

REPORT
ON THE IMPLEMENTATION OF THE 2010-2014 STRATEGY FOR PREVENTION AND SUPPRESSION OF TERRORISM, MONEY LAUNDERING AND TERRORIST FINANCING AND ITS ACTION PLAN FOR THE PERIOD 2010-2012, AS WELL AS ON WORK OF THE NATIONAL COMMISSION THAT WAS FORMED TO THIS END

INTRODUCTION

The Strategy for Prevention and Suppression of Terrorism, Money Laundering and Terrorist Financing for the period 2010-2014, adopted by the Government on 30th September 2010, is the first strategic document, which defines a framework of action of Montenegro in accordance with the basic objective, in the areas of fight against terrorism, money laundering and terrorist financing by improving the existing and developing new measures and mechanisms serving the purpose of national, regional and global stability and security.

The Strategy lays down as strategic action lines of Montenegro the following: implementation of the Strategy, improving cooperation and information exchange with regional and international partners in the fight against terrorism, money laundering and terrorist financing, adoption and application of international standards and defining principles and procedures for improving cooperation between the competent institutions.

For the purpose of the Strategy's implementation, the Government adopted the Action Plan for the period of two years (2010-2012), which establishes specific measures, competent authorities, deadlines, performance indicators, risk factors and sources of funding.

On 30 September 2010, the Government took a decision to form the National Commission for the implementation of the *Strategy for Prevention and Suppression of Terrorism, Money Laundering and Terrorist Financing*, in which it stipulated the Commission's composition, its duties and other issues of importance to its work. The decision in question laid down the tasks of the Commission, and they are primarily to organize, coordinate and monitor activities of government agencies, public administration bodies and other competent institutions in implementing the Strategy, to evaluate the results achieved in implementing the Strategy, actions and measures from the Action Plan and to submit at least twice a year a report to the Government on activities which were carried out, together with an assessment of the state of play and a proposal of measures. After the appointment of the new Government, on 29 December 2010, implying personnel and organizational changes, the Government took a decision of 17 January 2011 to change the composition of the National Commission, both in terms of the number of Commission members, as well as its personnel. The Commission has worked in the current composition from the date in question.

Bearing in mind the tasks that were placed under its responsibility by the decision on its formation, at its meetings the National Commission repeatedly noted that its tasks are very extensive, responsible and complex and that they require full involvement of all members of the Commission. Necessity of the following was also underlined: the Commission's continuing cooperation with authorities which are in charge of matters covered by the Strategy and Action Plan as well as provision of adequate professional and logistical support to the Commission by the competent authorities, in carrying out its numerous tasks, particularly in providing the Commission

with appropriate information and materials required for its work, which will form the basis for identifying priority actions and measures in implementing the Strategy and evaluating the results achieved in that regard.

To that end, the Commission has tasked the competent authorities with appointing contact persons for cooperation with the Commission and for reporting to it on the degree of implementation of the Action Plan measures. These contact persons will make an expert team of the Commission together with the Commission's Secretary. The expert team will collect and process data obtained from the competent authorities and shall promptly report to the Commission thereon, with all supporting materials and documents. The resulting reports and data on the present level of implementation of measures from the Action Plan will form the basis for setting priorities and deadlines for implementation of certain measures, assessing the state of play and proposing further measures.

The Commission has also obliged in its conclusions the authorities competent with implementing measures from the Action Plan to submit to the National Commission reports on the degree of implementation of the Action Plan measures no later than by 31 May 2011, so that the Commission could prepare in due time and submit to the Government of Montenegro the first report on the implementation of the *Strategy for Prevention and Suppression of Terrorism, Money Laundering and Terrorist Financing*.

