



ANNUAL REPORT

2021



**NJËSIA PËR INTELIGJENCË FINANCIARE
FINANSIJSKA OBAVEŠTAJNA JEDINICA
FINANCIAL INTELLIGENCE UNIT**

ANNUAL REPORT 2021

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SUBMISSION OF THE ANNUAL REPORT TO THE OVERSIGHT BOARD OF FIU-K

August 31, 2022

Dear Mr. Murati, Minister of Finance, Labor and Transfers, Chairman of the Oversight Board of FIU-K

Dear members of the Oversight Board of FIU-K,

I am pleased to present to you the Annual Report for 2021, which outlines the activities of the Financial Intelligence Unit (FIU-K) in the fight against money laundering and terrorist financing. The Annual Report for 2021 is submitted in accordance with Article 10(1) of Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing.

FIU-K has had a challenging and busy but also effective year in managing all aspects of requesting, receiving, analyzing and disseminating information to competent authorities related to money laundering activities and terrorist financing.

FIU-K added tangible value to the information received, analyzed and disseminated during the year the results of the analysis and achieved numerous results during 2021, including the assistance of partner agencies in the recovery of assets through the temporary freezing of transactions to ensure optimal cooperation between agencies. FIU-K has been proactive in building public-private partnerships with banks, as well as all other reporting entities, to ensure feedback and optimal cooperation with the private sector in the detection of money laundering.

Efforts have been undertaken to improve Kosovo's results related to money laundering and to represent the FIU to foreign FIUs as a reliable and professional partner.

Sincerely,

Behar Xhema

Acting/Director, Financial Intelligence Unit

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INTRODUCTION

In accordance with its legal mandate defined in Article 10 of Law No. 05/L -096 on the prevention of money laundering and combating terrorist financing, the Financial Intelligence Unit (FIU-K) hereby presents the Annual Report for 2021.

This report contains a summary of the agency's activities, highlighting the main developments related to operational analysis, compliance supervision, inter-institutional cooperation and the establishment of public-private partnerships and that at the international level, professional and technical capacities.

The Performance and Resources Plan of FIU-K 2021 has generally been implemented according to the deadlines, achieving the fulfillment of the objectives based on the performance indicators and exceeding the key performance indicators by 9.82%

The most important developments in the development and strengthening of policies and local coordination on AML/CFT consist of the drafting of the AML/CFT National Risk Assessment Action Plan, the initiation of beneficial ownership legislation, the development of legislation for the implementation of targeted international financial sanctions.

Strengthening the overall structure of the supervisory framework and preventive measures have marked significant progress during 2021, promoting and developing public-private partnership and strengthening guidelines and manuals on risk-based supervision. Typologies of money laundering have been drawn up and published.

The improvement of FIU's internal capabilities for operations and analysis has marked the highest progress in the last 10 years. As never before, it was possible to identify and trace transactions and funds which were frozen by FIU-K in a total value of about 9 million euros. The number of intelligence reports distributed to other authorities has increased by 28% compared to the previous year. The local and international exchange of information has marked an increase of 8% and 19%, respectively, compared to the previous year.

Concrete results have been noted in the development and application of the proactive approach to international cooperation. The typology of Kosovo presented at Egmont Group is ranked among the best cases published in the years 2014-2020.

MAIN ACTIVITIES

Money laundering and terrorist financing has become a topic of increasing focus and concern for the international community. Although states have always been concerned about the threats posed by laundered proceeds of crime, this has become a major political concern, both nationally and internationally.

Kosovo has been assessed as having made significant progress in strengthening legal mechanisms for the most effective fight against money laundering and terrorist financing. The effective fight against these phenomena remains one of the challenges of our country towards the creation of a more effective regime of the fight against money laundering and the financing of terrorism and alignment with international standards. NJIF-K is making efforts for the legislation to be fully in line with the EU Directives and the FATF international standards. FIU-K and other authorities are making efforts to develop an efficient system of targeted financial sanctions and measures to achieve complete deprivation of assets.

KEY RESULTS OF THE WORK OF FIU-K 2021



Financial Intelligence

In 2021, 203 intelligence reports were referred to law enforcement agencies compared to 158 reports in 2020.

National Coordination

Drafting of the Action Plan for addressing the findings of the National Risk Assessment on ML/TF.



Beneficial Ownership



The drafting of the legislation for the establishment of the national register of beneficial ownership has been initiated, and FIU-K has issued administrative instructions on the beneficial owner.

Legal Developments

The initiation and completion of the amendment of the Law on PML/CTF, and the drafting of the Law on the Implementation of Targeted International Financial Sanctions. In addition, the law on the register of beneficial ownership has been initiated



Funds/transactions freeze



The value of transactions of frozen funds by FIU-K in 2021 has marked a significant increase compared to previous years. About 9 million euros were frozen in suspected ML/TF transactions.

International Cooperation

In 2021, FIU-K exchanged 137 pieces of financial intelligence information with international partners or 19% more than the previous year (115: 2020).



CHAPTER I - ANTI-MONEY LAUNDERING/COMBATING THE FINANCING OF TERRORISM (AML/CFT)

The Assessment Report of Kosovo's Compliance with international standards in the field of Prevention of Money Laundering and Combating the Financing of Terrorism done in December 2018 by experts of the Council of Europe within the Project against Economic Crime (PECK II), according to the evaluation methodology of MONEYVAL, presented the main recommendations regarding the actions that should be taken by the institutions of Kosovo in order to address them.

The Financial Intelligence Unit within the framework of the implementation of the National Plan for the Implementation of the Stabilization and Association Agreement as well as the preparations for the integration process in the European Union is in the process of fulfilling the obligations arising from this national plan. In view of the successful implementation of its activities, it gives high priority to all obligations assumed in relation to the European Commission in the European Reforms Agenda.

Also, the EU Progress Report for the country 2021 emphasizes the need to advance the Law on Combating Money Laundering and Terrorist Financing, as it is still not fully compliant with EU and international standards, as well as undertaking several actions in order to address the recommendations arising from the Assessment Report on the compliance of Kosovo with international anti-money laundering and combating the financing of terrorism

standards.

POLICIES AND LOCAL COORDINATION ON PML/CTF

The Oversight Board of FIU-K performs the function of the responsible coordinating mechanism for determining the orientation of state policies for the prevention of money laundering and terrorist financing based on the identified risks, as well as for establishing inter-institutional cooperation in accordance with the goals of the Law on PML/CTF.

The Government of the Republic of Kosovo has adopted the recommended Action Plan to improve Anti-Money Laundering/Combating the Financing of Terrorism (effectiveness) as well as Appendix 1 (Technical Part), Appendix 2 (Guidelines for the Implementation of the Tool for Monitoring the Implementation of the Recommendations of the Assessment Report), Appendix 3 (Tool for Monitoring the Implementation of the Recommendations from the Assessment Report).

The Financial Intelligence Unit is assigned to properly monitor the implementation of the recommendations of the Assessment Report to enable the review the effectiveness of the National System and to make recommendations in accordance with Article 14 of Law No. 05/L - 096 on PML/CTF, and with this decision was established the working group to coordinate activities in the field of state policies for the prevention of money laundering, the fight against the financing of terrorism and the determination of long-term and short-term priorities.

Other state coordinating mechanisms in the field of PML/CTF are as follows:

- Working Group for National Risk Assessment for ML/TF;
- Secretariat of the Governmental Working Group of the National Strategy of the Republic of Kosovo for the Prevention and Combating of the Informal Economy, Money Laundering, Financing of Terrorism and Financial Crimes;

- Office of the National Coordinator for Combating Economic Crime

ACTIONS TAKEN TO IMPROVE THE AML/CFT SYSTEM

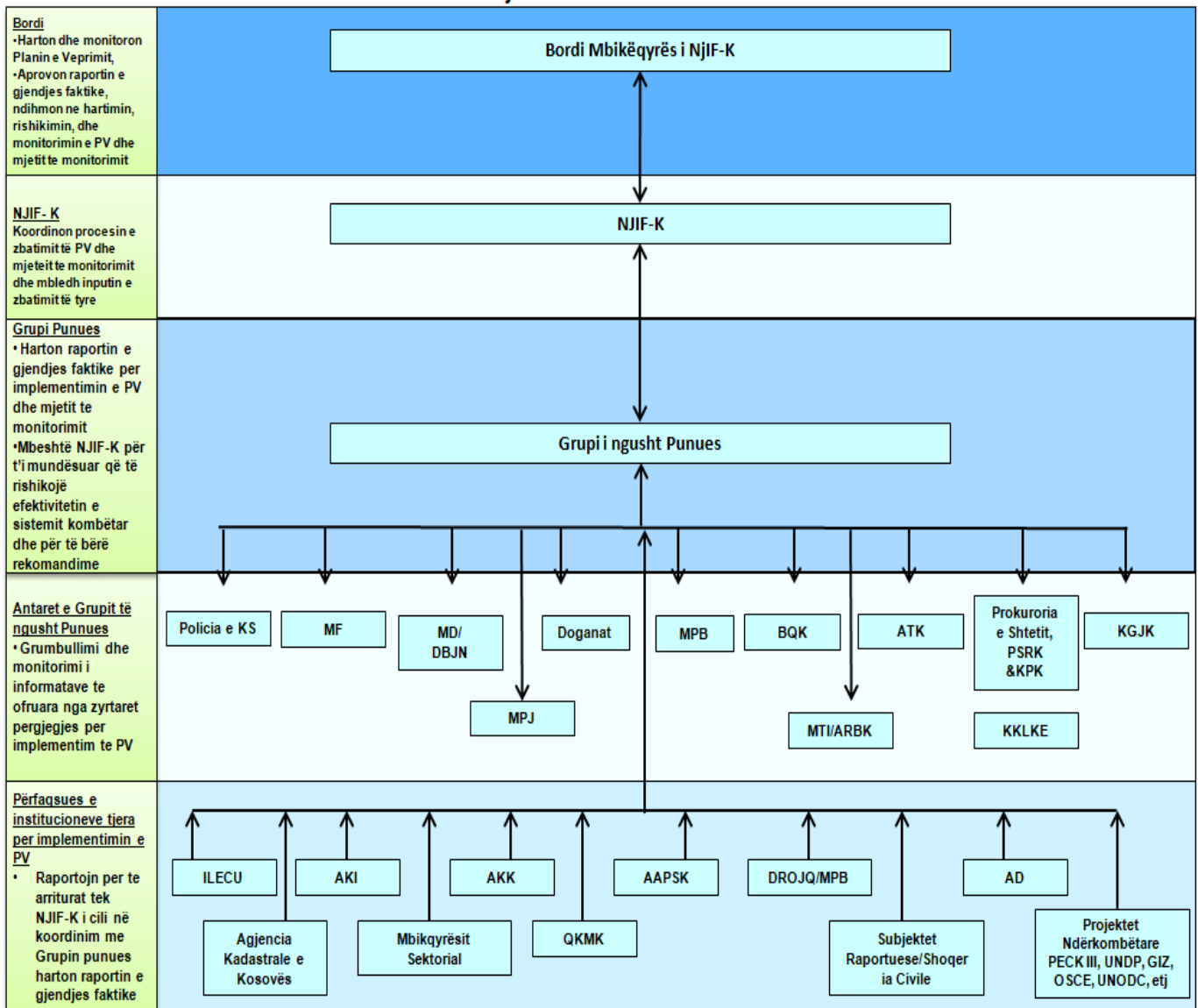
Kosovo remains committed to strengthening legal and institutional mechanisms for the most effective fight against money laundering and terrorist financing. The effective fight against these phenomena remains one of the challenges of our country towards membership in international institutions and alignment with international standards.

FIU-K at the beginning of 2021, has established the Working Group to coordinate activities in the field of state policies for the prevention of money laundering and financing of terrorism and the definition of long-term and short-term policies. This Working Group consists of the following authorities:

- Financial Intelligence Unit (working group coordinator)
- Ministry of Finance
- Ministry of Justice
- Ministry of Foreign Affairs and Diaspora
- Ministry of Internal Affairs
- Ministry of Trade and Industry/KBRA
- Kosovo Prosecutorial Council & State Prosecutor's Office & SPRK
- The Kosovo Judicial Council
- National Coordinator for Combating Economic Crime
- Kosovo Police
- Tax Administration of Kosovo
- Kosovo Customs
- Central Bank of the Republic of Kosovo

Other officials of the institutions of the Republic of Kosovo or other institutions may also participate in the work of the working group, which the Chairman, in coordination with the members of the Working Group, deems necessary.

Implementimi dhe monitorimi i Plani të Veprimit i rekomanduar për përmirësimin e sistemit të LPP/LFT-së dhe mjetit të monitorimit



The implementation of the recommended Action Plan for the Improvement of the Anti-Money Laundering/Combating the Financing of Terrorism System (effectiveness) is based on the monitoring tool. It is the roadmap to be followed in order to achieve the strategic objectives.

The Action Plan contains monitoring and review mechanisms to ensure efficient implementation of the strategic objectives and activities defined in the Action Plan.

The Action Plan includes a total of 87 recommended actions. Regarding the type of measure (to be taken) for the implementation of the recommendations of the Assessment Report, they are classified as:

- *Legislative (L)* - contains 23 recommended actions to be taken. These are measures related to the review of the existing legal basis of requirements for financial institutions and DNFBPs defined by law or by applicable means.;

- *Institutional (I)* - contains 16 recommended actions to be taken. These are measures related to the review of the design, structure and composition of the existing institutional structure within the various stakeholder agencies and bodies involved in the fight against money laundering, terrorist financing and the proliferation of financing. ;
- *Operational (O)* - contains 34 recommended actions to be taken. These are measures related to the review of existing operational tools ¹, non-applicable tools ², as well as the relevant practices and activities of the competent authorities and obliged entities; or
- *Supportive (S)* - contains 14 recommended actions to be taken. These are measures related to activities³ aimed at building the necessary capacities and skills among competent authorities and obliged entities.

- *Urgent (U)* - contains a total of 11 recommendations which indicate that the relevant measure should be implemented as a matter of urgency due to the fundamental impact of the relevant gap or deficiency on the effectiveness of the PML / CTF system;
- *High (H)* - contains a total of 37 recommendations which indicate that the relevant measure is of high priority in terms of the effective functioning of the PML / CTF system and, where appropriate, its implementation should be completed within a short-term period (e.g. 3- 6 months);
- *Medium (M)* - contains a total of 32 recommendations which indicate that the relevant measure is of medium priority in terms of the effective functioning of the PML / CTF system and, where appropriate, its implementation can be completed within the medium term (e.g. 7-18 months); or
- *Low (L)* - contains a total of 7 recommendations which indicate that the relevant measure is of low priority in terms of the effective functioning of the PML / CTF system and, where appropriate, its implementation can be completed within a long-term period (e.g. 19-36 months).

In terms of implementation status, the country's authorities have taken measures to improve the technical compliance and effectiveness of its AML/CFT framework. At the same time, a number of gaps need to be addressed. Based on the tool for monitoring the implementation of the recommendations of the assessment report, the results show that in terms of the implementation status:

Total number of measures	87
<i>Of which, in terms of implementation status:</i>	
Completed (C)	19
In progress (I)	46
Not initiated (N)	4
Ongoing/recurrent (R)	18

Regarding the type of measure according to priority, they are categorized as follows:

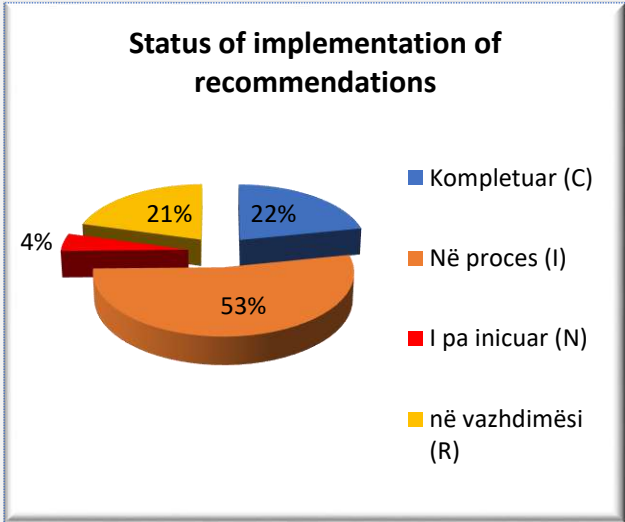


Chart 1: Status of implementation of the recommendations of the CoE assessment report

¹ Such as the standard procedures, manuals and methodology

² Such as guidelines, codes of conduct or internal acts

³ Such as training, awareness raising or consultancy



LEGISLATIVE DEVELOPMENTS related to
PML/CTF

Kosovo has been assessed as having made significant progress in strengthening legal mechanisms for the most effective fight against money laundering and terrorist financing. The effective fight against these phenomena remains one of the challenges of our country towards the creation of a more effective regime of the fight against money laundering and the financing of terrorism and alignment with international standards. FIU-K is making efforts toward having a legislation that is fully in line with the "acquis" and the EU Directives as well as the FATF international standards. FIU-K and other authorities are making efforts to develop an efficient system of targeted financial sanctions and measures to achieve complete deprivation of assets.

LEGISLATIVE DEVELOPMENTS ON PML/CTF

Throughout 2021, the Financial Intelligence Unit of Kosovo has continued its work in terms of the alignment of legislation with FATF international standards and European Union Directives.

The Working Group for drafting the Concept Document on the treatment of legislation in the field of Prevention of Money Laundering (PML) and Combating the Financing of Terrorism (CFT) has re-examined the exclusive competence of the Special Prosecutor's Office on the criminal prosecution of money laundering.

The concept document on the treatment of legislation in the field of PML/CTF aims to address the recommendations issued by the Assessment Report on Compliance with international AML/CFT standards made by experts of the Council of Europe within the Project against Economic Crime (PECK II), according to MONEYVAL's assessment methodology.

