcomings, there was ground for an effective technical assistance project at that time. Short term expert assistance was offered instead to help the "the Former Yugoslav Republic of Macedonia" authorities to removed these shortcomings.

2nd Mission

From 19 to 23 January 2003, a second visit to Skopje was undertaken by Mr. Seger, Mr. Musialkowski and Mr. Stroligo.

The purpose of this trip was primarily to prepare the draft list of activities and to give further advice on the draft legislation. Mr Stroligo prepared a detailed report in order to assess the technical needs in the AML field. The visit revealed a marked progress in the institution building and legislative procedures. New draft revision of the AML Act has been discussed

and as a result of Mr Stroligo's comments the "the Former Yugoslav Republic of Macedonia" authorities decided to draft a brand new AML Act (which was adopted in July 2004). The COE and the EAR concluded that there was sufficient ground for a successful technical assistance project.

3rd Mission

From 28 June to 1st of July, Mr Musialkowski and Mr. Thelesklaf held meetings with the major beneficiaries and invited them to submit proposals to the draft work plan. As a result of these meeting they prepared the inception report and the reviewed the work plan. They.

2.4 Project outputs

The project foresees 8 outputs:

Output 1	Organisational set-up of the DMLP completed in terms of staffing, budgeting and working procedures
Output 2	Relevant legislation in line with the requirements of the new anti-money laundering law and proposals for amendments of other laws to enhance the effectiveness of the anti-money laundering system available
Output 3	System of processing, analysis and protection of information on transactions designed for the DMLP
Output 4	Effective mechanisms in place to ensure co-operation between the DMLP and law enforcement, criminal justice and regulatory authorities
Output 5	Capacity of the financial market regulators, supervisors and obliged entities to meet their obligations under the AML legislation will have increased
Output 6	Capacity of the law enforcement and criminal justice bodies to meet their obligations under the AML legislation will have increased
Output 7	Capacity of the DMLP to co-operate with the FIUs of other countries in accordance with the Egmont Group standards will have increased
Output 8	Design an automated information exchange network connecting the AML system participants

2.5 Progress on project outputs

This sections list the activities which have been started so far.

Activity 0.0.1: Staff recruitment

The project team has been selected and the recruitment procedure initiated. It involves:

Mr/Mrs. Evert van der Steeg, Long Term Advisor (as of September 2004)

Mr/Mrs. Ilina Garevska, Project Assistant (as of August 2004)

Activity 0.0.2: Equip project office

The DMLP has assured that they would provide for suitable office space (3 work places) for the project team. The office should preferably be located close to the offices of the DMLP.

The COE initiated the procurement of the office equipment.

Activity 0.0.3: Detailed work plan and inception report, identify indicators

This is the inception report, the draft work plan is attached ([Annex 1: Work plan](#)).

Activity 0.0.4: Organization of the Start-up seminar

The start-up seminar will be held on XX September. All beneficiaries as well as some FIUs will be invited. The inception report will be presented and adopted.

Activity 6.1: Assist law enforcement bodies in setting-up procedures for co-operation in AML cases and conclude working protocols (or legislative acts if necessary) concerning competencies of police, financial police and prosecutor's office / Harmonisation of the Law on Financial Police with other legal instruments

On 14 July 2004 Mr Musialkowski and Mr van der Steeg held a meeting with the Financial Police and the prosecutor's office. It was decided that the COE will arrange for a legal expertise on the current Law on Financial Police. A workshop on the competencies of various law enforcement agencies in the AML cases will be organized in September or October.

2.6 Target group/beneficiaries – their role and needs to be addressed

2.6.1 DMLP (FIU)

Role and tasks

According to the Law on Money Laundering Prevention (, the DMLP is an administrative body within the Ministry of Finance responsible for collecting, processing and analysing data on cash and suspicious transactions and for submitting reports and case documentation to the competent state bodies. DMLP is also authorised to co-operate internationally with foreign authorities and international organisations. In the area of prevention the DMLP will also be responsible for initiating proposals of laws (and bylaws), publishing statistical data concerning prevention and detection of ML, taking part in the training of obliged entities and

producing lists of indicators of suspicious transactions. Thus, the DMLP has the central role with regard to the prevention and detection of money laundering and terrorism financing.

Problems to be addressed and proposed solutions

Premises of the DMLP and security

- New premises with more space will be needed.
- The premises, equipment and data collected by the DMLP are not sufficiently protected since there is no technical and/or physical security provided.