Bearing in mind the fact that both the Strategy and Action Plan were adopted before Montenegro obtained candidate status for EU membership, the Commission has also tasked competent authorities with analyzing recommendations from the opinion of the European Commission related to combating terrorism, money laundering and terrorist financing, which will possibly be implemented by adopting appropriate regulations, whose development has already been planned by the Government's Work Plan for 2011, with precise indication which regulation is concerned and which recommendation is realized in that way, as well as to inform the Commission on other activities serving the purpose of implementation of a certain recommendation, if they have been taken or are underway.

The National Commission compiled this report on the basis of received reports from bodies and institutions which are entities subject to enforcement of measures from the Action Plan.

1. TERRORISM

1.1. Terrorism prevention

When it comes to the implementation of measures serving to improve the legal and normative framework, the following activities were undertaken and planned:

- The Ministry of Interior has developed a *Proposal for a Law on DNA Registry* and a draft *Law on Interior Affairs*. Among other things, these laws lay down police authorizations and actions during performance of official duties and their harmonization with international standards, which will contribute to enhancing the fight against terrorism.

The above activities and their ultimate implementation mark the completion of planned commitments of these institutions related to the segment of enhancing the legal and normative framework under which they operate.

- Appropriate amendments to the *Law on National Security Agency* and the *Rulebook on organization and job descriptions* were adopted and an analysis was prepared. Amendments to the *Law on National Security Agency* envisage appointment in line with the data on the activities aimed at committing terrorist acts and they regulate cooperation between the Agency and foreign services and international institutions and organizations.

With a view to developing human resources, administrative, material and technical capacities, the National Security Agency and the Police Directorate have developed and adopted new *Rulebooks on organization and job descriptions*. Further to their commitments, both the National Security Agency and the Police Directorate have continuously undertaken activities related to selection and recruitment of adequate professional staff, thus achieving satisfactory staffing capacity compared to the current job descriptions. Also, the number of police officers covering lines of duty related to combating organized crime and corruption, as well as combating drugs and drug addiction has been increased. As for the National Security Agency activities, a special working field for the fight against terrorism has been planned, with emphasis on preventive intelligence activities in suppressing terrorism.

The Police Directorate has prepared a plan of procurement needs for the missing material and technical resources, as well as specialized equipment for the Special Anti-terrorist Unit, Special Police Unit and the Counter Terrorism Search Team. These activities are continuously implemented.

Continuous strengthening of the intelligence system in the process of intelligence gathering by the National Security Agency and the Police Directorate has been envisaged. Within the scope of the National Security Agency's work, further improvement of technical solutions and equipment was planned. Both activities have been implemented by these organizations. Special programs and trainings are attended that contribute to advanced professional training of the Police Directorate and the National Security Agency staff in charge of these duties, with obligatory further and permanent professional development.

As for this segment, within a set of activities whose implementation was a task of the Supreme Court of Montenegro and the Judicial Training Center, continuous training of judges was planned and successfully implemented in terms of their familiarization with international legal provisions and conventions, as well as their application in the legal system of Montenegro. A large number of seminars and trainings for judges and prosecutors were organized for the purpose of implementing the tasks which have been set.

As for developing human resources, administrative, material and technical capacities, the Armed Forces of Montenegro committed within its second mission a special force company and military police company, for the needs of supporting civilian structures in the fight against terrorism. The new organizational structure and authorized strength defined the number of these units, with ongoing activities on their full manning.

In order to implement this part of the Action Plan, all said institutions planned to organize meetings with relevant institutions in the country in view of preparation and signing of protocols on mutual cooperation, which is being implemented.

For the purpose of new training programs and advanced professional training, the National Security Agency staff is engaged in counter-terrorist activities, they attend specialized courses and studies in our country and abroad which are focused on recognition and prevention of all kinds of radicalizations and extremism which might grow into terrorism.

The Police Directorate has implemented a training of its employees who work on terrorism-related investigations. Then, through specialized trainings and data exchange, cooperation of members of Special Anti-terrorist Unit and Special Police Unit with renowned special forces in the region and beyond was intensified. Needs in the fields of anti-sabotage protection and biochemical protection are also continuously assessed and staff training in these fields is delivered.