This Concept Document also aims to address the key findings in relation to the technical compliance of Kosovo's legislation with Directive 2015/849 of the European Parliament and of the Council of May 20, 2015 on the Prevention of the Use of the Financial System for the Purposes of Money Laundering and Financing of Terrorism as amended by Directive (EU) 2018/843 of the European Parliament and of the Council of May 30, 2018.

Likewise, FIU-K has had continuous commitment by providing a key contribution within the Working Group formed by the Ministry of Foreign Affairs for the drafting of the Draft Law on the Implementation of Targeted International Financial Sanctions, where with its approval it is expected that we will have an advancement in terms of

Kosovo's compliance in the field of PML/CTF with recommendation 6 (specific financial sanctions related to terrorism and financing of terrorism) and recommendation 7 (specific financial sanctions related to the proliferation of weapons of mass destruction) of the FATF.

PML/CTF have further continued to be in harmony with international standards. FIU-K has supported the Ministry of Industry, Entrepreneurship and Trade for initiating the drafting of legislation for the register of beneficial ownership. A Concept Document has been drafted which aims to address and clarify the international requirements of both FATF and EU 5 AMLD recommendations and as required by these standards, the country should provide an easier and better approach, in a fairly coherent and coordinated manner, in the information related to the beneficial ownership of legal entities and legal agreements from the competent authorities and reporting entities, which are mandatory according to Law No. 05/L-096 on the Prevention of Money Laundering and Combating the Terrorist Financing to identify and verify the identity of the beneficial owners of these legal entities and other legal arrangements.

Moreover, in order to further develop the legal infrastructure (secondary legislation) and provide instructions for reporting entities, during 2021 the following bylaws were approved:

Administrative Instruction on Beneficial Owner

The Financial Intelligence Unit of Kosovo on 26/07/2021 has approved and issued the Administrative Instruction MF (FIU-K) No. 01/2021 on Beneficial Owner for the Reporting Entities with the aim of increasing the transparency of the beneficial ownership, as well as the guidance of the reporting entities defined according to Law No. 05/L-096 for the Prevention of Money

Laundering and Combating Terrorist Financing, for the identification and verification of beneficial owners in order to effectively manage the risk of money laundering and terrorist financing.

This guidance, among others, also provides practical examples of beneficial ownership control levels through a three-level approach such as control through ownership, control through other means and control through senior management.

Guidance for reporting entities on the prevention of money laundering and terrorist financing as well as ML/FT risks related to COVID-19

This guidance presents a brief summary of ML/TF risks related to the situation created by the COVID-19 pandemic, the impact they have on preventive activity and the measures to be taken by reporting entities, for their effective reduction and mitigation.

Internal Regulation No. 01/2021 on information technology policies and procedures in the Financial Intelligence Unit

The purpose of this internal regulation is to enable the organization of the Information Technology System at FIU-K, ensure the functionality of IT systems, maintain the performance of networks, guarantee the image of FIU-K, access and attendance of employees in these systems and in particular the guarantee of security, integrity and availability of data. This internal regulation covers the use and monitoring of IT equipment and systems, data storage, creation and operation of official and professional electronic accounts, access to the secure network and the Internet and other aspects related to the IT system of FIU-K.

The Financial Intelligence Unit in accordance with point B of Guidance No. FIUAD:70/2018, continued with the publication of the updated list

in October 2021 of High Risk Jurisdictions subject to a Call to Action as well as Jurisdictions under Enhanced Monitoring determined by the FATF.

Providing legal opinions on the implementation of the PML/CTF law

Providing opinions issued by FIU-K for reporting entities and other institutions, has been one of the activities of FIU-K aimed at providing guidance for reporting entities. A total of 15 advisory opinions and clarifications were issued during 2021.

During 2021, work was also done on the drafting of the following by-laws, which are expected to be approved during 2022:

- Administrative Instruction for Reporting Entities for SAR Reporting
- Guidelines on risk-based supervision;
- Administrative Instruction for the prevention and detection of terrorist financing;
- Administrative Instruction for the prevention and detection of money laundering;
- Guidance on risk factors;
- Guidance on Strategic Analysis;
- Standard Operating Procedure for the dissemination and exchange of information between FIU-K and the competent authorities;
- Standard Operating Procedure for Transaction Freezing.

CHAPTER II - COLLECTION, ANALYSIS, DISTRIBUTION OF REPORTS AND FINANCIAL INFORMATION

Money laundering and terrorist financing are global problems that threaten the security and stability of financial institutions and systems, undermine economic prosperity and weaken governance systems.

Around the world, Financial Intelligence Units (FIUs) play a leading role in preventing anti-money laundering and anti-terrorist financing (AML/CFT) activities. They are responsible for receiving, processing and analyzing reports made by financial institutions or other entities in accordance with the requirements of local AML/CFT laws and regulations. Such reports and other information collected by FIUs often provide the basis for investigations into money laundering, terrorist financing and other serious offences.

A. ANALYSIS AND MONITORING

Processed data and reports

The Financial Intelligence Unit of the Republic of Kosovo acts as the competent authority, responsible for requesting, receiving, analyzing and disseminating to the competent authority and making public information related to potential money laundering and terrorist financing.

FIU remains committed to contributing to local issues and global anti-money laundering and counter-terrorist financing programs by developing policies and strengthening information-sharing networks.

The tasks and powers of FIU-K are to receive and analyze reports and information collected from a wide range of regulated entities. This information is processed and analyzed in conjunction with a variety of other information sources to produce financial intelligence in line with the key risks and threats identified in the national risk assessment and against the country's national security.

In addition, FIU-K receives and analyzes information provided to FIU-K by FIUs of foreign countries with similar functions, by courts or by bodies responsible for law enforcement, including intergovernmental and international organizations, public or governmental bodies; and that have been voluntarily provided to the FIU-K in connection with suspicions of money laundering, related criminal offenses and/or terrorist financing.

FIU-K's ability to manage and use data provided by law enforcement entities and other partners is critical to our performance and the value of our intelligence. The growth of money laundering and terrorist financing activities globally requires the collection of more detailed information, the search for new data sources and the development of

advanced tools to quickly analyze and correlate high-volume and diverse information.

FIU-K is authorized to collect information related to money laundering activities and related criminal offenses or the financing of terrorist activities that is publicly available, including commercially available databases.

The FIU is authorized to collect additional information from all reporting entities (regardless of the entity that submitted the report) whenever a case is opened for analysis and this can be done based on a large number of triggers.

Based on its legal mandate, FIU-K can request from public or government bodies the data, documents and information it needs in order to exercise the duties stemming from the law and to have access to the databases which are kept by these bodies.



The development and maintenance of the database of all information collected or received in relation to suspected money laundering, related criminal offenses or terrorist financing as well as other similar material relevant to the work of the FIU-K, remains among its important strategic priorities.

In 2021, FIU-K recorded a total of 12,656 reports which were processed in the electronic data processing system. These reports consisted of:

- reports of suspicious transactions or activities for money laundering (STR/SAR);
- reports of suspicious transactions or activities for terrorist financing (TFR),
- cash transaction reports (CTR);

additional information reports (AIF), border currency reports (BCR), feed-back data reports (FDR), orders of temporary freezing of transactions (FRZ), inspection reports (INR),

incoming request domestic and incoming request international (IRD/IRI), outgoing requests domestic and outgoing requests international (ORD/ORI).

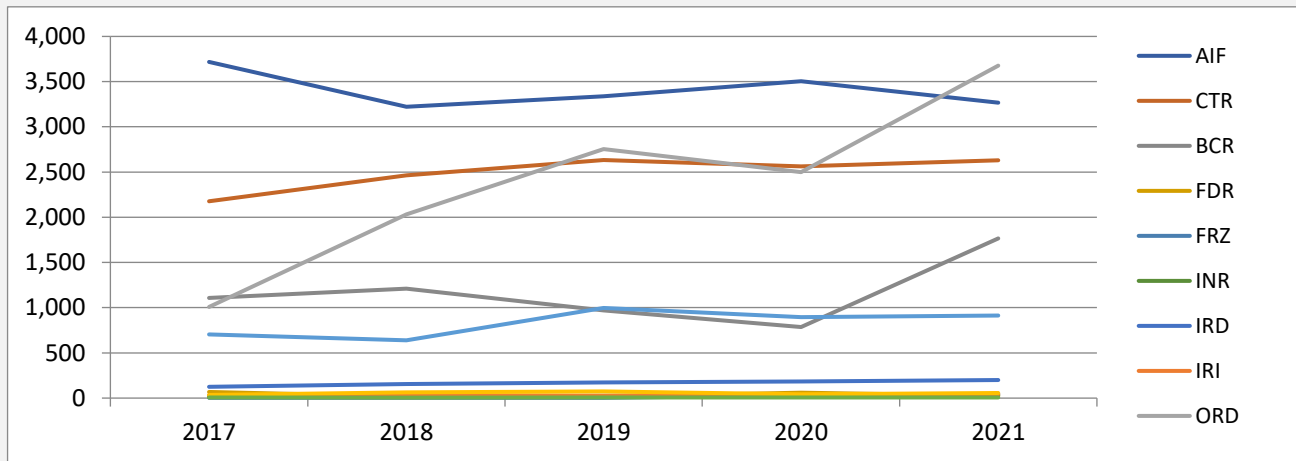


Chart 2: Dynamics of reports processed in the years 2017-2021

Number of data and reports processed					
Type of Report	2017	2018	2019	2020	2021
AIF	3,718	3,222	3,337	3,503	3,266
CTR	2,177	2,464	2,633	2,563	2,629
BCR	1,108	1,212	969	786	1,766
FDR	68	19	16	60	23
FRZ	3	4	3	31	46
INR	17	14	25	31	31
IRD	125	156	175	185	200
IRI	33	32	26	32	43
ORD	1,008	2,033	2,754	2,498	3,677
ORI	35	62	74	42	55
STR (PP)	704	639	997	896	914
TFR	7	5	7	6	6
UTR	52	143	0	0	0
Total:	9,055	10,005	11,016	10,633	12,656

Table 1: The number of reports processed through the electronic and online system 2016-2021

Suspicious Transactions/Activity Reports (STR/SAR)

Suspicious Act or Transaction - an act or transaction or an attempted act or transaction, which creates a reasonable suspicion that the property included in the act or transaction, or in the act or attempted transaction, is the product of crime or is related to the financing of terrorism.

The reporting entities defined in Article 16 of Law No. 05/L -096 on the prevention of money laundering and combating terrorist financing are obliged according to Article 26 of this law to report to the FIU-K, according to the manner and form specified by the FIU-K, all suspicious activities or transactions within twenty-four (24) hours from the time when the activity or transaction is identified as suspicious.

FIU-K received 920 STR/SAR in 2021 or an average of 77 STR/SAR per month. This reflects a 2% increase in reporting compared to the 902 STR/SARs reported in 2020.

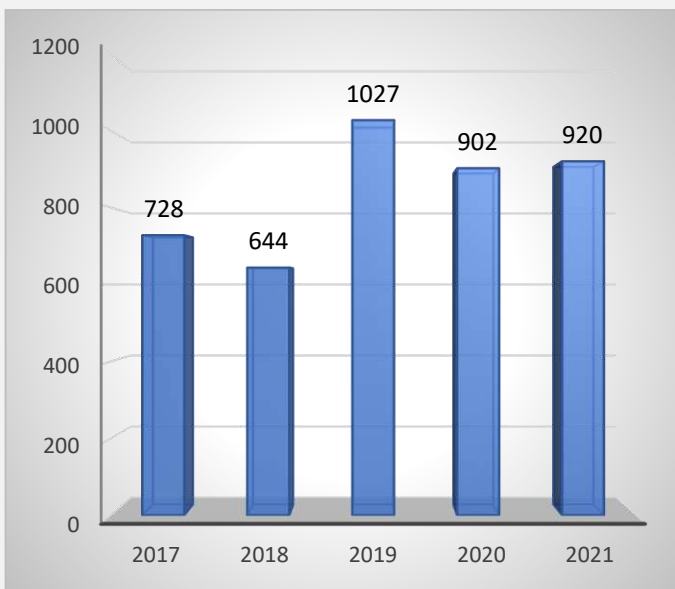


Chart 3: Number of STR reported 2017-2021

Banks and Financial Institutions constitute the highest number of STRs (95%) compared to other sectors such as DNFBPs.

Of the total STR/SARs received in 2021, 81% were handled within this year, compared to 70% in 2020. This reflects an 11% increase in the handling of STRs/SARs from the previous year, which reflects increased effectiveness in dealing with suspicious reports received during 2021. While 19% of STRs/SARs received in 2021 were carried over to be dealt with in the following year 2022.

Key Performance Indicator	Total SAR 2021	%
Number of reports received on ML Suspicious Transactions (STR)	725	79%
Number of reports received on suspicious ML activities (SAR)	189	21%
Number of reports received on suspected terrorist financing TFR	6	1%
Total STR/SAR/TRF received 2021	920	100.00%
Results of STR/SAR/TRF analyses		
Processing STR/SAR/TRF to be analyzed (open CAP&CAS)	595	65%
STR/SAR/TRF attached to cases in process	116	13%
Archiving of STR/SAR/TRF	30	3%
Total STR/SAR/TRF treated (preliminary analysis) 2021	741	81%
STR/SAR/TRF under consideration	179	19%
Total	920	100.00%

Table 2: Key performance indicators in the handling of STR/SAR/TRF 2021

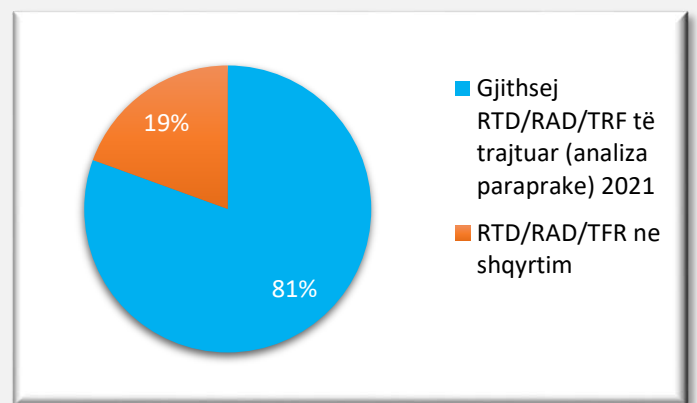


Chart 4: SAR treatment report 2021

Number of STRs reported by sector 2017-2021					
Reporting Entities	2017	2018	2019	2020	2021
Banks and Financial Institutions					
Banks	683	559	785	710	661
Microfinance Institutions	5	10	17	13	27
Insurance sector	-	2	5	1	1
Exchange Houses (Exchange of money and currencies)	-	-	-	-	-
Money Transfer Agencies	34	33	137	149	182
Leasing	-	-	3	5	6
Securities sector	-	-	-	-	-
Other Financial Institutions	-	-	-	-	-
DNFBPs					
Real estate agents and real estate brokers	-	-	-	-	-
Lawyers	-	2	1	1	2
Notaries	-	37	76	17	34
Certified accountants and tax advisors	-	-	1	-	-
Licensed auditors	-	-	-	-	-
Trusts and company service providers	-	-	-	-	-
Non-Governmental Organizations	-	-	-	-	-
Dealers in Precious Metals and Stones	-	-	-	-	-
Natural and legal persons trading goods when accepting payments in cash in the amount of ten thousand (10,000) euros or more	-	-	-	3	-
Other professionals	-	-	-	-	-
Supervisors and other institutions					
Kosovo Customs	-	1	-	1	-
Sectorial Supervisors	4	-	1	-	2
Other	2	-	1	2	5
Total STRs reported 2017-2021	728	644	1027	902	920

Table 3: Number of STRs reported by sectors 2017-2021

Cash Transactions Reporting (CTR)

FIU-K received 2,629 cash reports with a total of 969,524 transactions (CTR) in 2021 or an average of about 80,793 CTRs per month. This is a 33% increase compared to the 730,854 CTRs reported in FIU-K in 2020.

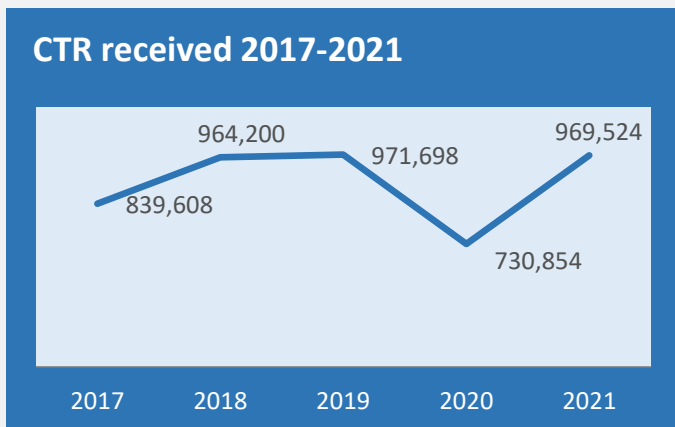


Chart 5: Nuber of CTRs received 2017-2021

During the last few years, CTRs have also started to be reported by high value merchants. This category mainly consists of two types of entities: 1) Delares in precious metals and stones (DPMS) and 2) Dealers or sellers of cars, especially expensive/luxury cars.

Border Currency Reporting (BCR)

In 2021, FIU-K has received 1776 BCRs. This represents a 125% increase compared to the 786 BCRs received in 2020. This increase in both entry and exit border declarations was commensurate with the increase and facilitation of travel during the second half of 2021, as in 2020 there were restrictions and restrictive measures on travel.

According to Article 33 of the Law on PML/CTF, every person entering or leaving Kosovo and carrying monetary instruments of a value of ten thousand (10.000) Euros or more or an equivalent

value in a foreign currency must declare it to the Kosovo Customs, before the customs official.