Solution of these problems by “the Former Yugoslav Republic of Macedonia” authorities is a precondition to the success of the project.

Staff

The DMLP is currently staffed with 8 full-time employees. Some of the current staff members have no law enforcement or other adequate experience to effectively deal with their tasks. The project will assist in the preparation of appropriate job descriptions and staff profiles and in training of existing and future staff.

Internal regulations and working procedures

At the moment there is no regulation addressing internal security issues of the DMLP, such as: dealing with confidential data and documents, storing them, authorised access to them etc. Furthermore, if in the future the DMLP receives more data via electronic means and has direct access to databases of other state bodies this issue will become even more important. The project will assist in the preparation of appropriate regulations/procedures/manuals.

Independence

It is important that the DMLP with such responsibilities and powers enjoys a certain level of independence - both organisational (own budget) and procedural (independence in the decision making process). This needs to be regulated by laws or by-laws that the project will help drafting. Political will to guarantee this independence is a precondition to a successful project.

Collection, processing and analysis of information on transactions

Between March 1, 2002 and April 15, 2003 the DMLP received a total of 18.699 reports on cash and suspicious transactions from obliged entities and Customs Offices (in July 2004 the number of reports received reaches up to 100 per day). However, only some dozens were reports on suspicious transactions. All reports are in hard copy, received by fax or by post. Data are entered manually into a database. There is no software in place to do a pre-analysis of the reports or to prioritise them.

Due to the large number of reports, filled in a standardized format, and due to the lack of human resources in the DMLP, it is clear that:

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- reports should reach the DMLP only via properly protected electronic means or stored on computer diskettes,
 - appropriate procedure for data transfer and storage needs to be devised by a regulation/bylaw;
 - a uniform structure and format of the reports sent electronically, based on the existing report form need to be adopted
 - specialised software must be identified/designed allowing (i) a network connection of all AML system participants and sending the reports (ii) detailed analysis of the reports by the DMLP
 - funds need to be identified to finance the necessary software and hardware (ideally another TA project)
 - staff need training in using the specific software products.

Access to information/databases

According to the LMLP the DMLP can request the data from the Police, the Public Revenue Office, the Financial Police, the Central Registry, the State Anticorruption Commission, the Customs Administration and supervisory bodies. The DMLP has no direct online access to the databases of these institutions. The common practice in Europe and around the world is to allow the FIU a direct (sometimes limited) access to these data which increases the efficiency of the FIU and of the whole AML system.

To introduce this practice in “the Former Yugoslav Republic of Macedonia”:

- agreements between the DMLP and other state bodies should be concluded regulating all the technical, security and other issues
- DMLP should regulate internally the conditions for using these databases.

The project will assist in this process.

Dissemination of information, data and documents by the DMLP

The LMLP and the new draft LMLP require the DMLP to submit its reports to the “responsible state bodies”. According to other laws the responsible state bodies are the Police, the Financial Police and the Public Prosecutor’s Office. The competencies of these bodies are not clearly defined and overlapping which can result in work duplication, waist of time or, finally, inactivity of all these bodies. This issue needs to be addressed either by law/regulations or by protocols concluded between the parties concerned. The project will assist in this process.

International co-operation

The DMLP exchanges information with some foreign FIUs and has also signed bilateral agreements with the Slovenian, Serbian, Bulgarian and Croatian FIUs. In June 2004, the DMLP acceded to the Egmont Group.

The project will assist in the development of the DMLP international co-operation.

2.6.2 Supervisors/Regulators

Role and tasks

According to the new draft LMLP the supervision over the compliance with this law shall be performed by the National Bank, the Insurance Supervision Department of the Ministry of Finance, the Securities and Exchange Commission, the Public Revenue Office and the Commission appointed by the professional associations of lawyers, notaries, auditors and accountants. Except for the latter all other supervisory bodies are also responsible for licensing entities that fall under their competence. All supervisory bodies should also co-operate with the obliged entities and the DMLP when drafting lists of indicators of suspicious transactions.

Problems to be addressed and solutions proposed

Both, Moneyval and IMF/WB evaluation reports clearly state that there had been no real anti-money laundering supervision at the time of their on-site visits, other than that in the banks exercised by the National Bank. The National Bank is also the only supervisory authority, which has already drafted an inspection manual for checking compliance with the LMLP as well as the effectiveness of actual AML procedures employed by each bank. "Fit and proper" inquiries in banks, exchange offices and other obliged entities are significantly limited due to the decision of the Constitutional Court.