The Ministry of Defense and the Armed Forces of Montenegro staff also regularly and systematically participate in various forms of joint trainings with forces of other institutions in the country, but due to their specific functioning they also do it with NATO units and other foreign armed forces. In this context, in 2010 members of the Special Anti-terrorist Unit implemented a training course on antiterrorist activities, and in the current year members of the Armed Forces of Montenegro have attended a course related to cyber-crime investigations regarding the proliferation of weapons of mass destruction, organized by the U.S. Department of Defense's specialized agency.

In order to foster cooperation between all relevant institutions in the country, region and at international level, the National Security Agency and the Police Directorate have continuously organized meetings with institutions in our country and abroad as part of their professional competences. Staff of the National Security Agency, Police Directorate and Mol actively participates in the work of bodies, groups and projects aimed at combating terrorism. The aim of these activities is the planning and implementation of joint interventions in this field, both in our country, in the region and beyond.

With regard to international level cooperation, the National Security Agency has intense cooperation both at bilateral and multilateral level with a large number of intelligence and security agencies and associations in Europe and the world, which is an activity that will continue to be intensified. The Police Directorate regularly plans and carries out national level activities with all of its organizational units, aimed at preventive action in collecting via inter-agency cooperation operational data, as well as intelligence and information on manifestations of extreme or radical behavior.

Active participation of the MoD staff in working bodies, groups and projects aimed at combating terrorism was continued; they have attended meetings of the working group which operates under the auspices of the *Conference of Chiefs of General Staff of the Armies of Balkan Countries* which is held twice a year.

The Ministry of Defense and the Armed Forces of Montenegro regularly plan and implement participation of its members in conferences, symposia and training programs related to the fight against terrorism. Knowledge acquired is transferred to subordinate structures and units, while

important topics are incorporated into training programs. In addition to the aforementioned active participation in international symposia and courses abroad, plans are made for the Armed Forces of Montenegro to organize and host an international seminar *Defense against Terrorism*, which is planned for September, with participants from the country and abroad.

With regard to improving the mechanisms for disabling propaganda and calling for terrorism, as well as inciting terrorism in any manner, the Ministry of Justice of Montenegro has initiated and partially implemented a comprehensive procedure of alignment of the Montenegrin legislation with EU regulations and other relevant international standards, with their continuously ongoing analysis. In this process, the Criminal Code was amended in accordance with the current *Judicial Reform Strategy (2007-2012)*, and the plan for its implementation.

In amending the Criminal Code, the Ministry of Justice placed emphasis on alignment with standards in the fight against organized crime, corruption and terrorism, particularly through complex changes of the definitions of these crimes. Namely, the criminal acts of international terrorism and terrorism were combined into a single criminal act - terrorism, regardless of against whom it is directed - Montenegro, a foreign country or an international organization. This article was also brought in line with the recommendations that any act of intimidation or coercion of the population or the institutions of the system should be criminalized; in this manner, mechanisms for disabling propaganda or incitement of terrorism in any manner are definitely established.

1.2. Protection against terrorism

With regard to the implementation of measures for **protection against terrorism**, the Police Directorate continuously works, through procurement of necessary equipment, on improving and strengthening the system of protection and surveillance of the state border, while the mechanisms for the protection of infrastructure facilities of special importance and control of transport and storage of materials that can be used for terrorist attacks will be promoted by the next Action Plan, along with carried out analyses.

In order to analyze the existing system of storage, control and warehousing of weapons, ammunition, explosives and other ordnance in the warehouses of the Armed Forces of Montenegro, the Ministry of Defense has prepared an appropriate study, in cooperation with foreign experts. On the basis of the conducted analysis, measures to improve the conditions of storage of weapons and ammunition were undertaken, while we can point out as an especially positive example the reconstruction of the military warehouse Taraš, in line with the most modern standards of warehousing ammunition. In the next period, an analysis will be carried out of the warehousing and storage of weapons, ammunition and explosives by other entities, such as the police, commercial companies involved in production and trade of weapons and explosives, and others.