Declaration of monetary assets at border points			
Number of Reports declared			
Years	Legal persons	Natural persons	Number of declaration of CTRs
1	2	3	4 = (2+3)
2021	1388	388	1776
2020	554	232	786
2019	650	319	969
2018	816	396	1,212
2017	664	444	1,108
2016	732	424	1,156
2015	606	658	1,264
2014	667	583	1,250
Total	1,388	3,444	9,521

Total 4: Declaration of monetary assets at border points 2014-2021

FIU-K fully supports Kosovo Customs in their diligent efforts to identify individuals who violate the obligation to declare both when entering and exiting the country. FIU-K ensures that any information the financial intelligence has in its possession and that is related to possible non-declaration violations, it will distribute such reports to Customs for the exercise of controls accordingly. The FIU also supports Customs and other authorities with any risks identified during the risk assessment and strategic analysis conducted, including information on potential couriers of cash being transported through border points.



Kosovo has implemented a declaration system in accordance with Article 33 of the Law on PML/CTF. The definition in Article 2, paragraph 1.17 of monetary instruments to be declared is broad enough to include all instruments required by the glossary definition in the FATF Recommendations. The declaration regime applies to every person who enters or leaves Kosovo, as well as to every person who sends or accepts monetary instruments by mail, goods shipments or commercial couriers. The threshold is set at 10,000 euros or more.

According to paragraph 7 of Article 33 of the PML/CTF Law, the KC has the power to confiscate

monetary instruments at the border suspected to be the proceeds of crime. This should be reported immediately to the Prosecutor for investigation. The DC should also inform the FIU. Also, the person who does not comply with the provisions of the declaration according to the law, commits a misdemeanor punishable by a fine of twenty-five percent (25%) of the total amount of monetary instruments in possession for which he is obliged to declare.

The following statistics are presented in relation to cross-border physical non-declarations:

Non-declaration of monetary assets at border points				
Years	Number of non-declarations	Value of non-declaration of assets	Currency	Fine imposed (25%)
2019	3	91,080.00	GBP	18,000.00 EURO
		33,200.00	EURO	91,080.00 GBP confiscated in total
		790	CHF	7.681.00 EURO
2020	1	65,450.00	EURO	16,362.50 EURO
2021	6	100,977.12	CHF	26,677.56 EURO
		70,509.82	EURO	17,627.46 EURO
		16,510.00	GBP	4,140 EURO
Total	10	107,590.00	GBP	91,080.00 GBP confiscated
		101,767.12	CHF	
		169,159.82	EURO	90,488.52 EURO

Total 5: Non-declaration of monetary assets at border points 2019-2021

Operational and Strategic Analysis

FIU-K has a legal mandate to perform:

(a) **operational analysis**, which utilizes available and obtainable information to identify specific target entities, trace certain activities or transactions, and determine the link between these entities and potential proceeds of crime, laundering of money, major criminal offenses and terrorist financing; AND

(b) **strategic analysis**, which utilizes available and obtainable information, including data that can be provided by other competent authorities, to identify trends and schemes related to money laundering and terrorist financing.

Effective Financial Intelligence Units must be independent and autonomous in their operational activity and must:

(a) have the authority and ability to freely perform its functions, including the autonomous decision to analyze, request and/or send or disseminate certain information;

(b) regarding the exchange of information, be able to conclude agreements or engage independently to cooperate with other competent domestic authorities or with foreign counterparts;

(c) have separate basic functions from those of other authority/s; AND

(d) be able to obtain and use the resources necessary for the fulfillment of its functions, on an individual or common basis, free from any inappropriate influence or interference from politics, government or industry, which would compromise its functional independence.

The characteristics of an effective financial intelligence system are the collection of a wide range of secret financial and other relevant information and its use to investigate money laundering, major related crimes and terrorist financing. This provides reliable, accurate and up-to-date information and the competent authorities have the resources and skills to use the information to carry out their financial analysis and investigations, to identify and trace assets, and to draw up operational analysis.

Throughout the analytical process, additional information is collected, processed and analyzed to ensure that the intelligence produced is a "value-added" product. This applies regardless of what type of analysis is being performed, be it strategic or operational (tactical).

The analysis of financial transactions at FIU-K is carried out on a risk-based approach, where the analytical function of FIU-K is performed on the basis of a series of detailed procedures and mainly comprehensive standard operating procedures by experienced and qualified analysts, using highly sophisticated information and communication technology tools for entering, storing, extracting information, processing and distributing it.

Competent Kosovo authorities make extensive use of financial information distributed by FIU-K and other available and accessible data to conduct preliminary investigations into ML, related offenses and TF.

In 2021, a total of 1,014 cases were opened for analysis:

Cases opened for analysis 2017-2021					
Cases opened	2017	2018	2019	2020	2021
Cases opened based on STR	147	68	64	261	195
Proposed opened cases based on STR	0	505	474	868	582
Cases opened by FIU-K (voluntarily provided to FIU-K)	6	4	6	8	8
Cases opened from Spontaneous Information from other FIUs	5	5	6	11	17
Requests for information exchange	140	159	167	173	200
Joint analysis/investigation projects with other law enforcement institutions	12	6	5	3	12
Total cases opened for analysis	310	747	722	1324	1014

Total 6: Cases opened 2017-2021

Strategic analysis is the process of developing knowledge (“strategic intelligence”) that will be used to shape FIU's work in the future. The main characteristic of strategic intelligence is that it is not related to individual cases, but rather to new issues and trends.

During 2021, FIU-K has drafted "Guidelines for Strategic Analysis". In order to strengthen these analyses, and with the support of international partners, the professional staff of FIU-K has held special trainings for strategic analysis.

The value of analysis is determined by its usefulness to the 'end user', so successful presentation of findings is essential to ensure that analytical work has maximum value.

On 18.02.2021, FIU-K has approved and published Guidelines for reporting entities for the prevention of ML/FT as well as the risks of ML/FT related to COVID-19, which contains a list of indicators that can help reporting entities to identify, report and prevent the risks of money laundering and terrorist financing caused during the COVID-19 period, as well as typologies of trends and recent cases that are related to the situation created by the COVID-19 pandemic.

FIU-K develops strategic analyses, mainly in the form of typologies, which help to improve the understanding of risks. In 2021, FIU-K has opened for analysis 9 strategic analyzes with the aim of producing three key deliverables of Strategic Analysis;

- Descriptive products
- Typologies reports
- Trend reports

Strategic Analyses open for analysis 2018-2021				
Cases opened for Strategic Analysis	2018	2019	2020	2021
Descriptive products	-	-	-	2
Typologies reports	-	-	-	2
Trend reports	1	2	3	5
Total	1	2	3	9

Total 7: Strategic analyses opened 2018-2021

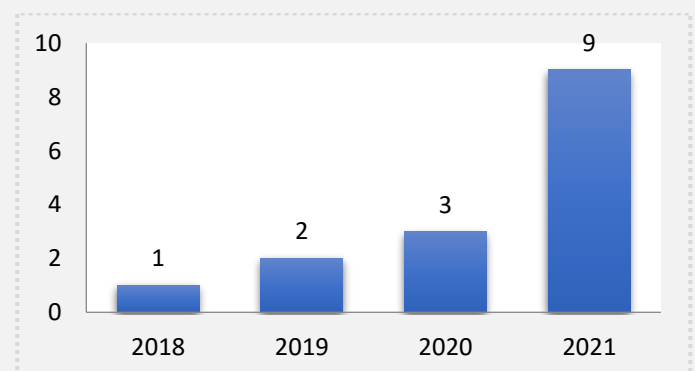


Chart 6: Strategic analyses opened 2018-2021

The most important events in this field, carried out during 2021, were:

- Approval of the guidelines for reporting entities for the prevention of money laundering and terrorist financing and the risks of ML/FT related to COVID-19. This document describes the new risks during the COVID-19 period, the main factors that are driving these new risks during the COVID-19 period, as well as typologies of recent trends and cases that relate to the situation created by the COVID-19 pandemic.

- **The general Money Laundering typologies have been published during 2021.** FIU-K has reviewed money laundering cases that show trends in the sectors identified through the National Money Laundering Risk Assessment.

In addition, FIU-K in cooperation with the Kosovo Police and under the support of the PECK III Project, have started with the development of Terrorist Financing Typologies, which was initiated for the first time in the country.

The changes in ML/FT risk trends during the COVID-19 pandemic have been accompanied by different ways of response from governments, which include social assistance, tax relief initiatives, movement and travel restriction measures. Taking these measures can provide new opportunities for criminals and terrorists to secure illegal proceeds and the process of laundering.

B. DISCLOSURE, DISTRIBUTION AND EXCHANGE OF INFORMATION

Dissemination of intelligence reports to law enforcement authorities

The FIU disseminates financial intelligence to relevant authorities to help detect potential suspicion of money laundering, other related offences, terrorist financing and proliferation financing.

Dissemination of financial intelligence to law enforcement agencies is one of the core functions of FIU-K. Financial intelligence enables our law enforcement partners to investigate underlying crimes, money laundering and terrorist financing activities. Furthermore, they provide a basis for prosecuting persons when necessary.

FIU intelligence reports also provide profiling of suspected proceeds of crime and proceeds from other activities.

For intelligence development, the FIU analyzes suspicious transactions and other financial transaction information. STR analysis results are distributed to relevant law enforcement agencies through a separate dissemination report.

In 2021, 203 intelligence reports were distributed for further investigation to law enforcement agencies or 28% more compared to the previous year 2020 (158 reports distributed in 2020).

The reports distributed during 2021 are mainly based on the reporting flows of STRs sent by the reporting entities during the year in question, but also the STRs of previous years. These reports are subject to the analysis process by FIU-K and when suspicious elements for money laundering, terrorist financing, or related acts are identified, they are distributed to law enforcement agencies for further investigative actions.

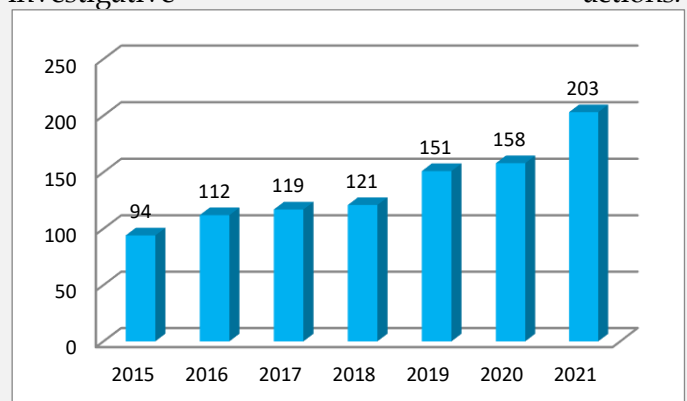


Chart 7: Distributed Intelligence Reports 2015-2021

The table below shows the data of the reports distributed by FIU-K in the last five years (2017-2021 period):

Distributed intelligence reports 2017-2021					
Referred to relevant institutions	2017	2018	2019	2020	2021
Kosovo Police	60	57	74	71	84
Special Prosecutor's Office of the Republic of Kosovo	4	8	4	18	12
Tax Administration of Kosovo	40	33	52	46	76
Kosovo Customs	2	2	0	1	4
Kosovo Intelligence Agency	1	3	3	7	8
Anti-Corruption Agency	3	2	1	0	0
EULEX	2	1	0	0	0
International FIU/Spontaneous Information	5	13	15	12	16
Other	2	2	2	3	3
Total	119	121	151	158	203

Table 8: Intelligence reports distributed/referred to relevant institutions 2017-2021

Investigative assistance provided to law enforcement agencies

FIU-K also provides assistance to law enforcement agencies upon request. Requests for assistance from the competent institutions of criminal prosecution and investigation are accepted in written form and mainly relate to investigations of suspicious activities of money laundering, financing of terrorism and related criminal offenses such as tax evasion, corruption and bribery, Drug Trafficking, Smuggling, Counterfeit and Pirated Goods, Human Trafficking, Prostitution, Fraud, Robbery and Theft, Extortion and Usury, Cyber Crimes etc.

During 2021, FIU-K received 200 requests for information exchange, 8% more than the previous year (185 requests in 2020). As always, the highest number of requests during 2021 came from the Kosovo Police (41% of the total requests received), followed by requests from KIA, Customs, State Prosecutor's Office:

Institutions which submitted requests	Number of requests
Kosovo Police	82
KIA	38
State Prosecutor's Office & SPRK	19
TAK	1
Kosovo Customs	33
ILECUs	12
CBK	10
Others	5
Total	200

Table 9: Exchange of information - local 2021

In most cases, information sharing requests (IRDs) relate to an investigation initiated by an FIU-K intelligence distribution derived from STRs that was distributed for further investigation to a law enforcement agency.

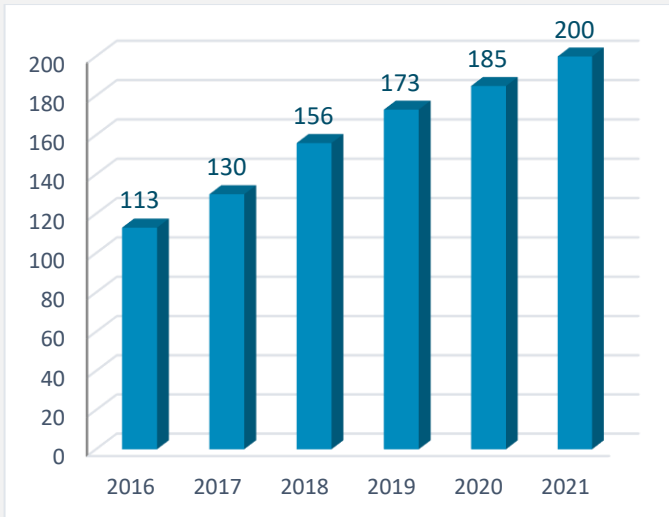


Chart 8: Information requests (IRD) submitted by the FIU cooperating institutions 2016-2021

The ever-increasing number of information exchanged between institutions indicates a continuous increase in inter-institutional cooperation and an increase in the flow of information between the private sector and the FIU to then provide law enforcement with the intelligence necessary to prevent and combat money laundering and related acts, including corruption, fiscal evasion, etc.

Information exchange and support for compliance supervisors

In order to supervise, monitor, treat and mitigate the risks of money laundering and terrorist financing in the financial sectors, FIU-K and CBK have exchanged information by also identifying and verifying beneficial owners with significant or controlling participation or holding management functions in financial institutions, all this in order to prevent criminals and their associates from owning or being beneficial owners with significant or controlling participation or in management functions in financial institutions.

During 2021, CBK submitted 10 requests for information exchange with FIU-K:

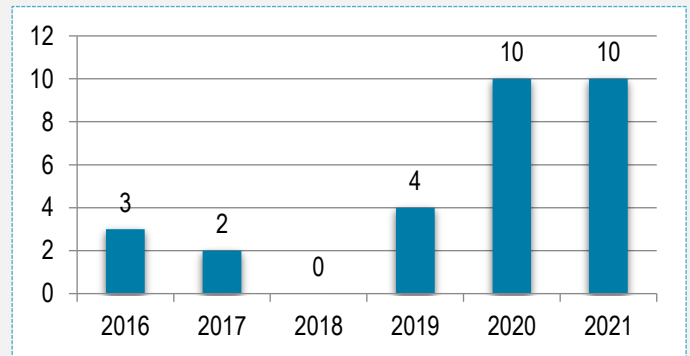


Chart 9: Exchange of information with compliance supervisors 2016-2021

C. FREEZE OF BANK TRANSACTIONS AND SANCTIONS

The number of instructions issued by FIU-K in 2021 for suspension of transactions or temporary freezing of transactions was a total of 46 freezing orders, with a total value of suspended/frozen transactions of **8,975,202 Euros**, which indicates the best performance ever shown since the establishment of FIU-K.

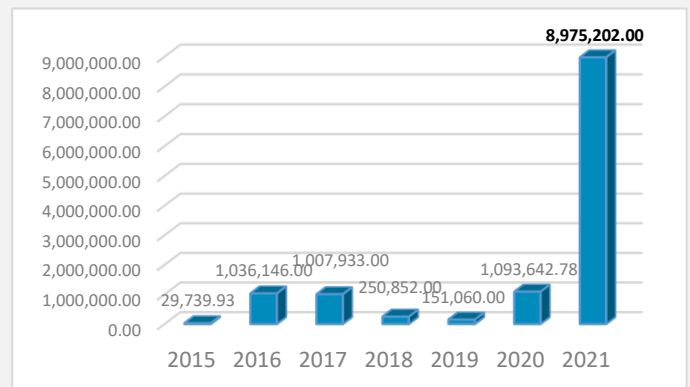


Chart 10: Value of transactions/funds frozen by FIU-K 2015-2021

The purpose of freeze of transactions is to prevent money laundering and terrorist financing as well as the recovery of proceeds of crime.

The Government of the Republic of Kosovo, in order to implement international sanctions against certain individuals and entities, and to prevent the financing of terrorist acts and to freeze the financial assets of the listed entities or their supporters in the Republic of Kosovo, has decided to the implementation of sanctions which consist of:

- Freezing of assets in the Republic of Kosovo for sanctioned individuals and entities;
- Travel ban for sanctioned individuals; AND
- Prohibition for persons and entities in the Republic of Kosovo to make available funds, either directly or indirectly to sanctioned individuals and entities.

FIU-K is authorized to receive and analyze reports and information as well as to issue an order for the non-performance of the transaction or to ask the

reporting entities to monitor the accounts or the business relationship for a period of time up to three (3) months; or for an additional period as defined by FIU-K (paragraph 1.12 of Article 14 of Law No. 05/L -096 on the prevention of money laundering and combating terrorist financing).

During 2021, FIU-K has issued 9 orders for monitoring accounts or business relationships, as follows:

Year 2021	
Monitoring orders issued by FIU-K	No. of orders issued
Implementation of international sanctions (Implementation of Government Decisions)	3
Implementation of international sanctions (OFAC list, etc.)	1
Preventing and combating money laundering and terrorist financing	5
Total	9

Total 10: Monitoring orders issued by FIU-K 2021

Account/Transaction Freeze 2015-2021							
Freezing orders	2015	2016	2017	2018	2019	2020	2021
The number of instructions issued for suspending the transaction	6	85	3	4	3	31	46
Amount (EUR)	29,740	1,036,146	1,007,933	250,852	151,060	1,093,643	8,975,202

Table 11: Account/Transaction Freeze 2015-2021

CHAPTER III - COMPLIANCE SUPERVISION

The supervision of the compliance of the reporting entities with the legal requirements for the prevention of ML/FT is one of the main strategic priorities of the FIU-K.

