

**1. Basic information**

**1.1 CRIS Number:** 2007/019-247

**1.2 Title:** **Strengthening Capacities of USKOK**

**1.3 Sector:** 23 – Judiciary and fundamental rights

**1.4 Location:** Croatia, Zagreb, Office for Suppression of Corruption and Organised Crime

**Implementing arrangements:**

**1.5 Implementing Agency:**

The Central Financing and Contracting Unit (CFCU) at the Ministry of Finance.

The Programme Authorising Officer (PAO) for the project is:

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**1.6 Beneficiary (including details of SPO):**

The Senior Programme Officer (SPO) at the Ministry of Justice is responsible for the technical management and authorisations associated with the project, including submission of the detailed technical design for the project's components to the CFCU, inputs in relation to the corresponding evaluation of technical offers, plus follow-up contract implementation and monitoring, approval of contract outputs and confirmation to the CFCU that no technical constraints (as opposed to procedural or budgetary constraints) exist in relation to the CFCU's processing contractual payments.

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**1.7 Overall cost:** €1.270.000

**1.8 EU contribution:** 1.252.500 EUR

**1.9 Final date for contracting:** 2 years following the date of conclusion of the Financing Agreement

**1.10 Final date for execution of contracts:** 2 years following the end date for contracting

**1.11 Final date for disbursements:** 3 years following the end date for contracting

## **2. Overall Objective and Project Purpose**

### **2.1 Overall Objective:**

Strengthening of the rule of law in Croatia, through an increased investigation and prosecution capacity towards criminal activity, especially in the fight against the corruption (high level corruption) and organised crime

### **2.2 Project purpose:**

Improving the institutional capacity and efficient functioning of USKOK and continuing efficient implementation of National programme for counteracting corruption 2006-2008

### **2.3 Link with AP/NPAA / EP/ SAA**

The Strategy of the Judicial System Reform with the Action Plan was adopted by the Government of the Republic of Croatia on 20 September 2005, and by the Conclusion of the Croatian Parliament on 10 February 2006. The Strategy of the Reform of the Judicial System, which includes the Action Plan with short-term, middle-term and long-term measures, deadlines and financial indicators necessary for its application, has been created. The main objectives of the Strategy are to strengthen the rule of law and independence of the court system, to create an efficient judicial system, to reduce the number of backlogged cases, to increase the efficiency of the court administration, to provide professional improvement of judiciary officials, to introduce information technology to courts, to implement the Integrated Case Management System, to prevent

corruption and to support alternative dispute resolution. (see <http://www.pravosudje.hr>).

### Accession Partnership

On 20 February 2006 Council adopted Decision on the principles, priorities and conditions contained in the Accession Partnership with Croatia and repealing Decision 2004/648/EC. The Accession Partnership which forms an integral part of this decision contains following project relevant short and medium term priorities:

#### Short-term priorities (Accession Partnership, ch. 3.1. page 2)

Adopt and begin implementation of a national strategy for preventing and combating corruption and provide for the required coordination among the relevant government departments and bodies involved in its implementation, including making the Office for the Suppression of Corruption and Organised Crime fully

#### *Anti-corruption policy*

Continue to develop codes of conduct/ethics for officials and elected representatives as well as action plans to prevent corruption in the relevant law enforcement agencies (border police, police, customs, judiciary).

Take steps to ensure that the legal framework for tackling corruption is aligned and uniformly implemented and enforced and ensure greater efforts to proactively prevent detect and effectively prosecute corruption, especially high-level corruption.

Take concrete actions to raise awareness of corruption as a serious criminal offence.

Improve coordination between law enforcement bodies and the judiciary, particularly in connection with economic crime, organised crime, fraud, money laundering and corruption; reinforce the fight against drug trafficking and strengthen drug prevention and drug demand reduction; ensure effective measures to fight trafficking in human beings and trans-national smuggling of persons, in particular with due attention to prevention, protection and social reintegration of victims. Provide the necessary specialised training to law enforcement agencies.

#### Medium-term priorities (Accession Partnership, ch. 3.2. page 9)

#### *Anti-corruption policy*

(a) Foster further progress on the fight against corruption and implement related legislation. In particular, establish specialist units for combating corruption within the appropriate services and provide them with adequate training and resources.