Although the new draft LMLP clearly defines who does what in the area of supervision, the following legal issues still need to be addressed:

- the supervisory bodies are not authorised to directly apply any sanction or measure in cases of non-compliance with LMLP, which they would normally apply on the basis of other specific laws (they can only refer the cases of administrative offences to other competent authorities). This deficiency should be rectified by appropriate amendments to all relevant laws
- a power to examine the origin of share capital or other funds invested in financial institutions and casinos should be clearly given to the regulatory and supervisory bodies. Likewise they should also have the right to consider past criminal records of applicants and to reject or withdraw a license
- the new draft LMLP is not precise enough when dealing with client identification, beneficial owners and "non face to face" identification, neither it provides for clear guidelines to draft internal AML plans in the obliged entities. These issues should be addressed by the supervisors/regulators in relevant regulations or guidance notes for sectors that fall within their competence.

On a more practical and organisational level the following needs to be done:

- establishment of a Commission responsible for supervision of the lawyers, notaries, auditors and accountants
- determination of organisational units within all supervisory bodies which will be responsible for supervision of the LMLP and for co-operation with the DMLP
- specialised training for inspectors and/or other employees responsible for supervision of the LMLP and for co-operation with the DMLP
- drafting inspection manuals for the supervisory bodies to check compliance with the LMLP.

These problems will be addressed by the project.

2.6.3 Law enforcement and criminal justice authorities

In “the Former Yugoslav Republic of Macedonia” the following law enforcement and criminal justice authorities should play a significant role in a fight against money laundering and terrorism financing:

- the Police Department under the Ministry of Interior
- the Financial Police as an agency of state administration within the Ministry of Finance
- the Customs Administration
- the State Anticorruption Commission
- the Public Prosecutor’s Office
- the judiciary, especially investigating judges.

Roles and tasks

Besides their standard roles in a criminal justice system, these bodies (i) are obliged to provide their data and documents that the DMLP requests (ii) may submit written reports on suspicious transactions to the DMLP and by doing so initiate an investigation within the DMLP (iii) The Police, the Financial Police and the competent Public Prosecutor receive reports from the DMLP and to act on their grounds.

Problems to be addressed and proposed solutions

Although it seems that the Police Department, the Financial Police and the Public Prosecutor’s Office have already determined the units responsible for fighting money laundering and terrorism financing, it is clear that there are no specialised investigators and prosecutors, either at a national or a local level, to deal with ML crimes and with financial investigations in general. Establishing a network of people responsible for detecting, investigating and prosecuting ML/TF at all levels is thus of the utmost importance. Training of the law enforcement officers, prosecutors and judges is a matter of priority. The training should be focused on ML/TF techniques, interpretation of AML standards and laws, financial investigations and seizure of the proceeds from crime.

Efforts should be made to avoid work duplication of different institutions when investigating ML/TF. In a country already stretched for resources, it is even more important that this issue is solved as soon as possible by a law or by agreements concluded between the parties concerned.

The Police (and/or the Financial Police) need an automated data flow and real-time-analysis process to analyse thousands of different data during financial investigations. There is an ongoing project in the Interior Ministry to create a new database, which would be used to deal with organised crime. Actual needs for software and hardware need to be further assessed during the project.

2.6.4 Financial institutions and professions

The LMLP currently in force and in particular the new draft LMLP list a large number of financial and non-financial institutions as obliged entities. In addition also auditors, lawyers, notaries, tax advisers and accountants should comply with the provisions of the LMLP. As there are no private companies or individuals specialised in providing training on ML/TF issues to obliged institutions and professions it is necessary for the technical assistance

project to focus primarily on training the trainers and those who are responsible for co-operation with the DMLP (compliance officers). Sector-targeted training is recommended due to the differences in duties of different obliged entities.

2.6.5 Others

The international evaluation teams strongly recommended that “the Former Yugoslav Republic of Macedonia” authorities set-up a permanent co-ordination group, composed of high ranking officials from all relevant ministries, supervisory bodies, the Public Prosecutor's Office, Courts and associations of obliged institutions. This joint co-ordinating body should meet regularly and deal with strategically important issues related to ML/TF. It could also be responsible for drafting a comprehensive national AML strategy and for other issues of common importance for the members of the Group.