Effective risk-based supervision is an essential element of a strong anti-money laundering system.

Compliance supervisors play an important role in protecting the financial system and other sectors from misuse by criminals and terrorists by:

- increasing the awareness of reporting entities and understanding of ML / FT risks, recommending remedial measures and encouraging the legally obligated to use good practices,
- implementing and monitoring compliance with PML / CFT obligations, and
- taking appropriate measures when deficiencies are identified.
- To perform this function effectively and efficiently, supervisors must apply a risk-based approach.

For this purpose, FIU-K with the support of international projects have drafted the Manual for risk-based supervision for the DNFBPs sector and the Guide and tool for the implementation of PML/CTF

RISK-BASED SUPERVISION

Effective oversight structures play a key role in the effectiveness of the PML/CTF regime in the country. The approach followed by the country's authorities is constantly being improved and is based on the best practices recognized at the international level for the establishment of supervisory functions on the PML/CTF.

The risk-based supervisory approach is recognized as very good practice at the international level and is a requirement of the FATF standards. Knowing that most supervisory agencies, including Kosovo, have limited resources, the risk-based supervisory approach allows authorities to determine which supervisory activities are most appropriate based on the risk of non-compliance related to money laundering and terrorist financing, present within a particular sector and relevant reporting units.

A risk-based supervisory approach presents several strategic advantages. This aims to focus limited supervisory resources on the highest risk sectors and entities. This targeted approach aims to achieve the highest level of fulfillment with the minimum allocation of resources. Usually, low-risk entities are provided with educational material, training and awareness activities, including recommendations for remedial measures, while FIU-K inspection resources are mainly focused on higher-risk entities. Applying such a comprehensive risk-based approach will lead to a situation where the vast majority of reporting entities are in compliance with legal obligations while non-compliant entities are subject to inspections and corrective actions.

FIU-K is making every effort to integrate the risk-based approach into all aspects of the oversight program design. This will then serve for the development of all supervisory functions.

The progressive approach to the supervision of the financial sector and DNFBPs contains activities

ranging from awareness to inspection and corrective actions.

On-site compliance inspection and remote monitoring

During 2021, FIU-K undertook 31 on-site and remote compliance inspections.

Adapting to the measures established for the prevention of the COVID-19 pandemic, the inspections were mainly focused on those with a limited, thematic and remote scope (77% were remote inspections) which made up the majority of inspections carried out in 2021.

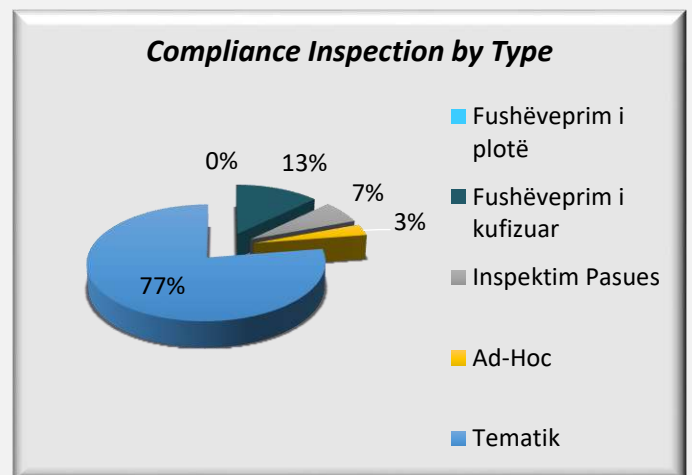


Chart 11: Compliance Inspection by type 2021

Risk-based supervision is built on general risk analysis, ranking supervised entities based on risk, and a risk-based selection is made through analyzing the risk identified by reporting entities and ranking based on the results of assessment of ML/FT risks.

The focus of the inspections in 2021 has been on the actions and measures that must be taken by the reporting entities, focusing mainly on the issuance of written internal regulations and procedures, the establishment of controls for the prevention and detection of money laundering and financing of terrorism and their implementation, the procedure for customer due diligence, including the procedure for identification and verification of the

client, the procedure for reporting according to Article 26 of the law on PML/CTF and sending information to FIU-K, the appointment of the compliance officer, the inclusion of the list of indicators drawn up by the FIU, for the identification of persons and transactions in relation to which there is reason to suspect money laundering or terrorist financing, etc.

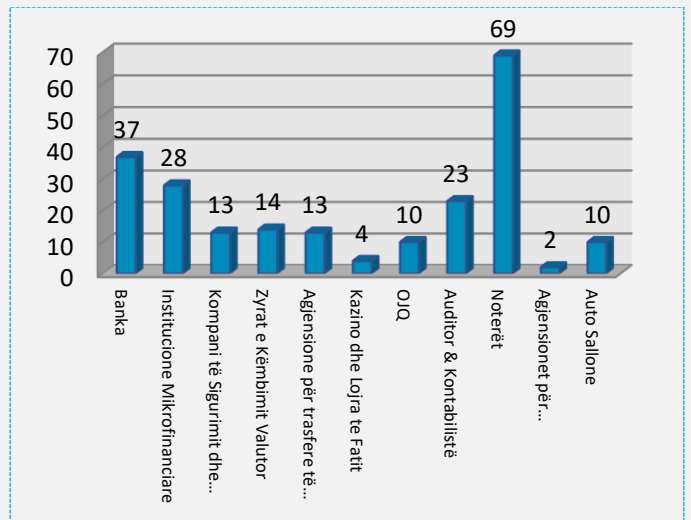


Chart 12: On-site and remote Compliance Inspection 2014 - 2021

The table below presents the data for on-site and remote inspections in the years 2016-2020.

On-site and remote inspections for the period 2017-2021										
Reporting entities inspected	2017		2018		2019		2020		2021	
	On-site	Remote	On-site	Remote	On-site	Remote	On-site	Remote	On-site	Remote
Banks	1	10	-	-	1	2	1	-	2	-
Microfinance Institutions	-	15	3	-	1	-	-	-	1	-
Insurance and Life Insurance Companies	-	-	-	1	2	1	-	-	-	-
Currency Exchange Offices	-	-	-	-	-	-	-	-	2	-
Money transfer agencies	1	5	-	-	1	-	1	-	-	-
Casinos and Games of Chance	-	-	4	-	-	-	-	-	-	-
NGO	-	-	-	-	-	-	-	-	-	-
Auditor & Accountants	-	-	-	-	-	-	-	19	2	-
Notaries	12	-	6	-	-	17	-	-	-	24
Real estate agencies	-	-	-	-	-	-	-	-	-	-
Auto Salons	-	-	-	-	-	-	10	-	-	-
On-site and remote inspections	14	30	13	1	5	20	12	19	7	24
Total Compliance Inspections	44		14		25		31		31	

Table 12: Onsite and Remote Compliance Inspection 2017-2021

provided for in this law, which are not criminal offenses, constitute administrative violations which are classified as very serious violations, serious violations and minor violations.

Administrative sanctions and remedial measures

After any compliance supervision, FIU-K and other supervisors stipulated in the PML/CTF Law, as defined in the law may:

- recommend remedial measures;
- impose an administrative penalty; or
- proceed the case in criminal proceedings

Failure by the reporting entities defined in Article 16 of Law No. 05/L-096 on the prevention of money laundering and combating terrorist financing, to comply with the legal obligations

During 2021, FIU-K, in order to mitigate the risk and undertake remedial measures, has issued a significant number of recommendations for remedial measures that must be taken by the reporting entities, as well as administrative measures have been imposed.

A total of 130 recommendations for remedial measures were given to the inspected entities, while 1 administrative sanction was imposed in the monetary value of a total of 10,000 Euros.

Administrative sanctions and remedial measures 2021			
Reporting entities	Recommendations for remedial measures	Number of administrative sanctions	Monetary value of imposed fines (Euro)
Banks		1	10,000
Microfinance Institutions	2		
Currency Exchange Offices	4		
Auditors & Accountants	12		
Notaries	112		
Total	130	1	10,000

Table 13: Administrative sanctions and remedial measures 2021

When determining the administrative sanction, all relevant circumstances are taken into consideration, including the degree and duration of the non-compliance, the degree of responsibility, the

financial strength of the reporting entity, the losses caused as a result of the violation, previous violations and the level of cooperation of the reporting entity.

- Duties and Responsibilities of the PML/CTF Compliance Officer

Approval of PML/CTF Compliance Officer

- The regulation on the compliance function and the *fit and proper* criteria for the compliance officer defines:
 - the compliance function for the prevention of money laundering and the fight against the financing of terrorism,
 - The role of the Board of Directors/ equivalent managers,
 - The role of senior management in reporting entities,

- “Fit and proper” criteria for the Compliance Officer for Banks and Financial Institutions,

- List of key risk indicators and key performance indicators regarding ML/FT compliance

During 2021, a total of 23 applications for the approval of the compliance officer were received, all of which were approved.

The process of meeting the fit and proper criteria by the appointed PML/CTF officer is as follows:

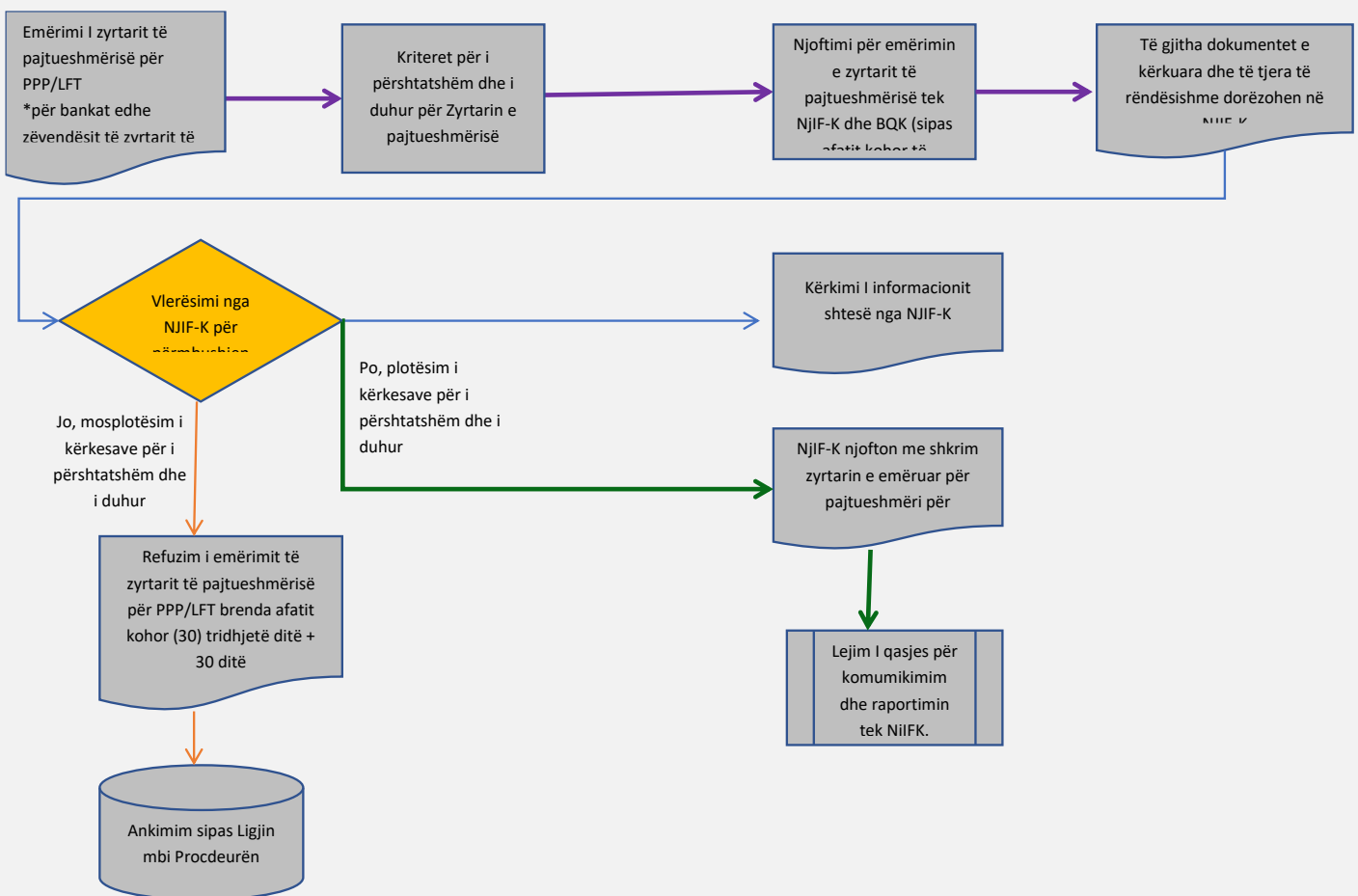


Chart 13: PML/CTF Compliance Officer approval process for “fit and proper”

Awareness, training and communication for PML/CTF and strengthening public-private and public-public partnership

Raising awareness and improving the prevention of money laundering and terrorist financing is done by FIU-K by strengthening the Public-Private Partnership, developing communication and providing society, and especially reporting entities, with comprehensive and correct information about the nature, scale and impact of money laundering and terrorist financing, available preventive measures and legal responsibilities of reporting entities. FIU-K promotes the active participation of society.

Awareness and sensitization regarding the prevention of money laundering, related criminal offenses and terrorist financing constitutes one of the specific objectives of FIU-K's strategic priorities.

On 28.01.2021, FIU-K with support from UNDP organized a seminar entitled "Treatment of Politically Exposed Persons as clients, identification of clients and suspicious activities, and Money Laundering Typologies- Best practices from private and public sectors". There were over 150+ participants, all representatives of private banks of Kosovo, other reporting subjects of the private sector and public institutions.

The Financial Intelligence Unit (FIU-K) in cooperation with the Kosovo Microfinance Association (AMIK) on 05/03/2021 within the framework of regular training and awareness regarding the prevention of money laundering, related criminal offenses and financing of terrorism as well as the obligations of the reporting entities in terms of legal obligations, held the workshop on "National Risk Assessment for the Prevention of Money Laundering and Combating the Financing of Terrorism, Typology and Risks for ML/FT related to Covid-19 ". In this workshop there were present (12) twelve participants from the IMF, among them, in addition to the PML/CTF compliance officers, there were also officers as

branch managers, as well as from the IT sector.



On 07.06.2021 FIU-K under the support of UNDP organized the webinar "Money Laundering Schemes with Virtual Currencies". The webinar explored emerging trends in money laundering schemes involving virtual currencies and cryptocurrencies, and how to best identify suspicious criminal activity by law enforcement/financial regulators and private sector compliance and anti-money laundering professionals. All representatives of Kosovo's private banks and other private sector reporting entities, law enforcement agencies that deal with financial crime investigations, the Financial Intelligence Unit, Tax and Customs Administrations, and the Central Bank participated.

On June 10, 2021, an online conference was organized in which the National Risk Assessment of Money Laundering and Terrorist Financing of Kosovo was launched. The event was intended to present the findings of the first ever National Money Laundering and Terrorist Financing Risk Assessment, approved by the Government, for law enforcement agencies from the prosecution, police, tax and customs administrations, then the CBK and the private sector. Representatives from Financial Intelligence Units in Albania, Bulgaria, North Macedonia, Turkey and Slovenia shared their comments on the Kosovo Assessment and their experience during assessments in each of these countries of the region.

On 16.09.2021, FIU-K under the support of the Project against Economic Crime (PECK III) held a webinar "Presentation of Terrorism Financing Typologies". About 90 participants from various public institutions including law enforcement bodies, Civil Society and reporting entities from the banking/non-banking sector benefited from the guidelines on terrorist financing preventive measures and the presentation of practical cases and typologies. The typologies were developed through close cooperation and great input from the Financial Intelligence Unit (FIU) and the Police. The authorities are committed to take into account the recommendations of the Financial Action Task Force and take the necessary actions to further align with international standards.

On December 15, 2021, a forum was held in the American Chamber on the topic of 'Prevention of Money Laundering in the Economy' and their impact, which aroused great interest from businesses. The forum is co-organized with the American Chamber of Commerce in Kosovo.

On November 25 - 26 and December 9 - 10, 2021, FIU-K under the support of PECK III have organized two training/workshop activities with the banking sector and law enforcement agencies. The Council of Europe provides guidelines for the identification of ultimate beneficial owners to the Kosovo authorities.

On 08/02/2021, FIU-K held a meeting with representatives from the Chamber of Notaries for the purpose of discussing the organization of some trainings for notaries in different regions.

On 25.02.2021, FIU-K held a meeting with the Banking Association (KBA) where the agenda of the meeting was:

- Treatment of NGOs by the banking sector;
- The possibility of reporting based on conductor of transaction (conductor base) instead of account base;

- Electronic money institutions;

In order to advance cooperation between public institutions of interest in the field of exchange of cadastral and property information, on March 11, 2021 in the premises of the Kosovo Cadastral Agency, a working meeting was held between comprehensive delegations from the Kosovo Cadastral Agency, the Tax Administration of Kosovo, the Financial Intelligence Unit, Ministry of Finance, UNDP. The main topic of the meeting was the treatment of the possibilities for supplementing the Law on Public Finance Management as a way to exempt from payment for the cadastral products and services of the Kosovo Cadastral Agency the public institutions, respectively the Tax Administration of Kosovo, the Kosovo Police, EULEX, the Anti-Corruption Agency, the Kosovo Intelligence Agency, the Basic Courts, the Special Chamber of the Supreme Court, the Kosovo Judicial Council, the Kosovo Prosecutorial Council, the Financial Intelligence Unit. In the meeting, the parties agreed that these issues should be addressed in even higher instances, while for this purpose it was proposed to expand the network of collaborators from public institutions.

In addition, FIU-K has held other awareness meetings with the Prishtina Municipal Cadastral Office; with MCO Lipjan and MCO Ferizaj.