(b) Further improve the equipment and infrastructure of the police, including the establishment of a computer-based investigation system; strengthen cooperation between the police and other law enforcement agencies; reinforce the fight against drug trafficking, organised crime, economic crime (including money laundering and counterfeiting of currencies), fraud and corruption; improve alignment of the related national legislation with the *acquis* in these sectors.

#### National Plan for the Integration in the European Union (NPIEU)

The National Programme for the Integration of the Republic of Croatia into the EU - 2007 (NPIEU) is the third annual program of the Croatian Government which contains:

activities to be undertaken on its way towards EU integration, short and mid term priorities in harmonization of Croatian legislation with *acquis communautaire* as well as general principles. The NPIEU gives the current sectoral overview, with planned activities to be undertaken in the forthcoming year. Chapter 3.23.4. (p. 276) Anticorruption measures contain overview of current legislative and administrative situation in Croatia regarding fight against corruption.

Progress Report for year 2006 stresses the importance of the amended Act on the Office for the Prevention of Corruption and Organised Crime (USKOK) in order to broaden its competence, as well as that of courts and it highlighted the need for a more pro-active stance in the investigation and prosecution of organised crime, including money laundering and corruption and need to enhance capacities within law enforcement to apply EU best practices on investigation techniques, intelligence models and use of organised crime threat assessment in order to be able to contribute actively to the European organised crime threat assessment (OCTA). It covers the period until 30 September 2006.

## **2.4 Link with MIPD**

The project is in line with the MIPD under component I. Transition Assistance and Institution Building, Political Criteria, where is stipulated: "... Assistance in this area will indicatively focus on to public administration reform, the judiciary, and the fight against corruption ..." (MIPD 2007-2009 for Croatia, C(2007) 2566 of 20/06/2007, p. 14.) The MIPD also stipulates that support to strengthen USKOK and other bodies involved in the implementation of the anti-corruption programme adopted in March 2006 will continue to be provided with particular emphasis on improving coordination amongst them.

## **2.5 Link with National Development Plan (where applicable)**

Not applicable.

## **2.6 Link with national/ sectoral investment plans (where applicable)**

Not applicable.

# **3. Description of project**

## **3.1 Background and justification:**

The Office for the Suppression of Corruption and Organised Crime<sup>1</sup> (Croatian abbreviation - USKOK) is a specialised State Attorney's Office competent for the whole territory of the Republic of Croatia created by the Law on USKOK at the end of 2001 with the mandate to prosecute corruption and organised crime. Also, it is

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<sup>1</sup> In the earlier period it was translated in English "the Office for Prevention of Corruption and Organised Crime", and although the name of the Office has not been changed, its current translation better reflect its meaning in Croatian.

competent for prevention of corruption. The Law was amended in March 2005. According to the Amendments, USKOK became authorised for international cooperation and mutual legal assistance (MLA) in the field of corruption and organised crime. In addition, its prosecutor competences were further empowered by enlarging scope of criminal offences under its jurisdiction (private corruption and all organised crime criminal offences), by strengthening its role in pre-investigative phase of the criminal proceedings, and by enabling it to demand and collect bank's data in early stage of its proceedings.

Although USKOK became operational in December 2001, until the beginning 2006, solely its Prosecutor's Department (and its three Sections) was performing its duties prescribed by the Law. In 2006, USKOK was further staffed<sup>2</sup>. Accordingly, all four Departments (Prosecutor's Department, Anticorruption and PR Department, Research and Documentation Department, and International Cooperation and Joint Investigations Department) were fully operational. Thanks to the CARDS 2002 Project "Capacity Building for USKOK" support, and sound response to its implementation of the State Attorney's General and USKOK as a beneficiary, USKOK was significantly strengthened by the time the Project was finished in the December 2006.

Although USKOK improved its functioning, there are still pending issues that affect proper fulfilment of USKOK's tasks, and limit the Office in becoming a central authority in suppressing corruption. These issues may be divided into three groups:

1. Inadequate participation of other state institutions in detecting and reporting criminal offences of corruption and organised crime.
2. Lack of experience of USKOK prosecutors in using international tools in fighting corruption and organised crime; and
3. Insufficiently developed USKOK's public relation activities in promoting its work and achievements.