The project will assist the authorities in setting-up such a group, drafting its TOR as well as in drafting the national strategy.

2.7. Related risks and constraints

While planning the action one must be aware of the risk factors that can hamper the implementation of the project. These factors are the following:

- Legislation to bring other laws and regulations in compliance with the LMLP are not adopted;
- The DMLP is not provided with the necessary resources (secure office space);
- The anti-money laundering policy of the Government loses momentum and/or changes its direction/priorities;
- There is a reluctance to accept the assistance provided by the project;
- The role of the DMLP is diminished;
- Law enforcement, criminal justice and financial sector institutions do not recognise the role of the DMLP and are reluctant to co-operate;
- Project implementation can be hampered by bureaucratic obstacles, including visa problems, problems related to the management of the project accounts, provision of office space etc.
- Delays in the recruitment of the international project advisers, as there are not many experts who meet the requirements and are available for working with this project.

It is, however, assumed that these factors are not likely to appear.

3 Conclusions

The DMLP is very committed to the project. The other beneficiaries need to be involved more deeply, they are not always fully aware of their role in the fight against money laundering and of the scope of the project. The start-up workshop will be a good opportunity to make them more familiar and supportive of the projects activities.

An important next step is the timely provision of office rooms by the DMLP and the hiring of the key project staff by the Council of Europe.

Daniel Thelesklaf

Annex 1: Work plan

Version as ofAugust 2004			
Level	Description	Timing	Inputs required / Activities
Overall objective	To contribute to the establishment of a fully functioning system to prevent money laundering and terrorism financing as well as to enable the authorities of “the Former Yugoslav Republic of Macedonia” to co-operate internationally in accordance with the European and international standards and Moneyval recommendations	Project start: 1 June 2004	
Inception phase			
0.0.1	Recruit project staff Long Term Adviser – Team Leader (international expert) and Project Assistant – Interpreter (local) to be recruited. Recruitment will be carried out by the Council of Europe Secretariat in Strasbourg in accordance with its own procedures.	7-8/04	COE HQs inputs
0.0.2	Equip project offices Project office needs to be equipped and furnished to allow efficient work of the Project Team and Short term Advisers/Experts while in Skopje.. Procurement will be carried out by the Council of Europe Secretariat in Strasbourg in accordance with its own procedures.	8-9/04	DMLP/Ministry of Finance inputs (2 office rooms / 3 work places) COE HQs inputs, office equipment and computers
0.0.3	Prepare a detailed work plan and an inception report. Detailed quarterly work plans will be produced by the LT Adviser. Inception report will contain a recapitulation of the AML situation, any possible modification to the needs assessment and work plan.	7-8/04	ST expert: Inception report and reviewed workplan
0.0.4	Organise a start up workshop The workshop will serve to mobilise the project participants and to give sufficient momentum to its implementation. Inception report will be used as a basis for discussion.	9/04	LT-adviser/COE HQs inputs Workshop cost through administrative arrangement
Output 1	Organisational set-up of the DMLP completed in terms of staffing, budgeting and working procedures		<i>Activities will be focused on ensuring that basic organisational set-up exists and operates, on which to base further developments.</i>
Activities			
1.1	Assist in establishing internal working procedures/manual of operations	7-8/04	Continuous advice to DMLP will be ensured by the LT Adviser. ST Advisers may be hired as necessary for specific inputs under the supervision of the LT Advisers. Possible ST inputs in a form of comment/consultation without travels to Skopje. ST Advisers will have expertise in the FIU organisational, management and human resources issues.
1.2	Assist DMLP in finalisation of organisational structure	8/04	
1.3	Assist in reviewing staffing requirements and preparation of job descriptions for positions	9/04	
1.4	Advice in establishing rules on data protection, disciplinary measures, screening/vetting of staff	10/04	
1.5	Support preparation of a training plan for DMLP staff	11/04	