On October 20, 2021, the Kosovo Banking Association held a consultation meeting to discuss the issue of the Draft Law on Electronic Identification as well as the connection of this law with the field of AML. In addition to FIU-K, representatives from the Central Bank of Kosovo, the Ministry of Economic Development (as the sponsor of this draft law) were also invited to the meeting, as well as the representative from the Kosovo Judicial Council.

CHAPTER IV - NATIONAL RISK ASSESSMENT (NRA)

The risks of money laundering and terrorist financing are understood and, where necessary, actions are coordinated within the country to combat money laundering and terrorist and proliferation financing.

The characteristics of an effective risk assessment system include identifying, assessing and properly understanding its money laundering and terrorist financing risks and coordinating internally the actions to be implemented to mitigate these risks. This includes the engagement of competent authorities and other relevant authorities; using a wide range of trusted sources of information; using risk assessment/assessments as a basis for designing and prioritizing PML/CTF policies and activities; and communicating and implementing these policies and activities in a coordinated manner through appropriate channels. Likewise, the relevant competent authorities cooperate and coordinate policies and activities to combat proliferation financing. Over time, these result in significant mitigation of money laundering and terrorist financing risks.

NATIONAL RISK ASSESSMENT (NRA) AND ACTION PLAN

During 2021, FIU-K has developed the Action Plan for addressing the findings of the National Assessment report.

This Action Plan is integrated into the revised Action Plan of the National Strategy of the Republic of Kosovo on the Prevention of the Informal Economy, Money Laundering, Financing of Terrorism and Financial Crimes 2019-2023.

Moreover, with the aim of mitigating and managing the risk of ML/FT, FIU-K during 2021 has disseminated the national assessment report to reporting entities and law enforcement and regulatory and supervisory institutions.

On June 10, 2021, the Financial Intelligence Unit, in partnership with the United Nations Development Program (UNDP) in Kosovo through its project Support to Anti-Corruption Efforts in Kosovo (SAEK III), has organized a conference to launch the National Risk Assessment of Money Laundering and Terrorist Financing.

The event was aimed at presenting the findings of the first Government-approved National Money Laundering and Terrorist Financing Risk Assessment to law enforcement agencies and the private sector. Representatives from the Financial Intelligence Units of Albania, Bulgaria, North Macedonia, Turkey and Slovenia shared their comments on the Kosovo Assessment.

The presentation of the countries of the region on the NRA process and the steps they have taken to implement the measures were of great value to the country's authorities.

An essential element of the AML/CFT regime is an adequate and effective risk assessment. Risk assessment is the foundation of a proportionate risk-based framework for AML/CFT. Reporting entities must have a clear understanding of the

ML/TF risks and vulnerabilities they face in the course of business. The risk assessment is the core document for the entire AML/CFT regime.

Level of threat of money laundering from the described criminal offences:






Criminal offenses described	Threat level
Fiscal evasion Corruption and bribery	 Extremely high
Drug trafficking Smuggling Counterfeiting and piracy of goods Human trafficking Prostitution	 High
Fraud Robbery and theft Extortion and usury Cyber crimes	 Medium
Illegal arms trafficking Environmental crimes	 Low
Currency counterfeiting Illegal trafficking in stolen goods Forgery	 Extremely low

Chart 14: The level of threat of money laundering from the described criminal offenses

CHAPTER V - SECTORIAL TYPOLOGIES

The money laundering typologies are part of the efforts of the Financial Intelligence Unit to reduce the level of corruption, the informal economy and other related ML/TF offenses and to strengthen monitoring and supervision mechanisms of reporting institutions in an efficient, transparent, accountable manner.

The general Money Laundering Typologies have been published during 2021. NJIF-K has examined money laundering cases that show trends in the sectors identified through the National Money Laundering Risk Assessment. The cases illustrated in the typology describe the elements that must be identified when dealing with suspicious customers and financial activities. The publication will serve as a valuable reference for the private and public sector in developing internal controls and assessing money laundering risks.

The following section illustrates the risks of money laundering within the various economic sectors of Kosovo. For this purpose, illustrative cases are provided, along with an analysis of the risks they represent, as well as emerging trends.

Designated Non-Financial Businesses and Professions (DNFBP)

The following sub-section examines the specific risks of money laundering of independent professionals within the category of DNFBPs. These entities are classified as such by the FATF as they pose money laundering and terrorist financing risks, and are not classified as financial institutions.

Designated non-financial businesses and professions are:

- a) real estate agents and real estate brokers;
- b) lawyers and notaries;
- c) accountants, auditors and tax advisors;
- d) trust and service providers
- e) sellers of precious metals and dealers in precious stones;
- f) natural and legal persons who trade goods when they accept payments in cash in the amount of ten thousand (10,000) euros or more.



Lawyers

The nature and range of services that lawyers provide is wide. These professionals are qualified to advise people about the law and represent them in court.

Lawyers may be sought to assist in the structure and design of transactions intended to conceal the nature and origin of funds. Criminal organizations may operate in different scales. The biggest ones have a lot of assets to launder and this task may be difficult to accomplish without the help of lawyers and accountants. Consequently, most of the typologies introduced in this document may at some point suppose the advice/intermediation of these professionals, knowingly.

AML Red Flags

Lawyers may be involved in criminal activities through a wide variety of activities as the services that they provide range from the draft of employment contracts through the constitutions of companies and the representation of clients.

Criminals may attempt to confuse or disguise the links between the proceeds of a crime and the perpetrator through the creation of corporate vehicles or other legal arrangements (i.e. trusts). Criminals may use property transfers to serve as either the cover for transfers of illegal funds (layering) or else the final investment of these proceeds after the criminal proceeds are laundered (integration).

Criminals may use these professionals to carry out various financial operations on their behalf (i.e. cash deposits, foreign exchange operations, purchase and sale of stock).

Difficulty in obtaining necessary documentation to identify a customer is one of the main AML red flags.

Criminals are interested in disguising their identity and/or position the illegal proceeds as further away as possible from themselves. Lawyers become handy in this task as they oftentimes become the middlemen. In this way, knowing your customer should not only be limited in properly identifying counterparties, but also in understanding their Source of Wealth and Source of Funds. Fictitious documentations accounting for these are also believed to be one of the most frequent red flags. Criminals may also show interest in constituting overly complex legal entities in countries with lax governmental oversight.

Lawyers should interpret these interests as red flags so long as there is no rationale in the legal configuration of these entities other than the hiding of beneficial ownership of assets.

Accountants and Auditors

Professional accountants in public practice may provide a wide range of services, which include audit and assurance services; book-keeping and the preparation of annual and periodic accounts and tax compliance work; trust and company services.

The larger international accounting firms operating in Kosovo generally apply their AML/CFT policies globally, while smaller companies exhibit more gaps in their knowledge of AML/CFT risk posed by clients and their obligations in the AML/CFT system.

The lack of STR reporting may be a sign of little ML associated with the sector but is more likely also a sign of AML/CFT controls and understanding lacking in the sector.

AML Red Flags

Some of the services provided by these professionals are more susceptible to money laundering risks.

When it comes to accountants and auditors, criminals may be interested in receiving advice on how to minimize tax liabilities or place assets out of reach in order to avoid future fiscal obligations.

Criminals may be also interested in getting deceitful financial statements confirmed, thereby disguising the actual financial performance of business entities.

Notaries

Notaries are of considerable risk given the size and relevance of the real estate and construction sector in Kosovo.

Notaries can be involved in all transactions related to the sale of movable and immovable property including real estate, and as such they have an additional role in the preventative regime for real estate transactions.

These professionals tend to have an important role within the DNFBP sector as they are involved in most of the transactions related to company formation and transfers of real estate.

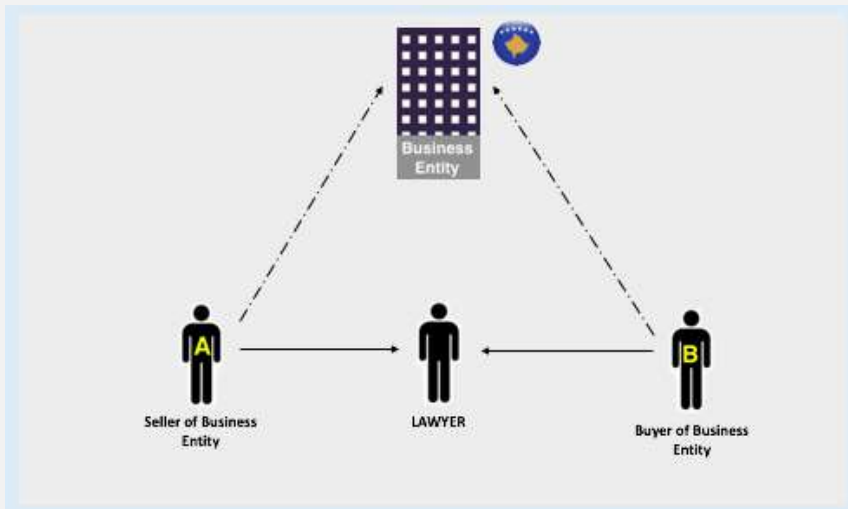
AML Red Flags

Notaries are not directly involved in the laundering of proceeds but act as an enabler to the launderers. The generic case is the acquisition of an

undervalued property, with the price being acknowledged via the notary. Illicit proceeds will then be used to pay “under the table” for the remainder. The property can later be sold at its full price. Notaries are always involved in these transactions, but they are not always aware of the criminal implications.

The following typologies illustrate some of Kosovo's money laundering risks in the DNFBP sector:

Typology I



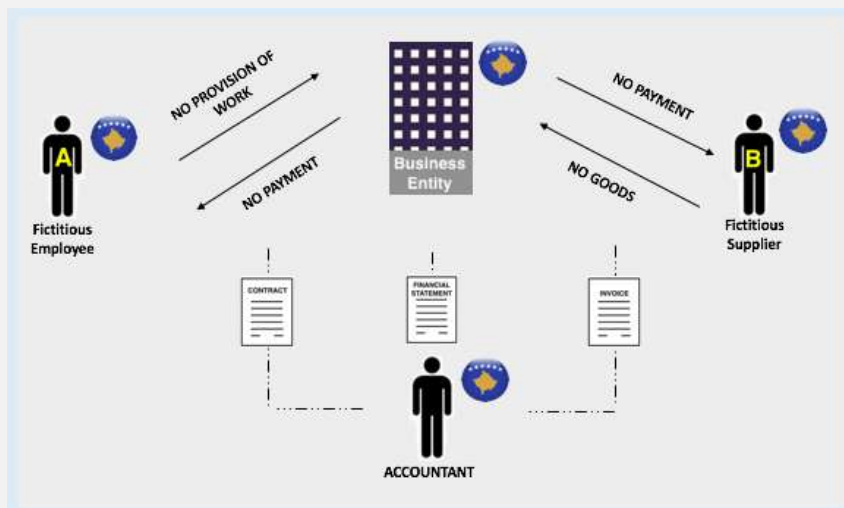
Subject A, interested in selling a business entity in Kosovo, and subject B, interested in buying it, proceed with the transaction through a law firm.

According to Subject's B Source of Funds, annual revenues from its business activity holds no logic to the amount that it possesses for the down payment of the Business Entity. The funds for the down payment are of dubious origin.

HIGH RISK INDICATORS

- ✓ Unclear Source of Funds – reporting entities should do their best in knowing the customer and understanding its source of funds..

Typology II

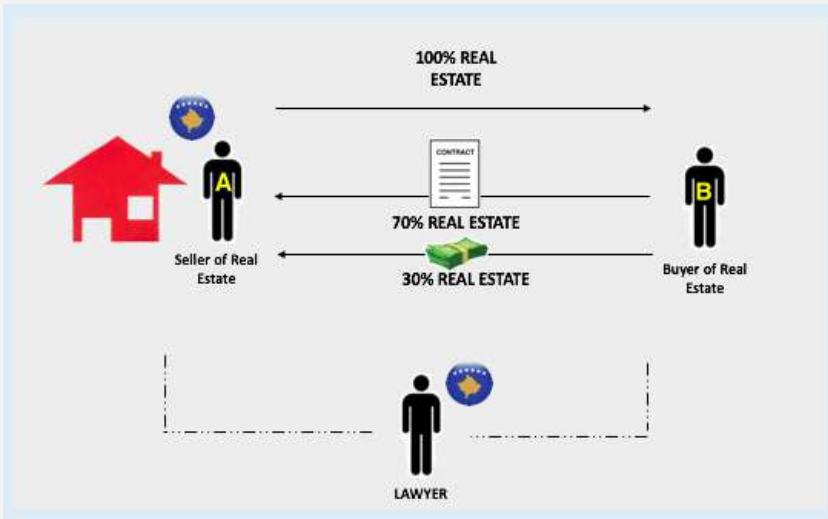


Fictitious liabilities were created with the oversight of an accountant. The Business Entity engaged a fake supplier and a fake employee who agreed to become parties to a scheme whereby the Business Entity would compute fake expenses on the Income Statement (i.e. expense for payment of salary/cost of goods sold).

This fake increase in expenses reduced the taxable income and thereby served as an instrument to evade tax payment.

HIGH RISK INDICATORS

- ✓ Miss-match between assets and liabilities – false liabilities are created in order to decrease taxable income. A decrease in taxable income decreases tax obligations of the business entity. The government perceives less income whilst the business entity does not see an increase in its liabilities and expenditures.



The notary intermediated in the sale of a real estate property in Kosovo. The contract states that the property is priced at a value substantially below market price. Tax was paid on this price (70% real estate price).

Subject A and B, with the help of the notary, agree on an off-the-record additional cash payment accounting for the additional 30% of the market value price of the property. No tax is paid on this cash transaction.

HIGH RISK INDICATORS

- ✓ Real estate price miss-priced – real estate official transaction price is substantially lower/higher than market price. If substantially lower, the parties to the transaction might be interested in decreasing tax payments; if substantially higher, the parties might be interested in simulating higher expenditures in search of a tax relief.

CHAPTER VI - DOMESTIC AND INTERNATIONAL COOPERATION

Concrete results in the fight against money laundering and terrorist financing can only be achieved through the establishment of strong multidisciplinary cooperation platforms. Local multi-agency cooperation mechanisms work if they are based on a full recognition of the added value brought by the exchange of information and best practices, which derive from joint activities/efforts. Kosovo authorities have developed a series of mechanisms to assess risks from both a comprehensive and sectoral point of view; mechanisms have been created on a periodic and continuous basis.

In addition to national cooperation, FIU-K also cooperates with international partners. This collaboration is one of the key conditions for being able to provide financial information that generates useful financial intelligence.

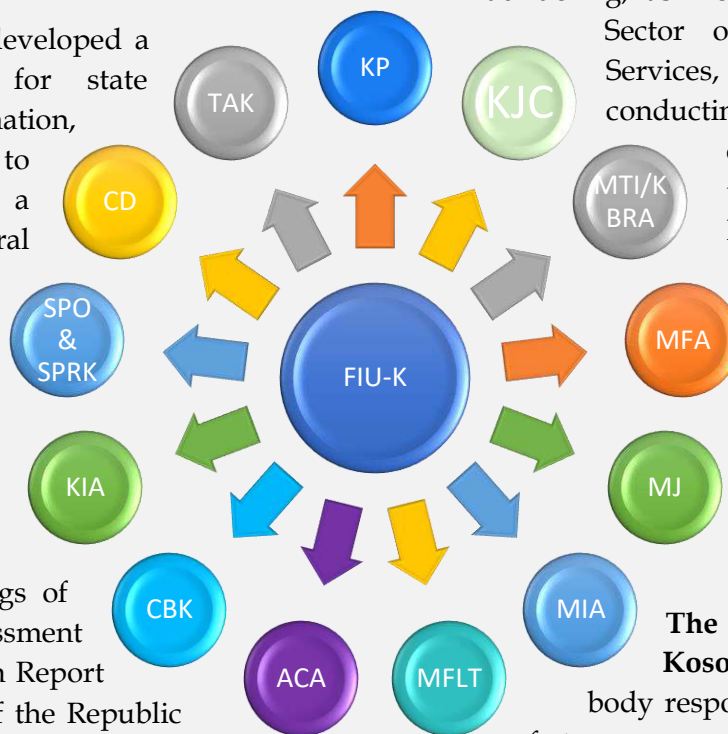
DOMESTIC COOPERATION AND COORDINATION

Strengthening the Public-Public partnership remains among the strategic priorities of FIU-K. The cooperation of FIU-K with other competent authorities extends, among others, to three main types of cooperation:

- Cooperation with competent authorities that have functions and powers of investigation and/or criminal prosecution of money laundering, related offenses, financing of terrorism and seizure/freezing and confiscation of criminal assets;
- Cooperation with the competent authorities that have AML/CFT supervisory responsibilities and the competent authorities that accept reports on the cross-border transport of cash and negotiable instruments;
- Cooperation with other competent public authorities with specific responsibilities for combating money laundering and/or terrorist financing.

Kosovo authorities have developed a series of mechanisms for state cooperation and coordination, including mechanisms to assess risks from both a comprehensive and sectoral point of view, as well as mechanisms that have been created on a periodic and ongoing basis. Also, the mechanisms to coordinate the local PML/CTF policies.

In response to the findings of the National Risk Assessment and the Mutual Evaluation Report (MER), the Government of the Republic of Kosovo has established the Working Group to coordinate activities in the field of state policies



on the prevention of money laundering and terrorist financing and the determination of long-term and short-term policies, chaired by FIU-K to properly monitor the implementation of the recommendations of the Assessment Report to enable it to review the effectiveness of the national system and to make recommendations in accordance with Article 14 of Law No. 05/L – 096 on PML/CTF.

During 2021, in order to increase inter-institutional cooperation and coordination based on the identified risks, seven coordination meetings were held based on the identified risks.