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<sup>2</sup> In 2005, 20 persons were employed in USKOK, out of which 13 prosecutors (including the Head) and IT adviser. At the end of 2006 there were 35 employees, including 15 prosecutors, 6 legal advisers, IT adviser, and 4 professional associates (non-legal staff).

USKOK does not have capacities to detect criminal offences and directly conduct the inquest and investigative actions. Pursuant to the Law on USKOK all state authorities are obliged to inform USKOK or file a criminal report if they come to know circumstances or information indicating the perpetration of any criminal offence, and to comply with USKOK's requests for data collecting. There is an inadequate functioning in the means of detection of offences by the LEAs that are in charge of persecuting the criminal offences under USKOK's competences as shown by USKOK's statistics<sup>3</sup>. Taking in consideration USKOK's figures, together with CARDS 2002 twinning partner's findings and recommendations made in that respect, the role of the other LEAs in the pre-investigative phase of the criminal proceedings should be greater.

Although USKOK has been starting inquiries into the criminal offences by applying a proactive approach and together with the Police by using special investigative measures, systematic investigative actions have also to be taken on other corruption risky areas such as public procurement, health care, judiciary... Therefore, a proactive approach should be usual working method of USKOK, the Police, as well as other LEAs, depending on existing legal possibilities in Croatian system.

Next very important instrument of the great importance for fighting organised crime, and corruption, is working within multidisciplinary joint investigative teams, which includes clear division of roles, emphasizing the leading role of USKOK, with participation of Croatian, and if necessary, foreign state(s) or international LEAs. Furthermore, while implementing CARDS 2002 Project "Capacity Building for USKOK", the need of setting up mechanisms for an automatic and periodical delivery of information (even real time exchange system for some relevant data) had been clearly detected and recommendations issued.

As a conclusion, only a joint training of all participants of the process who work on specific cases with previously drafted guidelines based on positive regulations, can stimulate LEAs to be ready and willing to contribute to the fight against corruption and organised crime under leadership and coordination of USKOK's prosecutors.

An important segment in fight against corruption and transnational organised crime is also the use of legislative and institutional tools developed within the EU. In that filed, familiarizing in dept, and *in concreto*, USKOK's prosecutors with the use of applications developed within the framework of EJM, and cooperation with EUROJUST, OLAF (directly and via Croatian AFCOS) would be a step forward in enabling USKOK's prosecutors as well as the staff of other Croatian LEAs in efficient combating corruption and organised crime.

By implementing CARDS 2002 Project, USKOK was supplied with significant IT equipment, hardware as well as new software applications. In that way preconditions for USKOK to use its own database and for the cases to be transferred into electronic form have been fulfilled, and the process has already started. By September 2007, the

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<sup>3</sup> In observed period, in relation to the criminal reports (UK files) out of the 142 reported persons for corruption 55% have been submitted by the MoI, and 38% directly by citizens. None of these reports have been submitted by the MoF's agencies, the Office for Public Procurement, State Audit Office, etc. In organised crime cases, 226 (81%) persons were reported by the MoI, and none by the aforementioned institutions. Situation in regard with UKR-files (formed on the bases of received information on possible commitment of the criminal offences) is similar. Out of 1302 files, 50 (3,84%) have been formed on the bases of information delivered to USKOK by other State Institutions (not including MoI).

prosecutors will have access to data stored in e-Registry, and by the end of 2007 to 50% newly created files. In that way preconditions for analytical processing of stored data will be met, and purchasing analytical software can do such processing possible.

USKOK is missing scanners which fulfil professional needs for quality input, and are necessary to fill databases with information contained within cases. Since prosecutors within the Office cover the whole area of the Republic of Croatia and present cases to other courts besides the County Court in Osijek, Rijeka, Split and Zagreb, providing equipment for the courtrooms of those four courts would create conditions for different and more quality manner of presentation of USKOK cases. By using advanced IT methods (PP presentation), to be able to use all the possibilities that electronic registries and files provide, as well as the current databases, it is necessary for prosecutors to have access at all times and at any place (from the police premises, courtrooms etc.) To establish connection with central records of the Ministry of Interior, IT preconditions within the Office have to be fulfilled. Important source of information, especially in cases of corruption, can be found in the electronic media. Therefore, it is needed to enable the Office to monitor and record TV broadcast.