1.6	Train trainers	12/04-3/05	Activities aiming at training a group of DMLP staff in various aspects of the FIU work for them to be able to train the other staff dealing with these specific issues. A separate ToT activity if foreseen for analysts under 3.3 Co-ordination and planning by the LT Adviser, inputs by ST Adviser to provided individualised training. ST Advisers will have expertise in the FIU staff training and/or specific practical or theoretical knowledge. Four internships in foreign FIUs will be organised.
1.7	Support implementation of training plan	1/05-11/05	DMLP will be in principle responsible for the implementation of a training plan produced under 1.5. This process will be assisted in its initial phase by ST Advisers (expertise required as under activity 1.6). Up-to 6 in country training events will be organised by the Project (LT Adviser) as the examples of what can be offered in the future by the DMLP and its own experts.
Output 2	Relevant legislation in line with the requirements of the new anti-money laundering law and proposals for amendments of other laws to enhance the effectiveness of the anti-money laundering system available and implemented		<i>Activities will address the most urgent needs in terms of legislative and regulatory framework with the focus on (i) ensuring consistency and comprehensiveness of the regulations in force (ii) compliance with international standards (iii) ensuring that all necessary elements are there to enable the AML system participants to effectively exercise their respective roles.</i>
Activities			
2.1	Assist in the review of the requirements for amendments to laws, by-laws and regulations and preparing the necessary proposals for amendments	9/04-06/05	Activity aimed at elimination of important gaps, ensuring compliance with international standards and adoption of the bylaws that are necessary to make laws operational. Continuous advice by the LT Adviser. A seminar with international experts will be organised to look at other countries' regulations and experience.
2.2	Assist the DMLP, the Ministry of Justice and other relevant bodies in implementing the new legislation and regulation	10/04-11/05	In accordance with the results of activity 2.1 assistance will be provides in drafting the necessary legal instruments and other legal implementation issues. Advice and co-ordination by the LT Adviser, specific inputs by ST Adviser and international experts via CoE Secretariat. Experts and ST Advisers will have expertise in legal issues related to the AML systems and in legislative techniques.
2.3	Assist the DMLP and the Ministry of Justice in the review of the overall legal framework of the anti-money laundering system as well as the provisional measures and confiscation regime	9/04-11/05	Parallel to 2.1 and 2.2 this activity will focus on the criminal law aspects of the AML legislation and the necessary amendments to the Criminal Code and in particular to the Criminal Procedural Code. Continuous assistance by the LT Adviser, specific inputs by ST Advisers (legal experts with the knowledge of provisional measures and confiscation mechanisms). Up-to two in country seminars will be organised with the participation of international experts.
2.4	Provide the necessary legal expertise for the preparation of further amendments of laws and regulations	01/05-11/05	Parallel to 2.1-2.3 legal opinions will be prepared by the independent experts as necessary (expertise required as under activities 2.2 and 2.3) via Council of Europe Secretariat. Co-ordination by LT Adviser.
Output 3	System of processing, analysis and protection of information on transactions designed for the DMLP		<i>Activities aimed at introducing the automated data storage and analysis system in DMLP which is necessary to establish links between complex financial transactions on the basis of numerous and dispersed pieces of information coming from different sources. Effective data analysis by the FIU is the key to the success of the AML system</i>
Activities			