As for improving the mechanisms for strengthening supervision over the trade and use of dual-use goods, the Ministry of Economy is of opinion, based on the analysis made, that two laws need to be placed into the adoption procedure: *Law on Trade in Arms and Military Equipment* and *Law on Trade in and Use of Dual-Use Goods*, in order to improve the control system and mechanisms for strengthening supervision over the trade and use of controlled goods. In addition to that, a proposal made by the working group COARM (Working Party on Conventional Arms Exports) is in the process of review and approval.

1.3. Criminal prosecution

With regard to **criminal prosecution**, the Supreme Public Prosecutor's Office of Montenegro and the Police Directorate are continuously preparing semi-annual analyses of the statistical indicators related to the number of cases in the field of terrorism, along with regular implementation of trainings in the field of financial investigations. Together with an analysis of compliance of the legislation with international standards and conventions, these are necessary indicators of an effective implementation of criminal prosecution of perpetrators, accomplices or other people who are in any way associated with terrorist activities.

Within the segment of criminal prosecution, with a view to more efficient enforcement of criminal prosecution of perpetrators, accomplices and persons in any way associated with terrorist activities, the Ministry of Justice is continuously working on the analysis of the compliance of active legislation with international standards and conventions, thus ensuring the necessary compliance. In this process, special attention is paid to the recommendations and special recommendations of FATF organization, as well as to special resolutions of the UN Security Council.

In cooperation with numerous domestic and international partners, the Ministry of Justice is also actively participating in preparation and implementation of specialized trainings in the field of financial investigations that are dedicated to specific issues, as well as in coordination of cooperation of state authorities in them, with a view to their final realization.

In the period since the adoption of the Strategy and the Action Plan, there were no cases of committed criminal acts of terrorism under Article 447 of the Criminal Code. In addition to that, there were six trainings conducted at the Supreme Public Prosecutor's Office, with the participation of twenty-seven prosecutors.

2. MONEY LAUNDERING AND TERRORIST FINANCING

In the second part of the Action Plan, which is related to money laundering and terrorist financing, the following activities were planned and implemented in 2011 in the organizational systems of the Administration for Prevention of Money Laundering and Financing Terrorism and the Police Directorate **in order to improve the legal and normative framework**, in accordance with relevant international standards:

Based on the analysis of relevant international standards and conventions regulating this field, in cooperation with the Administration for Prevention of Money Laundering and Financing Terrorism, the Ministry of Finance prepared a *Proposal for a Law on Amendments to the Law on Prevention of Money Laundering and Terrorist Financing*, which has been adopted by the Government and forwarded to the Parliament of Montenegro for further proceedings. However, after submission of the Proposal for a Law to the Parliament of Montenegro, the Administration for Prevention of Money Laundering and Financing Terrorism was submitted a large number of comments by the European Commission and the Council of Europe. Due to the large number of submitted recommendations, the Government withdrew the Proposal for a Law from the Parliamentary procedure, with a view to its harmonization. The revised Proposal for a Law will be re-submitted to the Government for consideration and adoption. Following the adoption of the *Proposal for a Law on Prevention of Money Laundering and Terrorist Financing*, adoption of a set

of secondary legislation necessary for the implementation of the above legal act and also harmonized with international conventions is also expected.

With a view to developing personnel, administrative, and material and technical capacities, a new *Rulebook on internal organization and job descriptions* that is in line with the current Law has been adopted within the Administration for Prevention of Money Laundering and Financing Terrorism. Also, after a part of the management of the institution has been appointed, employment of a certain number of employees is underway, through which a satisfactory level of available personnel will be achieved, with a planned increase in the number of employees. With regard to the Police Directorate, recruitment of new staff has been achieved in line with the job descriptions, so that all departments have the necessary personnel.