The Kosovo Police (KP) is responsible, among other things, for ensuring public order and security, fighting organized crime and guaranteeing the integrity of borders. The cooperation of FIU-K with KP is mainly with the Directorate for the Investigation of Economic Crimes and Corruption (DIECC), which includes the Sector for Financial Investigations and the ML Unit, which deals specifically with financial crime and money

laundering, as well as the Investigations Sector of Integrated Financial Services, which is responsible for conducting investigations on criminal offenses related to organized crime. FIU-K and Kosovo Police have developed cooperation through liaison officers. About 41% of all intelligence reports are distributed for further investigation by FIU-K to KP.

The Tax Administration of Kosovo (TAK) is the central body responsible for the collection of tax revenues in Kosovo and the investigation of tax evasion. FIU-K and TAK have

re-appointed liaison officers. About 37% of financial intelligence reports related to suspicions of tax evasion are distributed to TAK for further investigation.

Kosovo Customs (KC), among other things, supervises and ensures the implementation of the mandatory declaration of circulation of monetary instruments inside and outside Kosovo. FIU-K and KC have exchanged liaison officers. About 17% of financial intelligence information is distributed by FIU-K to Kosovo Customs.

The Central Bank of Kosovo (CBK) promotes and maintains the stability of the financial system, the payment system, as well as the stability of prices. The Central Bank is also the supervisory authority for all financial institutions in Kosovo, including banking and non-banking credit institutions, money transmitters, currency exchanges and insurance companies.

The State Prosecutor's Office (SPO) is an independent institution with authority and responsibility for the criminal prosecution of persons accused of committing criminal offenses or other acts defined by law. The Special Prosecutor's Office (SPRK) has exclusive jurisdiction to investigate and prosecute, among other things, money laundering and terrorist financing. The cooperation of FIU-K with the Basic Prosecutor's Offices has been established in particular in the tracking and identification of concealed assets derived from illegal activities and which can be used for freezing and sequestration.

The Kosovo Intelligence Agency (KIA) was established as a security and intelligence service in Kosovo. KIA has legal status and competence to act in the entire territory of Kosovo. KIA collects information on security threats in Kosovo: terrorism, organized crime, trafficking, etc. FIU-K and KIA have exchanged liaison officers. Moreover, with the aim of increasing cooperation and strengthening state security measures, FIU-K and

KIA on 14.10.2021 concluded an agreement on the liaison officer. Currently, two KIA liaison officers operate in FIU-K.

The National Coordinator for Combating Economic Crime (NCCEC) promotes, coordinates, monitors, evaluates and reports on the activities of law enforcement institutions related to the prevention, detection, investigation, prosecution and trial of crime that generates material benefits. FIU-K reports on a regular periodic basis and exchanges feedback information with NCCEC.

Due to the unique nature of FIU-K's role and its data, it routinely accepts Information Requests Domestic (IRD) from domestic partner agencies to support their operations. The number of requests made to FIU-K in 2021 has risen by 8% compared to the previous year, with 200 requests this year compared to 185 received last year.

The highest number of requests throughout 2021 came from the Kosovo Police (82 requests), followed by KIA (38 requests), the State Prosecutor's Office & SPRK (19 requests). On behalf of other authorities (ATK, Customs, ILECU, ACA, CBK) 61 information exchange requests were handled.

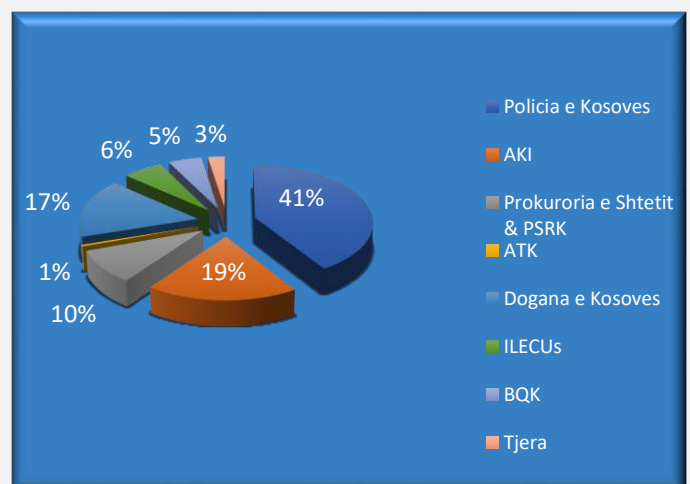


Chart 15: Information Requests Domestic (IRD) submitted by the cooperating institutions of FIU-K

In accordance with Article 14 of Law No. 05/L -096 on the prevention of money laundering and combating terrorist financing, FIU-K is authorized to compile information, statistics, reports and, based on them, make recommendations to the Ministry of Finance, the Ministry of Justice, Kosovo Police, Kosovo Customs and other relevant persons or bodies, regarding the measures to be taken and the legislation to be adopted to combat money laundering, related criminal offenses and the financing of terrorism. Based on this, during 2021 FIU-K forwarded four (4) recommendations to other authorities as follows:

- ◇ Ministry of Justice - Draft Strategy on Rule of Law - Recommendation regarding measures to be taken and legislation to be adopted to combat money laundering, related criminal offenses and terrorist financing
- ◇ In order to reduce and manage the risk identified by the National Risk Assessment of Money Laundering and Terrorist Financing, FIU-K has issued a Recommendation for the Secretariat of the National Strategy 2019-2023, Ministry of Finance, Labor and Transfers - Review of National Strategy Action Plan 2019-2023⁴;
- ◇ Kosovo Police - National Risk Assessment Report of Money Laundering and Terrorist Financing in Kosovo/Recommendation;
- ◇ Central Bank of the Republic of Kosovo - National Risk Assessment Report of Money Laundering and Terrorist Financing in Kosovo/Recommendation

FIU-K and LEA (AZL) are part of the Serious Crime Detection and Targeting Group led by SPRK and operating in accordance with the Standard

⁴ The National Strategy of the Republic of Kosovo for the Prevention and Combating of the Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2019-2023

Operating Procedures for the Selection and Targeting of Serious Crime Cases and Inter-Agency Investigative Teams. As a result, during 2021, the FIU-K representative participated in four meetings of the Joint Team for the Selection and Targeting of Serious Crimes.

INTERNATIONAL COOPERATION

As new and emerging technologies are having an impact on the faster movement of money globally, organized crime, professional money laundering facilitators and other actors involved in activities generating crime proceeds for the purposes of financing of terrorism, are quick to exploit these opportunities. FIU-K develops and applies a proactive approach to international cooperation by leading the Government's efforts to improve the prevention and combating of money laundering and terrorist financing at the international level, which includes:

- strengthening cooperation with foreign counterpart FIU, with Egmont, and raising cooperation with the countries of the region by playing an active role in international AML/CFT organizations;
- the establishment and development of international financial intelligence in order to develop the prevention and detection of money laundering and terrorist financing as well as the confiscation of crime proceeds;
- exchange of operational information and intelligence with other FIUs, law enforcement agencies worldwide;
- providing best practices and active participation in the drafting of guidelines and other documents in the field of AML/CFT;
- supporting international projects and partners through technical assistance and training.

Cooperation with foreign counterparts and the Egmont Group

FIU-K facilitates the exchange of financial intelligence between Kosovo authorities and other international counterparts. Both on the operational and strategic level, FIU-K is an important international partner both in the region, EU countries and across the ocean.

The development of efforts to participate in the plenary meetings and interim meetings of the Egmont Group, as well as the regional working group of FIUs, to improve the international exchange of financial intelligence have continued during 2021.

It is a special pleasure for FIU-K to be represented in the highest organizational structure of the Egmont Group, after a very short period of membership in this powerful international mechanism. One of the officials of FIU-K has been selected to the position of Deputy Chairman of the Technical Assistance and Training Working Group (TATWG). The TATWG is responsible for identifying, developing and providing technical assistance and training to Egmont Group members and candidate FIUs, in collaboration with Observer organizations and international partners. This once again shows the high professionalism of the professional staff of FIU-K. In addition to contributing to the promotion of the institution and the country at the international level, this will also have a positive impact on the regional development of FIUs.

From February 1 to 10, 2021, FIU-K participated in four meetings of Egmont working groups:

- ⇒ Egmont Group meetings - IEWG Virtual meetings (1-4.02.2021)
- ⇒ Egmont Group meetings -TATWG Virtual meetings (8-9.02.2021),
- ⇒ Egmont Group meetings - PPWG Virtual meetings (10.02.2021)

⇒ Best Egmont Case Award (BECA) Book II

From June 28 to July 9, FIU-K participated in the 27th (Virtual) Plenary meeting of Egmont Group. Four officials of FIU-K have participated in the meetings of the working groups, including the meetings of the heads of the FIUs (HoFIU Meetings):

Working group meetings:

- Meeting of the Egmont IT Professionals (June 28th, 2021)
- Information Exchange Working Group - project teams' meetings (June 28th, 2021)
- Technical Assistance and Training Working Group meeting (June 28th, 2021)
- Information Exchange Working Group meeting (June 29th, 2021)
- Membership, Support and Compliance Working Group meeting (June 30th, 2021)
- Policy and Procedures Working Group meeting(July 2nd, 2021);

Heads of FIU meetings:

- o HoFIU and Egmont Committee closed session- 6 July, 2021:
- o HoFIU Webinar 1 - FIUs and the Risk-Based Approach: An Environmental Scan and Implementation - July 6th, 2021
- o HoFIU Webinar 2 - FIU Processes and Data Protection in the Application of the Risk-based Approach - July 8th, 2021:
- o HoFIU Webinar 3 - Making a Difference: Enhancing Capacity and Capability of FIUs in Producing High-quality Financial Intelligence through the Risk-based Approach - July 8th, 2021.

During 2021, FIU-K officials have been an active part of the trainings and courses held within the ECOFEL platform ⁵ expanding knowledge and strengthening capacities in areas of interest such as:

⁵ Egmont Centre of FIU Excellence and Leadership (ECOFEL)

Strategic Analysis, Operational Analysis, Professional Money Laundering Facilitators, Role of FIUs in National ML / FT Risk Assessments: Lessons Learned, COVID-19 - Best Practices for FIUs, Corporate Tools, Operational Independence and autonomy of FIUs etc.

BEST EGMONT CASES - Financial Analysis Cases 2014-2020



Egmont Group has published “BEST EGMONT CASES - Financial Analysis Cases 2014-2020”⁶ edition. This book marks the second publication of the compilation of case studies from the BECA competition, following the first publication published in 2015.

It is a pleasure for FIU-K to have contributed to the compilation of this book and to have been selected among the best cases published in this edition of the Best Egmont Typologies (BECA). FIU-K makes continuous efforts to establish successful international cooperation with counterpart FIUs of the Egmont Group, to crack down on money launderers and to return assets benefited from criminal activity to victims of fraud and other financial crimes.

The second volume of this book, "BEST EGMONT CASES", contains 26 case studies, which highlight a variety of ML/TF typologies, including:

- Bribery and Corruption

- Cyber crimes and cryptocurrencies
- Narcotics trafficking
- Fraud and embezzlement
- Smuggling and gambling
- Trade-based money laundering and third-party money laundering
- Terrorism Financing, Organized Crime and Human trafficking

It is expected that this publication will be of added value to FIU professionals, law enforcement, other government agencies, and reporting entities from the private sector. Readers will also understand how better, successful investigations and close cooperation between key actors at home and abroad play an important role in their success.

CASE 5

Unprecedented Global Multibillion Cryptocurrency Euro Fraud (Kosovo, FIU-Kosovo)

Introduction

The CUMA case is the first successful stand-alone money laundering indictment and prosecution in Kosovo involving a global multibillion-dollar cryptocurrency fraud, OneCoin. It resulted in the largest single confiscation of assets ever, totalling nearly EUR 1 million, which was upheld by the appellate court. It was initiated only two months after Kosovo was admitted to Egmont and succeeded due to cooperation with 17 Egmont Group members. The entire case from filing of the suspicious transaction report (STR) to the court verdict was completed in a record time of 18 months.

The Investigation

The case was initiated on the basis of an STR submitted by a bank. The Financial Intelligence Unit (FIU) in Kosovo followed up with qualitative analysis of the individuals and companies listed. After this, tactical cooperation with the reporting entity led to further intelligence that was used to build a case against the company and the owners.

Keywords	money laundering, cryptocurrency, fraud, tax evasion
Countries involved	Kosovo, Denmark, Germany and Poland
Sectors involved	banking, precious metals and precious stones trade

Through the STR, FIU-Kosovo determined that there were three entities: two international websites and one local entity, CUMA, which had four shareholders: two Kosovo nationals and two Danish citizens who opened CUMA, the Kosovo-registered company, offering online tutorial packages for investing in the cryptocurrency OneCoin.

Data from police, taxation and Business Registration Agency databases did not provide information that tied the involved persons to money laundering or other related offences. Through searching open sources, FIU-Kosovo found that the Danish citizen owed debts to the Danish tax and other authorities, as well as a criminal record. FIU-Denmark confirmed this.

Preliminary analysis of financial activity revealed that OneCoin at the time was not considered a pyramid scheme, although there were warnings for customers issued by some authorities (BaFin in Germany, and from Bulgaria, Italy and the United Kingdom). Nonetheless, FIU-Kosovo opened a case and scored it with a prioritized high risk.

FIU-Kosovo continued to use open sources to find more information on the websites that CUMA's owner provided to the bank: one-life.eu and nbn.se. This information and the STR led FIU-Kosovo to uncover the connection between OneLifeNetwork Ltd. and OneCoin.

FIU-Kosovo then discovered the Facebook profile for one of the local owners and analyzed his fingerprints in photos, which indicated that he was a manual labourer and likely a house painter or construction worker. FIU-Kosovo in collaboration with the bank decided to check if this person has any knowledge related

Regional Cooperation

From November 3 to 5, 2021, FIU-K has been invited for the first time to the meeting of the forum of francophone countries "Francophone's FIUs Financial Cooperation Forum". The meeting was held in Monaco.

⁶ https://egmontgroup.org/wp-content/uploads/2022/01/2021-Financial.Analysis.Cases_.2014-2020-3.pdf



On October 1, 2021, the "Regional Conference with Financial Intelligence Offices from Western Balkan" on the topic "Organized crime, money laundering and financing of terrorism: Trends, challenges and best practices good", was held, with keynote speakers and relevant representatives from the Financial Intelligence Units of Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia.

The meeting focused on three sessions:

- Session 1 - National trends and regional cooperation;
- Session 2 - Country perspective on regulation of Crypto;
- Session 3 - Risk Assessment of money laundering and financing of terrorism



During 2021, FIU-K has contributed to several important international projects developed by Egmont Group and the regional representation sub-group Europa II.

Berlin Process Security Commitments Steering Group (SCSG) - FIU-K as part of the Berlin Process Security Commitments Steering Group has participated in two meetings of the Steering Group. In the meeting held in virtual format on May 19,

2021, SCSG drew some of the conclusions related to ML/FT and the fight against corruption.

SCSG members representing the six jurisdictions of the Western Balkans, participating member states of the European Union and European Union institutions, regional cooperation networks and other partner agencies participated and contributed to this meeting. During this meeting SCSG members discussed the progress achieved regarding the Regional Anticorruption and Illegal Finance Roadmap, the Threat Assessment for Money Laundering Risks and the mapping exercise of regional information exchange mechanisms.

International exchange of information

FIU-K has the authority to directly exchange intelligence with foreign counterparts under Article 15 (4) of Law No. 05/L -096. The Egmont Secure Network (ESN) is the main channel for international information exchange as all Egmont member FIUs can have access through it, while there are also several other ways of international information exchange with countries that are not members of Egmont or temporarily do not have access to ESN.

Currently, the Financial Intelligence Units of 167 countries are members of the Egmont Group. FIU-K is a member of the Egmont Group since February 1, 2017.

The nature and scope of international cooperation is defined in the recommendations of the FATF and the founding act (charter) of the Egmont Group, its Operational Principles and Guidelines.

During 2021, a total of 137 pieces of information were exchanged with foreign counterparts.

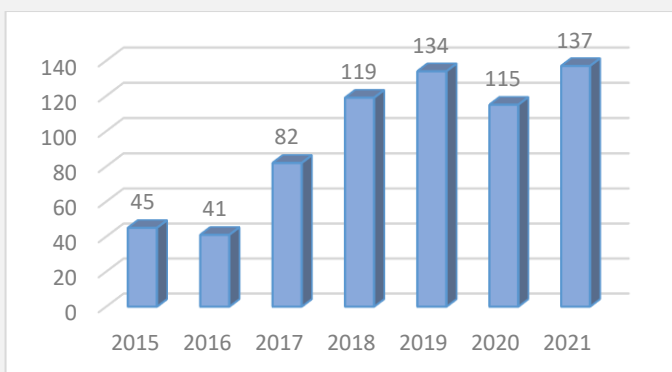


Chart 16: International exchange of information 2015-2021

International exchange of information 2017-2021					
International cooperation	2017	2018	2019	2020	2021
REQUESTS RECEIVED					
Foreign requests received by FIU-K	33	32	26	32	43
Foreign requests rejected by FIU-K	0	0	0	0	0
Spontaneous sharing of information received by FIU-K	7	12	19	28	21
TOTAL (requests and information received)	40	44	45	60	64
REQUESTS SENT					
Requests sent by FIU-K	37	62	74	42	55
Spontaneous sharing of information sent by FIUs	5	13	15	13	18
Total (requests and information sent)	42	75	89	55	73

Table 14: International exchange of information 2017-2021

During 2021, FIU-K sent 55 requests to 36 foreign FIUs and received 43 requests from 17 foreign FIUs.