3.1	<p>Assist DMLP in:</p> <ul style="list-style-type: none"> • assessing the needs concerning automated databases and analytical software • collecting information on other TA project in the country providing software to other Government and/or financial bodies in order to assure compatibility and avoid overlapping/duplication • designing the information analysis system and its architecture • formulating proposals concerning procurement of the necessary software and hardware to be financed by another TA project 	10/04-03/05	Activity aimed at figuring out what specialised analytical software would best respond to needs of the DMLP and what hardware configuration is necessary to operate it. It is assumed that the software and hardware would be purchased under a separate project financed by the EAR. Continuous advice by LT Adviser. ST advisers hired for specific inputs (IT and software specialists with the knowledge of special requirements of secure network).
3.2	Review training needs of DMLP analysts	10/04-12/04	Training needs of the analysts are different and more specific than those of other FIU staff. Under this activity these needs will be assessed and analysed, including in connection with the results of 3.1. Continuous advice by the LT Adviser with input by a ST Adviser (experts in the FIU analysts training).
3.3	Train analysts including at least 2 as trainers	1/05-3/05	Specific training in data analysis will be provided for 2 analysts who will act as trainers if necessary. Ideally the IT part of the training should be organised after the software is provided and installed. In-country training workshops and follow-up course will be organised with the participation of international experts. Co-ordination by the LT-Adviser.
3.4	<ul style="list-style-type: none"> • Organise 4 one week internships for up to 4 analysts in FIUs of other countries and/or IT evaluation missions 	10/04-3/05	Internships will constitute important element of the analysts' professional training and a valuable follow-up to training organised under 3.3. and implementation of 3.1. Co-ordination by the LT-Adviser with inputs by the CoE Secretariat.
Output.4	Effective mechanisms in place to ensure co-operation between the DMLP and law enforcement, criminal justice and regulatory authorities and customs		<i>Activities aimed at ensuring that all the partners work together contributing to the efficiency of the AML system.</i>
Activities			
4.1	Assist DMLP in organising annual typology meetings with law enforcement and regulatory authorities by providing relevant input on methodology, distribution of responsibilities, documents preparation etc.	5/05-8/05	All partners should understand the AML techniques, interpret the regulations in the same way and understand each others' roles in the system. DMLP is responsible for preparation and distribution of the necessary papers and for organisation of annual meeting. Continuous advice and assistance by the LT-Adviser. One meeting will be organised under the project to serve as a good practice to follow.
4.2	Support the DMLP in setting-up an interagency co-ordination body, chaired by the DMLP, and organising its meetings on specific issues of concern to law enforcement, criminal justice and regulatory authorities and on important issues of AML regime, such as the establishment of a national AML strategy	10/04-3/05	In accordance with international practice and the recommendations by the international evaluation teams a co-ordination group will be established incorporating high-ranking representatives of all AML system participants to ensure proper co-operation and discuss strategies. Continuous advice by the LT-Adviser. Up to four seminars will be organised with the participation of international experts (type of expertise required for each activity to be determined by the LT Adviser).

4.3	Assist in designing and implementing a mechanism of feedback from law enforcement and criminal justice authorities on follow up to reports received from the DMLP	1/05-5/05	It is essential for the FIU to have a feedback from the law enforcement/criminal justice on the results of criminal investigations initiated on the basis of the FIU reports. This mechanism is not functioning in "the Former Yugoslav Republic of Macedonia". Continuous advice by the LT-Adviser. Up-to four in country workshops will be organised
Output 5	Capacity of the financial market regulators, supervisors and obliged entities to meet their obligations under the AML legislation will have increased		<i>Activities addressing the needs of the financial sector institutions</i>
Activities			
5.1	Assist DMLP, in co-operation with regulators and supervisors, in elaboration of guidelines for obliged entities on identification of suspicious transactions (list of indicators) and reporting obligations.	9/04-12/04	Continuous advice by the LT-Adviser on the basis of the guidelines used in other countries. Inputs by ST-Advisers (type of expertise required for each activity to be determined by the LT Adviser).
5.2	Assist the DMLP in developing procedures to analyse STRs and to implement such procedures	10/04-12/04	
5.3	Support DMLP in organising seminars on reporting and other obligations for obliged entities in accordance with the guidelines and in co-operation with regulators, supervisors and professional associations	1/05-9/05	Continuous advice by the LT-Adviser on the basis of the guidelines use in other countries. Inputs by ST-Advisers (international experts with knowledge of reporting systems in the European countries). Up-to five in-country seminars will be organised with the participation of international experts.
5.4	Assist financial market regulators and supervisors in putting effective mechanisms and procedures in place to control application of AML laws and regulations by the financial market institutions.	1/05-6/05	The AML legislation charges the regulators and supervisors with new responsibilities in addition to those they normally assume under the respective sector legislation. One in-country seminar with the participation of international experts and inputs by the ST-Advisers will assist the in assuming these new responsibilities (type of expertise required for each activity to be determined by the LT Adviser). Continuous advice and co-ordination will be provided by the LT-Adviser.
5.5	Organise in-country training, namely for financial inspectors and controllers, especially in the non-banking and non-financial sector	3-/05-9/05	Financial inspectors and controllers are now responsible also for checking compliance with AML legislation. They need specialised training. One in country seminar and up-to three sector-specific training workshops will be organised. Continuous advice and co-ordination will be provided by the LT-Adviser, inputs by the ST-Adviser and experts (type of expertise required for each activity to be determined by the LT Adviser).
5.6	Organise two three-day study visits for supervisors and regulatory authorities to counterpart organisations of other European countries.	3/05-9/05	Continuous advice by the LT-Adviser. Up to two 3-day study visits for a total of 10 officials will be organised
5.7	Organise two three-day study visits for compliance officers to counterpart organisations of other European countries.	3/05-9/05	Continuous advice by the LT-Adviser. Up to two 3-day study visits for a total of 10 officials will be organised
Output 6	Capacity of the law enforcement and criminal justice bodies to meet their obligations under the AML legislation will have increased		<i>Activities addressing the needs of the law enforcement and criminal justice bodies.</i>
Activities			
6.1	Assist law enforcement bodies in setting-up procedures for co-operation in AML cases and conclude working protocols (or legislative acts if necessary) concerning competencies of police, financial police and prosecutor's office / Harmonisation of the Financial Police Law with other legal instruments	10/04-12/04	Aim: effective investigation of ML/TF cases by law enforcement bodies in accordance with their clearly defined competences. Up-to three in-country events and inputs by the ST-Advisers (expertise required: FIU-law enforcement co-operation and law enforcement procedures in ML/TF cases). Continuous advise and co-ordination by the LT-Adviser
6.2	Assist the Prosecutor General's Office in creating a specialised AML department	10/04-12/04	