Within the Administration for Prevention of Money Laundering and Financing Terrorism, an assessment of the need for procurement of equipment in accordance with recognized trends in the field of money laundering has been made. The estimated needs were partially realized, with planned continuation of this activity.

In the area of improving institutional cooperation with a view to effective exchange of information, the Administration for Prevention of Money Laundering and Financing Terrorism and the Police Directorate made analyses of the implementation of cooperation agreements with other authorized state authorities and organizations, and an assessment of revision of existing agreements or development of new ones, which has been implemented. Work on an efficient inter-institutional data exchange was also continued, resulting in a larger number of reports of suspicious activities filed by the Administration for Prevention of Money Laundering and Financing Terrorism to the Police Directorate and prosecution office.

Special attention is given to **improving international cooperation**. Therefore, after analyses of the implementation of agreements on cooperation with financial intelligence agencies in the region, the need was ascertained for new agreements on exchange of financial intelligence data. Such agreements were already signed with several countries, and a number of them are in the planning stage.

The above resulted in the efficient exchange of financial intelligence data, information and documentation with the authorized bodies of other countries and international organizations.

The Administration for Prevention of Money Laundering and Financing Terrorism and the Police Directorate are actively working on establishing a centralized information system between the competent authorities, while the establishing of a communication link between these two institutions is in the final stage.

Employees of the Administration for Prevention of Money Laundering and Financing Terrorism have, within the implementation of new training programs and vocational training, participated in numerous seminars and conferences organized by international institutions, as well as in working groups of the Egmont Group, and the same is planned for the second part of this year. Seminars, workshops and round tables were organized and attended, including staff of the Police Directorate, especially those prepared to act as authorized persons and employees who have direct contact with clients, on other topics related to these issues as well.

After a risk analysis was prepared and adopted, with the participation of supervisory authorities, and under the applicable law, the Guidelines on the development of risk analysis to prevent money laundering and terrorist financing were established.

On 06 June 2011, the Director of the Administration for Prevention of Money Laundering and Financing Terrorism with his associates and the Secretary of the National Commission met in Podgorica with representatives of the Expert Commission for the Rule of Law and Human Rights (the Department for the Fight against Organized Crime), at their initiative, and introduced them to the latest information regarding the implementation of the *Strategy for Prevention and Suppression of Terrorism, Money Laundering and Terrorist Financing*, its Action Plan for the period 2010-2012, including the functioning of the National Commission. The discussion was very complex, comprehensive and demanding, because Expert Commission representatives were interested not only in exhaustive information on the degree of implementation of Action Plan measures and Strategy, but also in the manner of implementing activities in practice, as well as in specific articles from European standards and EC recommendations that have been used, i.e., implemented, improving our normative-legal framework. They were also interested in the measures currently implemented, and those planned for the future period, in all aspects related to the consistent implementation of the Strategy and the Action Plan.

They insisted that the Strategy and the Action Plan, as well as the amendments to the *Law on NSA* and certain acts within the jurisdiction of the Administration for Prevention of Money Laundering and Financing Terrorism are to be submitted to them as soon as possible in English language (this has already been done), which clearly indicates the necessity for the activities of the National Commission to be intensified in the future period to a significantly higher level, in order to better respond to very significant and extensive obligations, the implementation of which is of vital interest for Montenegro.

Based on the presented data, it can be concluded that all the measures foreseen by the 2010-2012 Action Plan and scheduled for 2010 have been realized, as well as a significant number of those planned for the current 2011, while one part of them is in the implementation stage.

In the future period, the National Commission for the Implementation of the *Strategy for Prevention and Suppression of Terrorism, Money Laundering and Terrorist Financing* will stay devoted to improving cooperation with institutions in the country and abroad, with a view to planning and implementing joint activities in Montenegro, the region and at the international level.