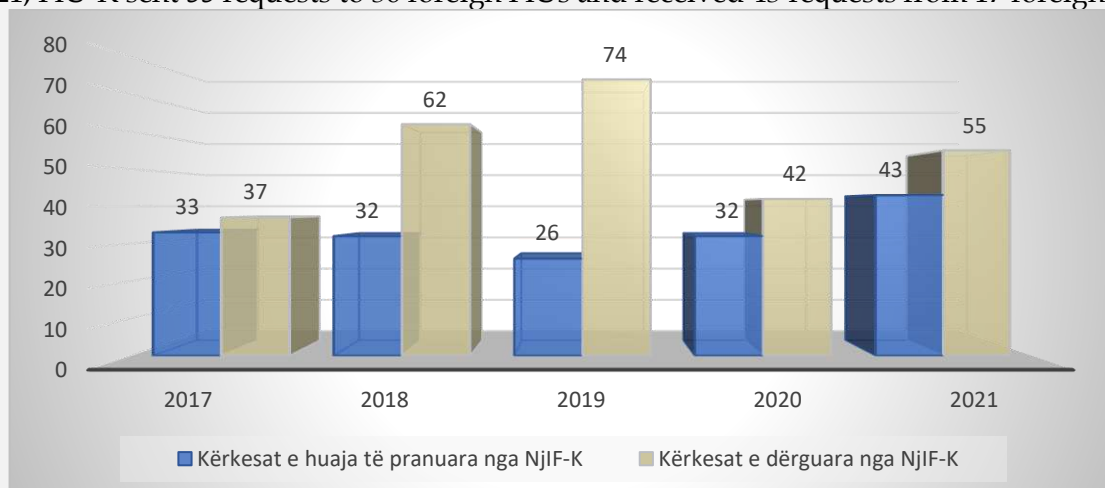


Chart 17: Kërkesat e huaja të pranuar dhe dërguara nga FIU-K 2017-2021

Memorandum of Understanding

Article 15.4 also gives FIU-K the power to sign agreements or memorandums of understanding (MOU) with foreign counterparts for the exchange of information. Although the memorandum of understanding is not a prerequisite for the exchange of information between FIU-K and a foreign FIU, currently FIU-K has signed 19 MoUs, including revisions and renewals of Memorandums of Understanding with several countries.

MoUs signed by FIU-K with foreign counterparts		
	Jurisdiction	Year
	Albania (DPPPP)	2009
	"Former Yugoslav Republic of Macedonia" (MLPD)	2009
	Montenegro (APML)	2009
	San Marino (FIA)	2009
	Slovenia (OMLP)	2009
	Croatia (AMLO)	2010
	Turkey (MASAK)	2012
	Czech Republic (FAU-CR)	2012
	Finland (FIU)	2013
	Poland (GIIF)	2014
	Albania (DPPPP) – renewal	2014
	Hungary (HFIU)	2015
	Macedonia (FIO) – renewal	2015
	Ghana (FIC)	2015
	Lithuania (FNIT)	2016
	Jordan (AMLU)	2018
	Senegal (CENTIF)	2018
	Montenegro (FIU)	2019
	Taiwan (AMLDD)	2020

Table 15: MoU signed by FIU-K with foreign counterparts

Temporary transaction freeze in the framework of international cooperation

When necessary, the FIU-K will ask a foreign FIU to freeze a transaction for the account of the FIU-K under the same prerequisites as if it were done domestically. The maximum time for freezing is determined by the legal basis of the country of FIU accepting the request.

When requested by a foreign FIU, FIU-K will temporarily freeze a transaction in Kosovo in the same way as if the freezing initiative had come from FIU-K itself.

Feedback

FIU-K may provide or request feedback information to or from foreign FIUs regarding the quality, timeliness and usefulness of the information received/sent.

Feedback to maximize our response to our Egmont partners has been one of FIU-K's set priorities for 2021. During this year, FIU-K has notified foreign counterparts in almost every case regarding the acceptance of the request /spontaneous information and their registration in the system. Likewise, in certain cases, depending on the request, feedback information was returned to foreign counterparts, either on the results of the analyzes or on the quality of the information exchange

INTERNATIONAL SUPPORT

Project funded by EU&CoE PECK III

On June 30, 2020, the European Union/Council of Europe Project (PECK III)⁷ was launched, with a duration of 36 months and a budget of 2,225,000

⁷ Project against Economic Crime in Kosovo (PECK III)

Euros (financed by EU funds: 89.89% and CoE funds: 10,11%).

PECK III is based on the results of the previous two phases of the joint EU/Council of Europe project against Economic Crime in Kosovo and supports the authorities in addressing the findings of the Council of Europe assessments on "Compliance with international standards in the field of fighting corruption" " (Anti-corruption assessment) and "Kosovo's compliance with international standards in preventing money laundering and combating the financing of terrorism" (PML/CTF assessment). In this way, the Project aims to influence the implementation of the developed practices of fighting corruption and PML/CTF in Kosovo, in accordance with international and European standards and comparative good practices. This will be done through the development of effective and sustainable capacities for the prevention and elimination of corruption, money laundering and terrorist financing and asset recovery.

The main beneficiaries of the PECK III Project are: Financial Intelligence Unit, Anti-Corruption Agency, State Prosecutor's Office, Agency for Administration of Seized or Confiscated Assets, Kosovo Police, CBK.

In view of a more effective system of PML / CTF in Kosovo, in 2021, the PECK III Project has supported some of the main activities developed during this year which were mainly focused on:

- ⇒ development of terrorism financing typologies in Kosovo;
- ⇒ strengthening the strategic analysis of FIU in Kosovo;

- ⇒ Presentation of the analysis on the competence for criminal prosecution of money laundering in Kosovo;
- ⇒ Regulation of beneficial ownership and its alignment with international standards;
- ⇒ The reporting entities are provided with instructions on the terrorism financing typologies;
- ⇒ Training for trainers of the Academy of Justice and the Academy for Public Safety on the financing of terrorism;
- ⇒ providing instructions for the identification of the final beneficial owners for the Kosovo authorities.



UNDP support to anti-corruption efforts in Kosovo (SAEK) - Support to FIU-K

UNDP SAEK has supported FIU-K and investigative authorities in capacity building and issues related to money laundering and corruption cases.

Strengthening of strategic analysis in FIU-K through capacity building and drafting of strategic analysis guidelines. Strategic Analysis Training - four training webinars were held on March 15, 17, 23 and 25, 2021, in which FIU staff were trained on the practical aspects of conducting strategic analysis

UNDP SAEK has further supported FIU-K in the development of the typology for the best cases publication "BEST EGMONT CASES - Financial Analysis Cases 2014-2020". FIU-K has contributed to the compilation of this book and has been selected among the best cases published in this edition of the Best Egmont Typologies (BECA).

Money Laundering National Risk Assessment (NRA) Action Plan. The NRA was adopted by the Government of the Republic of Kosovo in December 2020. An overview of the NRA will be published and publicly presented in 2021, and an Action Plan for the implementation of measures stemming from the NRA will be developed in 2021.

The online conference launching the Kosovo National Risk Assessment of Money Laundering and Terrorist Financing. The event aimed to present the findings of the first National Money Laundering and Terrorist Financing Risk Assessment, approved by the Government in December 2020, to law enforcement agencies such as the prosecution, police, tax and customs administrations, CBK and the private sector. Representatives from Financial Intelligence Units in Albania, Bulgaria, North Macedonia, Turkey and Slovenia shared their comments on the Kosovo Assessment and their experience during assessments in each of these countries in the region.

Strengthening public-private partnership: Training for the public and private sector in dealing with Politically Exposed Persons as clients, identification

of suspicious clients and activities, and Money Laundering Typologies. The online seminar explored best practices in treating PEPs as clients, identifying suspicious clients and activities, and money laundering typologies identified by both private sector reporting entities and Financial Intelligence Units.

Training on Virtual Currency Money Laundering schemes. The webinar explored emerging trends in money laundering schemes involving virtual currencies and cryptocurrencies, and how to best identify suspicious criminal activity by both law enforcement/financial regulators and private sector compliance and anti-money laundering professionals.

[Global Program "Combating Illicit Financial Flows \(IFF\) - GIZ Project ⁸](#)

The Global Program of GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) "Combating Illicit Financial Flows (IFF)" is implementing a series of activities in the countries of the Western Balkans, with the aim of strengthening the capacities of law enforcement institutions.

The purpose of the program is to improve the conditions for the fight against IFF. The program implements a comprehensive approach, including three main areas:

- **Prevention;**
- **Financial investigation and**
- **Asset recovery**

⁸ Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) - German-Norwegian Cooperation in Combating Illicit Financial Flows in the Western Balkans

During 2021, GIZ has supported FIU-K and other authorities in Kosovo in several main areas, which include:

- **Strengthening risk-based supervision for DNFBP including**

- Guidelines for risk-based supervision for the prevention of money laundering and combating the financing of terrorism (PML/CFT) - Kosovo;
- Risk-based Supervisory Roadmap for Preventing Money Laundering and Combating the Financing of Terrorism (PML/CFT) - Western Balkans;
- Model of Risk-Based Prevention of Money Laundering and Terrorist Financing (PML/FT) Supervision Manual - Western Balkans.

- **Development of legislation and establishment of the national register of beneficial ownership.** This includes, among others, the drafting of the concept document, drafting of the law, workshops for the working group and stakeholders and technical assistance in the setting up of the national register of beneficial ownership;

- One of the activities provided for in the project is related to the development of a training program for financial investigations, where the representatives of the institutions involved in the investigation and prosecution of illegal funds and the recovery of income, will be equipped with the proactive techniques of financial investigations. Also, it aims to create and strengthen joint investigation groups with representatives of different institutions. Given that this activity focused only on the institutions of Kosovo was carried out in three phases, where in addition to phases I and II (analysis of training needs and

program development), in the third phase it is foreseen that the international experts will conduct the following activities :

- a) Initial training on parallel financial investigations, joint investigative teams and inter-institutional work (May 17 - 21, 2021)
- b) Advanced training on financial investigations (24 - 28 May 2021)
- c) Coaching (June 21 - 25, 2021)

- The project supported the authorities in the "Kick-off meeting on Beneficial Ownership Transparency in Kosovo Tax Justice Network" (TJN) & (GIZ);
- **Designing of money laundering training courses** for the Academy of Justice and training of trainers;
- Tax Justice Network, Kosovo profile on IFF Geographic risks - Geographic risks for Illicit Financial Flows: Risk Profile Report Kosovo (GIZ & Tax Justice Network).

Support from the OSCE Mission in Kosovo

As part of ongoing efforts to strengthen the capacities of the Financial Intelligence Unit, the OSCE Mission in Kosovo provided support to FIU-K with IT equipment by donating 10 laptop computers and 10 tablet computers to assist FIU officials to effectively analyze data and reports, including reports of suspicious transactions related to money laundering and terrorist financing.



On May 26, 2021, a one-day meeting was organized for 20 field officials from government and civil society organizations involved in the prevention and fight against corruption. This meeting aims to enable the exchange of best practices in preventing and fighting corruption. Also, this meeting will provide participants with a deeper and more comprehensive look at specific topics and areas of anti-corruption and compliance practices such as organizational integrity, corruption risk assessment, and compliance legal frameworks and practices in the field of fighting corruption.

[Support from the US and UK Embassies and Regional Programs](#)

The Embassy of Great Britain in Prishtina has supported FIU-K with specialized software for financial intelligence analysis.

This application will help FIU-K users to connect the dots, enabling the more efficient identification of serious crimes, fraud and complex cases.

From December 13 to 17, 2021, one FIU-K official participated in the "Anticorruption Series: Financial Investigations Course" training held in Budapest, Hungary. This training program is supported by the US Embassy in Pristina.

From July 6-7, 2021, the OSCE Mission in Kosovo, according to the planning for 2021, has organized a 2-day training in Prishtina on combating the financing of terrorism for representatives from the FIU, the Kosovo Police (Counter Terrorism Directorate and the Directorate of Economic Crimes and Corruption), Special Prosecutor's Office, Basic Court (Special Department). The training will enable the participants to advance their knowledge in preventing and combating money laundering and terrorist financing in accordance with the objectives of the Strategy and Action Plan for preventing and combating money laundering, terrorist financing and financial crimes 2019-2023. The training covered sessions on sources of information, the role of the FIU, case management, preventing the misuse of non-profit organizations for terrorist financing, foreign terrorist fighters, and new transaction methods.

The OSCE mission has supported FIU-K in the specialized course with international certification for money laundering, CAMS – Certified Anti-Money Laundering Specialist. Four (4) FIU-K officials will benefit from this international course.

CHAPTER VII - BUDGET, CAPACITY ENHANCEMENT

FIU-K will continue the projects that are being carried out in the upgrade and advancement of the IT system and the development of databases, the internal and external procedures of FIU-K, the continuous development of cooperation with the reporting entities and their awareness about the legal obligations on the prevention of money laundering and the financing of terrorism, the establishment of cooperation with other local and international institutions (other counterpart agencies) as well as the continuation of the completion of the legal infrastructure (drafting, completion and improvement of strategic documents and other by-laws) in harmony with international and European standards related to this field.

Regarding international obligations, FIU-K is a full member of the EGMONT Group and has additional financial obligations related to the annual membership, the electronic information exchange system Egmont Secure Web (ESW), as well as participation in regular and plenary meetings. FIU-K, also within its financial obligations, has the international contract with the United Nations Office on Drugs and Crimes (UNODC) for the goAML system, which is a specialized and sophisticated software for Financial Intelligence Units globally, which is also used by FIU-K.

BUDGET AND PROCUREMENT

Law No. 07/L-041 on budget allocations for the Budget of the Republic of Kosovo for the year 2021 has determined the allowed amounts and made available for spending from the Kosovo Fund for FIU-K the amount of 467,515 Euros.

The current state of the budget at FIU-K enables the fulfillment of primary needs in the realization and fulfillment of the mandate provided by law.

The spending of this budget is presented in the consolidated annual financial statements within the financial statements of the Ministry of Finance, and related to the budget of FIU-K, present a fair and true picture in all material aspects.

FIU-K for 2021 has managed to have a good management and control, fulfilling the main planned objectives, despite the pandemic circumstances created during 2021.

FIU-K after the audit by the auditors of the National Audit Office regarding the internal financial control management system according to the report for the year 2021, there was only one recommendation for improvement, which was fully fulfilled.

Therefore, this means that FIU-K has managed to manage the internal financial control management system satisfactorily.

Financial management within the organization is in accordance with the instructions set forth in the Financial Management and Control Rule, as well as the MFC Procedures Manual that was in place for the year ending December 31, 2021 and until the date of approval of reports and annual accounts.

During 2021, the budget implemented by FIU-K was in the total value of 405,884 euros. Based on the initial allocation of the budget in all economic categories, during the entire year 2021, the implementation rate has reached 87%.

FIU-K based on Article 4 of Law No. 05/L-096 on PML/CTF has its own budget, which is provided by the Budget of the Republic of Kosovo, in accordance with the annual budget law, and independently decides on the use of the budget, in accordance with the Law on Public Financial Management and Accountability.

The Budget and Finance Office of FIU-K carries out its activities based on Law No. 03/L-048 on Public Financial Management and Accountability (amended and supplemented) and provides professional support in the field of budget planning, Medium-Term Expenditure Framework, Cash Flow Plan and prepares Annual Financial Statements in cooperation with the Ministry of Finance .

Financial Intelligence Unit (FIU-K), according to Law No. 07/L-041 on Budgetary Allocations for the Budget of the Republic of Kosovo for the year 2021, has been allocated the amount of 467,515 Euros.

The expenses allocation according to economic subcategories was carried out as follows:

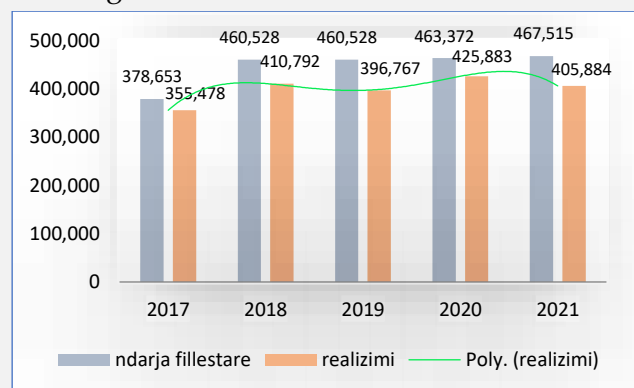


Chart 18: Expense allocation by economic subcategories 2017-2021

Economic Categories	Budget 2021	Spent budget	
	Initial allocation	implementation	Implementation %
	1	2	3
Salary and wages	264,904	229,157	87%
Goods and services	161,136	156,165	97%
Utilities	11,475	7,112	62%
Capital expenditures	30,000	13,450	45%
Total	467,515	405,884	87%

Total 16: Table of budget allocations and implementation 2021

Public Procurement

As regards the public procurement procedures, these procedures are developed by the Ministry of Finance based on Article 8 of Law No. 05/L-068 on amending and supplementing the Law No. 04/L-042 on Public Procurement of the Republic of Kosovo, amended and supplemented by Law No. 04/L-237 where article 21/A has been added, where it is required that in order to economize the procurement activity, the relevant Ministry carries out the procurement procedures of independent agencies that have less than fifty (50) employees.

The public procurement procedure in FIU-K is carried out as follows:

In the case of procurement, there is the procurement officer at FIU-K who initiates the procurement requests for FIU-K, based on the procurement plan of FIU-K and forwards the requests to the public procurement office at the Ministry of Finance.

The Ministry of Finance publishes the tender according to the request of FIU-K, while in the process of opening and evaluation the commissions are created by the Ministry of Finance composed of officials from both institutions.

Further, all other procedures are carried out by the Ministry of Finance through the management of the contract, which is done by FIU-K.

Human resources & capacity building of FIU-K

During 2021, the organizational structure of FIU-K has undergone a slight change both in number and structure. The employees at FIU-K are 20 officials, one less than in 2020. However, in order to deal effectively with this phenomenon, it is necessary to increase the staff capacities and resources. In the meantime, a position for professional staff at FIU-K has been approved for 2022.

When it comes to the structure of FIU-K in the gender context, 33% are women, while 67% are men.