6.2	Organise targeted in country training for the law enforcement bodies, prosecutors and judges on criminal law aspects of money laundering.	1/05-3/05	Criminal treatment of ML cases involves new ways of thinking, different from traditional criminal law/procedure approach. Thus, even experienced law enforcement officers, prosecutors and judges needs additional training. Possible topics are: Shift of the burden of proof, Special investigative methods, Case management and securing evidence from electronic sources. Up-to three in country workshops will be organised. Co-ordination and planning by the LT-Adviser.
6.3	Assist in drafting legislation on the management of temporarily seized assets.	2/05-5/05	Linked with 2.3, this activity will require specific expertise and additional inputs. Continuous advice by the LT-Adviser, inputs by ST-Advisers (expertise in the seized assets management required). One in-country seminar with international experts.
6.4	Organise training for law enforcement, prosecutors and judges on provisional measures and confiscation and on management of seized assets.	6/05-11/05	One in-country workshops and one study visit for up to 8 officials will be organised to law enforcement/asset management bodies in other European countries. Co-ordination and planning by the LT-Adviser.
6.5	Organise four one-week study visits for judges, prosecutors and law enforcement officers (Police and Financial Police) and DMLP officials to counterpart organisations of other European countries.	1/05-5/05	Up-to four 3-day study visits will be organised for the total of 10 officials. Co-ordination and planning by the LT-Adviser.
Output 7	Capacity of the DMLP to co-operate with the FIUs of other countries in accordance with the Egmont Group standards will have increased		<i>Activities will address the DMLP ability to exchange information with the FIUs in other countries. International co-operation between FIUs is crucial to track down complicated chains and gather complete sets of information.</i>
Activities			
7.1	Organise an in-country training seminar on information exchange between FIUs.	1/05-3/05	Seminar will deal with principles and techniques of international exchange of confidential information. Co-ordination by the LT-Adviser. Inputs by international experts (expertise in the FIU co-operation issues required).
7.2	As a follow up to the seminar, arrange study visits for DMLP staff responsible for international co-operation to FIUs of other European countries and to specific Egmont events to promote the conclusion of MOUs and to train DMLP staff.	4/05-11/05	Up-to two one-week visits will be organised for up-to 4 officials from the DMLP. Co-ordination and planning by the LT-Adviser in co-operation with the CoE Secretariat.
Output 8	Design an automated information exchange network connecting the AML system participants.		<i>Unlike Output 3, activities here are to facilitate the automated exchange of information between many stakeholders in a uniform format. There is no need for these stakeholders to be able to possess specialised analytical software.</i>
Activities			
8.1	Assist in defining procedures allowing the DMLP direct online access to certain data stored by the law enforcement and other governmental bodies.	1/05-5/05	Continuous advice by the LT-Adviser, specific inputs by ST-Adviser (expert in IT networking, databases and access security). One in-country workshop with international experts.
8.2	Assess the needs of the AML system for software allowing effective automated exchange of information in a clear and uniform format.	5/05-11/05	Continuous advice by the LT-Adviser, specific inputs by ST-Adviser (expertise required as under activity 8.1). Research by expert(s).
8.3	Produce a proposal for software and accompanying hardware (as necessary) to be financed by a separate AT project.	5/05-11/05	Continuous advice by the LT-Adviser, specific input by ST-Adviser - drafting of a proposal (expertise required as under activity 8.1).