Besides the criminal prosecution, important segment of USKOK's work is its preventive activity conducted by the Anticorruption and PR Department. Although such activity is a significant novelty within the State Attorney's Organisation, a legal obligation of USKOK regarding availability of the information and transparency of USKOK work has been fulfilled. Awareness that criminal prosecution without adequate PR support is not sufficient for suppressing corruption is raised but proved to be inefficient. The role of media in presenting criminal proceedings should not be omitted, regardless of their disinclination to affirmatively present the work of USKOK in successful cases. Big preventive impact would be strategy of the work with the media, which would reaffirm the position of USKOK and enable it to present its achievements.

Advancement of the current good relations with relevant NGOs would have almost the same effect. Although USKOK, aware of their role in the overall anticorruption policies, cooperates and participates in the work of anticorruption NGOs (Transparency International, Association for Democratic Society and others), due to limited human resources and the need to avoid overlaps in the work, as well as the need for synergetic effects of the work of USKOK and NGOs, it is important for USKOK to position itself clearly in that field as well.

The proposed project could support USKOK in the necessary strengthening process, as a follow up of the implemented CARDS 2002 Project.

### **3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)**

#### *Project impact and catalytic effect*

Project activities will deliver further support to Croatian central anti-corruption authority in fight against corruption and organised crime, and related crimes such as fraud (as defined by PIF Convention and its protocols), money laundering, etc. By including in Project activities wide range of other relevant LEA, their capacities for aforementioned fight will be straighten. Synergic effect of their joint work will provide Croatia strong mechanism in combating high-level corruption as well as organised crime. Their horizontal and vertical coordination under the USKOK leadership will be

strong tool, which could be also use in performing duties in internationally formed joint investigation teams, and protecting financial interest of EU on the criminal law field (as it falls within scope of USKOK's jurisdiction).

It is common knowledge that the media and civil society have the power and the strength to reach a maximum number of individuals and serve as a means drawing their attention. Therefore, USKOK have to find right way to approach them in a proper manner, and to be able to ensure benefits and promotion of its anti-corruption work. That goal will be feasible only if USKOK is provided with the Strategy of its PR, as well as with clear vision on the ways and means to contribute to the work of the NGOs.

Additionality is ensured. EU funding will not replace other funding from the government or other donors and the EU funded intervention/project will result in benefits which would not occur otherwise.

*Sustainability:*

The Government of Republic of Croatia showed clear political determination and unambiguous stance in combating and preventing corruption, what could only be successful when all parts of society agree that this is indispensable. Only the firm prosecution of corruption criminal offences, especial the high-level one, and efficient promotion of result achieved in that field to the public, are going to make Croatia recognised as state willing and capable to strongly tackle corruption.

*Cross border impact*

Not applicable

### **3.3 Results and measurable indicators:**

#### **Result 1: The leading role of USKOK in the pre-investigative part of the criminal procedure enhanced**

Measurable indicators in relation with activity 1:

- Number of persons reported for corruption and organised crime submitted by the LEA (Law enforcement agencies) increased by at least 50% in the year starting by the end of implementation of the Project
- Number of criminal offences detected with LEA and USKOK, by applying proactive approach, increased by at least 30% in the year starting by the end of implementation of the Project
- Amount of pecuniary gain detected and frozen, increased by at least 50% in the year starting by the end of implementation of the Project
- Number of persons reported for high-level corruption increased by at least 50% in the year starting by the end of implementation of the Project

#### **Result 2: Better coordination of USKOK PR activities with national awareness campaign conducted by Ministry of Justice**

Measurable indicators in relation with activity 2:

- USKOK PR Strategy developed
- At least 7 of USKOK's staff trained on applying USKOK's PR Strategy
- Developed manuals/guidelines on applying USKOK's PR Strategy
- At least 5 recommendations for USKOK's Anticorruption and PR Department's contribution to the work of NGO's made by twinning partners to USKOK and excepted by the Head of USKOK