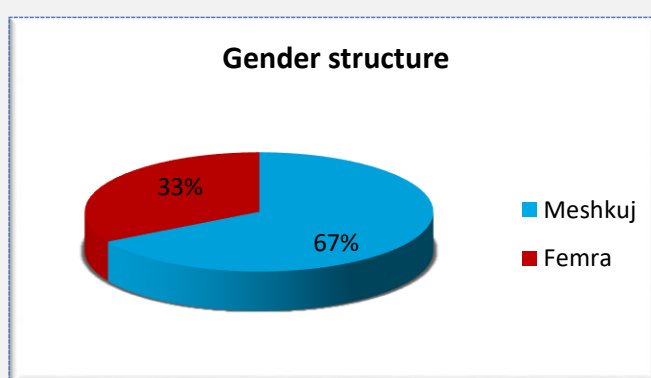


Chart 19: Gender structure at FIU-K

To improve information exchange and operational cooperation at FIU-K, four (4) liaison officers from local law enforcement institutions are engaged, one

from Kosovo Customs, one from Kosovo Police, one from TAK and one from KIA.

Based on Regulation No. 01/2018 on the internal organization in the Financial Intelligence Unit which defines the organizational structure as well as the internal organization of the Financial Intelligence Unit, the organizational structure of FIU-K is as follows:

- The Oversight Board of FIU-K
- Director of FIU-K, as well as
- Sectors

The Oversight Board of FIU-K consists of:

- Chairman and members of the Oversight Board; AND
- Secretary of the Oversight Board

The Oversight Board of FIU-K coordinates state-level policies on PML/CTF in cooperation with other relevant institutions and stakeholders. The Board approves the budget and structure of FIU-K, appoints the Director of FIU and reviews the annual reports of FIU-K.

The Board is responsible for overseeing and ensuring the independence of FIU-K and has no right to interfere in any way in the operational affairs of FIU-K and has no executive or enforcement powers versus FIU-K.

In 2021, the FIU-K Board held two meetings.

The office of the Director of FIU-K consists of:

- Director of FIU-K
- Deputy Director of FIU-K; AND
- Support staff
- The sectors of FIU-K are as follows:
- Operational and Analysis Sector
- Sector of Compliance and Inspection
- Sector of Legal Affairs and International Cooperation
- Sector of Information Technology and Database Administration
- Sector of Finance and General Services.

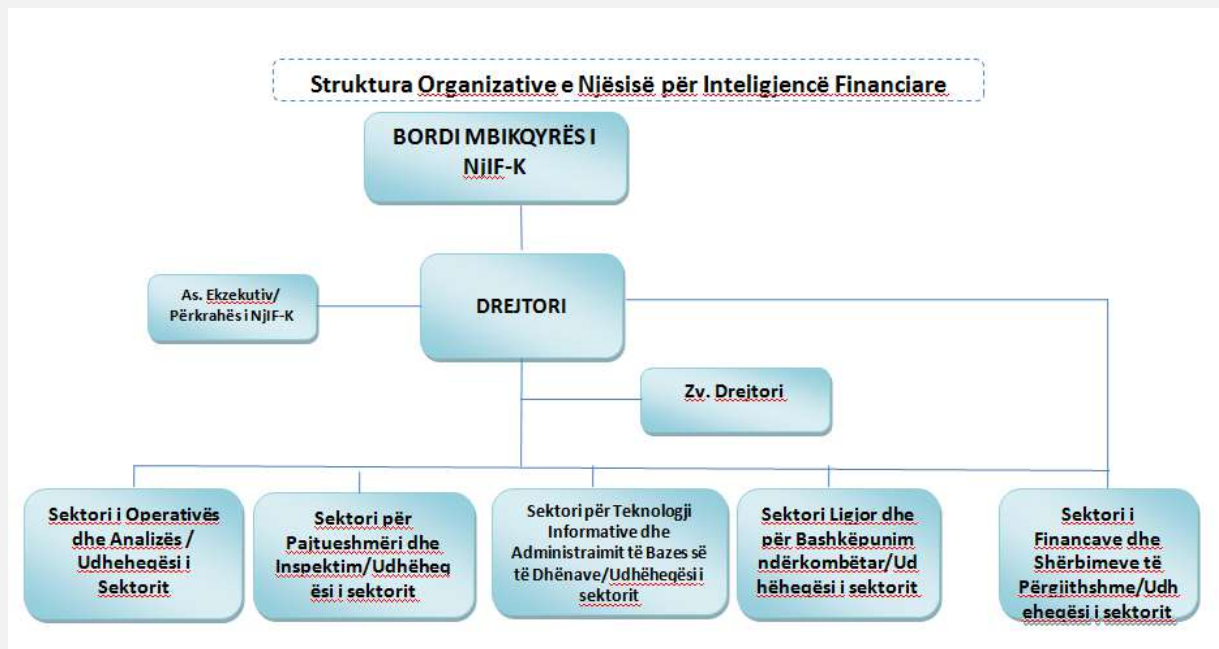


Chart 20: Organizational structure

INFORMATION TECHNOLOGY

Even during 2021, progress has continued in the advancement of the Information Technology System, with the objectives of increasing the quality of Intelligence and the efficiency of Analysis.

Despite the COVID 19 pandemic, there were also advances in the Reporting System through goAML, achieving progress in increasing the quality of data reported in FIU-K.

Cooperation with banks and other reporting entities has resulted in a satisfactory improvement in the quality of reporting.

The IT equipment (laptops and tablet) received as a donation from the OSCE has significantly increased the analytical capacities of FIU-K.

Many new reporting entities were introduced to electronic reporting through the goAML electronic system (Auto Dealers, Notaries, Lawyers, etc).



CHAPTER VIII - STRATEGIC PRIORITIES

Management and supervision of the Financial Intelligence Unit is carried out through: a proper performance management system and specific management and supervision instruments.

FIU-K draws up the annual performance plan every year. The FIU-K performance plan contains the logical framework that defines the objectives, outcomes, outputs and activities.

The objectives that FIU-K aims to achieve within the period covered by the plan are drawn up by defining objectives that are specific, measurable, achievable, realistic and time-bound. The objectives address the problems and their causes which were encountered during the work for the implementation of the mandate of the institution.

Strategic priorities and objectives of the performance plan of FIU-K at the institutional level are determined in accordance with the priorities and medium-term objectives of the Ministry and the Government, from the comprehensive assessment of the country in the field of PML/CTF, action plans of national strategies, assessment of national and sectoral risks, NPISAA, ERA, the budget and reports and other documents that are of interest to FIU-K.

FIU-K PERFORMANCE AND RESOURCE PLAN

The performance plan of FIU-K for 2021 was drawn up based on Regulation (GRK) No. 03/2020 on the Performance of Agencies.

The 2021 performance and resource plan is based on 5 main priorities/strategic objectives of FIU-K for 2021, which are presented as follows:

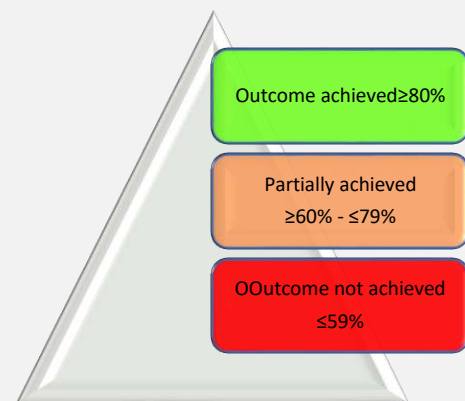
- Strategic Priority I: Domestic Policies and Coordination on PML/CTF
- Strategic Priority II: Strengthening the general structure of the supervisory framework and preventive measures
- Strategic Priority III: Improving FIU's internal capabilities for operations and analysis
- Strategic Priority IV: Development and application of proactive approach to international cooperation
- Strategic Priority V: Enhancement of the capacities of FIU-K

The specific outcomes and results to be achieved within the year are the performance indicators which clearly indicate which outcomes and results are intended to be achieved during the year covered by the plan. Indicators are linked to the objectives of the plan and measure progress in achieving the objectives. Indicators are drawn up at the level of objectives and activities. The indicators also contain the reference points for the current situation and the targets to be achieved by the end of the year.

FIU-K monitors progress towards achieving strategic priorities through specific and accountable objectives, which are implemented based on action plans. The success of the institution is evaluated using key performance indicators.

Performance outcomes (% Compliance with Indicators and % Compliance with outcome) against the output criteria (Measuring Indicator (#,%, 0-5, 0-10, Yes [1]-No[0] and Indicative Plan) are evidenced by achievements and results reported in 2021, in accordance with the approved Performance Plan 2020-2022.

The measurement indicators are used to measure the overall outcome for the relevant performance measure:



National Strategies and Action Plans for PML/CTF

The Strategic and Operational Plan of the Government defines the objectives for FIU-K as follows:

Combating money laundering and terrorist financing through increased enforcement of international agreements and treaties

- Capacity building in FIU through the creation of a special team or organizational unit in FIU-K for the development of strategic analyses. Trainings, Workshops and Conferences held
- Expanding the range of sectoral risk assessment
- Drafting of legislation in the field of combating money laundering and terrorist financing

The Kosovo Program for Economic Reforms 2021-2023 under Priority: I "Good governance and the rule of law" has defined as objectives: 1.1.c Intensification of the fight against organized crime, through the increase of bilateral cooperation with EU Member States- (including the use of Joint Investigative Teams) in combating money laundering, and trafficking in human beings and firearms, with indicators:

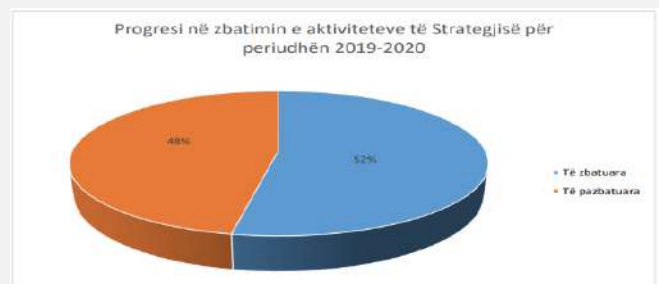
- Number of MoUs signed with foreign FIUs (EU Member States)
- The number of requests for information received by FIUs of EU countries
- The number of requests for information sent to foreign FIUs
- Number of reports/spontaneous information received by FIU-K, and
- Number of reports/spontaneous information sent to the FIU of the EU countries

The Government of the Republic of Kosovo has approved the strategic objectives of the National Strategy of the Republic of Kosovo on the Prevention of Informal Economy, Money Laundering, Financing of Terrorism and Financial Crimes 2019-2023.

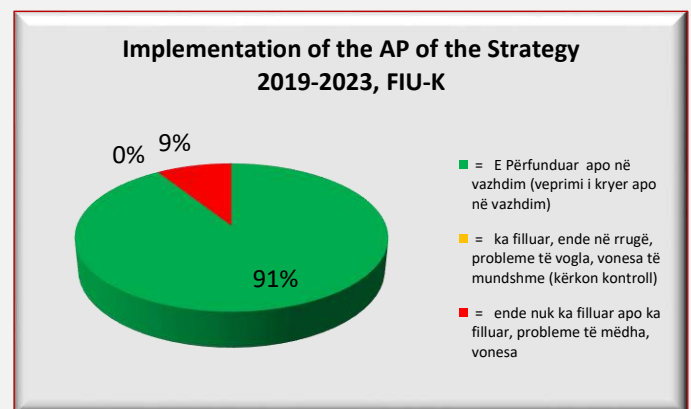
The implementation of the National Strategy 2019-2023 is based on the Action Plan. It is the roadmap to be followed in order to achieve the strategic

objectives. The Action Plan includes a total of 71 specific actions, of which FIU-K is the leading and supporting institution in a total of 12 actions.

Based on the 2019-2021 annual report on the implementation of the National Strategy of the Republic of Kosovo for the Prevention and Combating of the Informal Economy, Money Laundering, Financing of Terrorism and Financial Crimes 2019-2023, published in 2021, the overall progress in the implementation of strategy activities for the period 2019-2020 was over 50%.



Regarding the implementation of all actions of the Action Plan, in which FIU-K is the leading and supporting institution, almost all activities planned to be implemented during 2021, 2020 and 2019 have been implemented or are in the process of being implemented, and only one activity has not yet been implemented.



Strategic planning for the prevention of the informal economy, money laundering, terrorist financing and financial crimes in Kosovo is based

on risk management, in order for the relevant national institutions to be able to manage and control their activities, in relation to the potential future risks.

FIU is an active participant and has continuously contributed to the implementation and revision of other National Strategies and work plans, including:

- Implementation of the National Program for the Implementation of the Stabilization-Association Agreement (NPISAA)
- National Counterterrorism Strategy of the Republic of Kosovo 2018-2022

- The National Strategy of the Republic of Kosovo against organized crime and the Action Plan 2017-2022
- State Strategy against Narcotics 2018-2022
- Government Program 2017-2021 - Annual Government Work Plan for 2021
- Implementation of the conclusions of the London Summit and the Berlin Process.

In the Matrix of short-term actions of the National Program for the Implementation of the Stabilization-Association Agreement (NPISAA), FIU-K is included in two chapters: Chapter 4 of the acquis: Free movement of capital and Chapter 24 of the acquis: Justice, freedom and security.

LIST OF ABBREVIATIONS

FIU	Financial Intelligence Unit
PML	Prevention of Money Laundering
CFT	Combating the Financing of Terrorism
AML/CFT	Anti-Money Laundering / Combating the Financing of Terrorism
AIF	Additional Information Report
KCA	Kosovo Cadastral Agency
KIA	Kosovo Intelligence Agency
ACK	Anti-Corruption Agency
AASCA	Agency for Administration of Sequestered or Confiscated Assets
KBRA	Kosovo Business Registration Agency
CRA	Civil Registration Agency
TAK	Tax Administration of Kosovo
EU	European Union
DNFBP	Designated Non-Financial Businesses and Professions
CBK	Central Bank of the Republic of Kosovo
DILC	Department for International Legal Cooperation
DIECC	Directorate for the Investigation of Economic Crimes and Corruption (within KP)
KC	Kosovo Customs
CTD	Counterterrorism Directorate – (within KP)
DNGORL	Department for NGO Registration and Liaison
EGMONT	World Financial Intelligence Units Networks
EULEX	European Union Rule of Law Mission in Kosovo
FATF	Financial Action Task Force
IMF	International Monetary Fund
FT	Financing of Terrorism
goAML	Electronic system of data management
NBFI	Non-Banking Financial Institutions
JIK	Judicial Institute of Kosovo
ILECU	International Law Enforcement Corporation Unit
MFI	Microfinance Institution
IPA	Instrument for Pre-Accession Assistance (of the European Commission)
CDD	Customer Due Diligence
CoE	Council of Europe
NCCEC	National Coordinator for Combating Economic Crime
CC	Criminal Code
CPC	Criminal Procedure Code
MF	Ministry of Finance
MoU	Memorandum of Understanding
MONEYVAL	Experts Committee for Evaluation of Fight Against Money Laundering
MLA	Mutual Legal Assistance
OAK	Kosovo Bar Association
NGO	Non-governmental organization

UN	United Nations
ONK	Kosovo Chamber of Notaries
PECK	EU&CoE project "Against Economic Crime in Kosovo"
PEP	Politically Exposed Persons
KP	Kosovo Police
ML	Money Laundering
SPO	Standard Operating Procedures
SPRK	Special Prosecution of the Republic of Kosovo
FIC	Financial Intelligence Center (predecessor of FIU)
UNSCR	United Nations Security Council Resolution
STR	Suspicious transaction Report
CTR	Cash Transaction Report
KBA	Kosovo Banking Association
SCAAK	Society of Certified Accountants and Auditors of Kosovo
IT	Information Technology
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime
NRA	National Risk Assessment
MCO	Municipal Cadastral Office

Annex 1

The table below shows participation in trainings/workshops/conferences/visits for 2021:

Training/Workshop/Visits	Organizer	Venue	Number of participants
Tracing Illicit Financial Flows-A public&Private Approach	UNDP	Online	1
Handling Politically Exposed Persons as Clients, Identifying Suspicious Clients and Activity, and Money Laundering Typologies - Best practices from the Private and Public Sectors	UNDP	Online	9
View of KFMS Reports	KIPA	Online	1
Commercial Law Trainers	Academy of Justice-USAID	Online	1
Strategic Analysis coaching webinars I, II, III, IV	UNDP - PECK III	Online	10
Anti-Corruption and Model Law - Executive Policy and Development Symposium on Transnational Organized Crime (MASTER)	ILEA, Budapest, Hungary	Online	1
Free Movement of Capital		Online	2
Code of Ethics, rights and responsibilities in the Civil Service	KIPA	Online	1
goAML – International User Group Meeting	UNODC	Online	2
Investigation, prosecution and return of assets related to money laundering and illicit financial flows	GIZ	Prishtine	6
Cryptocurrencies money laundering schemes	UNDP	Online	8
Non-profit organizations and risk assessment-engagement and lessons learned for effective implementation	European Center for not-for-profit law	Online	1
International Conference on Advancing Beneficial Ownership Transparency	Council of Europe's Horizontal Facility for the Western Balkans	Online	1
International Asset Recovery	Cepol	Online	1
Implementation in practice of the Law on access to Public documents	Information and Privacy Agency	Prishtina	1
Financial Investigation training	GIZ	Tirana	1
Microsoft Excel 2013	KIPA	Prishtina	1
Presentation of FT typologies	PECK III	Online	10
Money Laundering course	Cepol	Online	1

ECOFEL Information Sharing between FIUs, Supervisory Authorities and LEAs Workshop Participation	ECOFEL	Online	1
Regional Workshop on Investigation and Prosecution of Legal Entities for Corruption and Money Laundering Offences	Council of Europe's Horizontal Facility for the Western Balkans	Online	2
Francophone's FIUs Financial Cooperation Forum 2021, Monaco	Monaco FIU	Monaco	2
Multi-stakeholder dialogue on NGO access to financial services and impact on NGO work		Prishtina	1
Protection of classified data	KIA	Prishtina	4
Criminal misuse of legal entities and legal agreements - Identification of Beneficial Ownership	PECK III	Peja	4
Advanced Narcotics Investigation Training	Kosovo Police	Prishtina	1

Table 17: Training activities/workshops/conferences/visits by FIU-K staff for 2021