### **Result 3: Case presentation quality in judicial proceedings improved**

Measurable indicators in relation with activity 3:

- At least 12 of USKOK prosecutors completed the training
- One manual on use of purchased software in electronic form produced
- At least 10 of new, complex (more accused persons and/or more criminal offences) and significant (of great public interest) cases prepared for presentation in the court proceedings in electronic form
- Number of persons indicted in high-level corruption cases increased by at least 30% in the year starting by the end of implementation of the Project

### **Result 4: Capacity of USKOK for performing joint investigation and other mutual legal assistance activities in proceeding corruption offences with international element increased**

Measurable indicators in relation with activity 4:

- At least 10 of USKOK prosecutors together with at least 1 official from each of selected LEA's completed training to participate in internationally formed joint investigative teams
- At least 5 recommendations on future work of joint investigative teams on multi/bilateral base with Member States, future Member States and EU Institutions such as OLAF, EUROJUST

## **3.4 Activities:**

### **Contract: 1 – Twinning**

#### Component 1, 2 and 4:

**1.1.** Developing internal guidelines/protocols for the LEAs in fulfilling their obligations in accordance with the Articles 21a, 21d, and 21e of the Law on USKOK (Twinning covenant)

**1.2.** Joint training on practical application of the developed guidelines/protocols

**1.3.** Analysis of the positive legislation with the aim to detect legal possibilities of applying proactive approach in jointly (USKOK and criminal police) detecting criminal offences under the competence of the USKOK (Twinning covenant)

**1.4.** Recommendations for the improvement of the existing legal framework or for its implementation (Twinning covenant)

**1.5.** Proactive approach joint training (USKOK and criminal police) (Twinning covenant)

**1.6.** Drafting guidelines/protocols for forming and the work of joint investigative team on national level (Twinning covenant)

**1.7.** Training of USKOK's prosecutors and LEAs' staff for participating in the work national joint investigative teams, with special emphasise on the financial investigations (Twinning covenant)

**2.1.** Developing of the sustainable strategy of the USKOK's PR (analysis of the state of play, training of USKOK's staff) (Twinning covenant)

**2.2.** Training of USKOK's staff on applying Strategy in the practice (Twinning covenant)

**2.3.** Developing manuals/guidelines on applying Strategy in the practice (Twinning covenant)

**2.4.** Organising study visit in Member State in order to familiarise USKOK's staff with experience of state agencies similar to USKOK on cooperation with NGOs (Twinning covenant)

**2.5.** Developing recommendations for the Anticorruption and PR Department's contribution to the work of NGOs (Twinning covenant)

**4.1.** Training of USKOK's prosecutors in management and work within internationally formed joint investigation teams (Twinning covenant)

**4.2.** Training of the LEAs' staff to participate in the work of the internationally formed joint investigation teams (Twinning covenant)

**4.3.** Developing recommendations on future work of joint investigative teams on multi/bilateral base with Member States, future Member States and EU Institutions such as EUROJUST and OLAF

**4.4.** Training of USKOK's prosecutors on the cooperation with EUROJUST and OLAF (Twinning covenant)

**4.5.** Training of USKOK's prosecutors on the use of EJM applications (Twinning covenant)

## **Contract: 2 – Technical assistance (TA)**

### **Component 3:**

**3.3.** Upgrading of the existing application (e-upisnici and e-spisi), training of USKOK's IT staff and end users, prepare manuals for users (TA)

## **Contract: 3 – Supply**

### **Component 3:**

**3.1.** Purchase of the software (analytical software, data generator software), training of USKOK's IT staff and end users, prepare manuals for users (supply contract)

**3.2.** Purchase of the IT equipment (notebooks, PP projectors, pocket PCs), LCD monitor, TV, DVD recorder HDD, all equipment (hardware) for connecting with MoI, professional scanner (supply contract)

### **3.5 Conditionality and sequencing:**

The Twinning can be tendered immediately; it is not dependent on any other project components.

### **3.6 Linked activities**

CARDS 2002 "**Capacity Building for USKOK**" Project had started in March 2005, and it finished on 20<sup>th</sup> of the December 2006. Twinning partner was Spanish Anti-corruption Public Prosecutor Office. The purpose of the Project was to design and implement a human resource development (HRD) strategy and programme to train and educate the USKOK personnel; to develop and build institutional capacity for USKOK, by developing internal procedures, procedures for cooperation with other relevant institutions regarding data exchange and access, and other forms of cooperation and harmonising legislation, with emphasis on data acquisition and protection, and to establish a database, compatible with databases of other relevant institutions, and a document management system capable of handling complex legal cases.

CARDS 2003 "**Preventing and Combating Money Laundering**"- has been started in June 2006. Twinning partner is Austrian Ministry of Interior. The purpose of the project is to improve the level of competence of prosecutors and other institutions (mainly AMLD (Anti-money laundering Department in MoF- Croatia's FIU-Financial Intelligence Unit), ECCD (Economic Crime and Corruption Department in MoI) involved in the prevention and control of money laundering; to improve the inter-institutional co-operation between all institutions involved in the fight against crime and money laundering; to ensure international co-operation with financial intelligence units and law enforcement agencies in EU and partner countries (especially during the pre-investigation and investigation stage of criminal procedure); to appropriately equip the involved institutions with IT equipment and software. State Attorney's Office is responsible for its implementation as well as Ministry of Interior and Ministry of Finance – Financial Investigating Unit. Ministry of Justice will partly equip State Attorney's Offices with IT equipment, although additionally equipment of State Attorney's Offices is needed for connecting with future ICMS. The project will terminate in December 2007.

CARDS 2003 "**Support to the Pre-trial proceedings in criminal matters**" - Twinning light Project has started on 8 May 2006 and ended on 24 November 2006. Twinning partner in the project was Ludwig Boltzmann Institute of Human Rights, Vienna, as Member State Partner. All guaranteed results have been achieved without any reservation: 1. A Comparative study on the existing systems of preliminary criminal proceedings in some EU Member States, 2. Recommendations on how to reform accordingly to the Existing Croatian legislation and institutional set-up and 3. A Plan of Activities for the reform of pre-trial proceedings.

The comparative analysis, the recommendations and the action plan have been integrated into one comprehensive document titled “Reform of Pre-Trial Criminal Proceedings in Croatia - Analysis, Comparison, Recommendations and Plan of Action (2007-2012)”.

IPA 2007 “**Strengthening Anti-Corruption Inter-Agency Co-operation**” - project is in the same phase as this one; project documentation is under preparation, Its objective is to strengthen the rule of law through a more effective implementation of anticorruption strategy and further strengthening of inter-agency cooperation at national and local level. Results to be achieved are:

1. Further strengthening of the MP Strategic development Unit as a coordinative body in charge of drafting and implementation of anti-corruption strategy
2. Strengthening the professional ethics in state and local administration and within judiciary bodies (strengthening of individual integrity of employees)
3. Improvement of inter-agency cooperation by development of modern information system with central database application and secured Intranet/Internet access of involved parties
4. Raising awareness on corruption among citizens through development and implementation of a public awareness campaign

In the fourth component of this project one of the main stakeholders will be USKOK's PR Department.

### **3.7 Lessons learned**

The Law on the Office for the Suppression of Corruption and Organised Crime (USKOK) that entered into force on 19 October 2001 created USKOK as beneficiary in the project. USKOK was created as a specialised State Attorney's Office within the existing framework public prosecution service, with the task of preventing, prosecuting, and educating on corruption and prosecuting organised crime. Amendments on the Law of USKOK that entered into force in the March 2005 slightly changed its competences. It lost its education function, and has acquired function of international cooperation and mutual legal assistance in the cases under its competences. By that Amendments USKOK's prosecution competences was expanded on private corruption, its position in relation to the other law enforcement agencies (e.g. MoI, MoF, State Audit Office) was strengthened, and it was authorised to request bank's data even before starting formal investigative procedure. Nonetheless, at the beginning of the project CARDS 2002 “Capacity Building for the Office for the Suppression of Corruption and Organised Crime (USKOK)”, USKOK was exercising its authorities as a normal prosecution office, focused on specific offences, with no cases related to high corruption and organised crime. Nonetheless it has to be said that USKOK really was fully operational since the beginning of 2006, and a case of high corruption always implies a long investigation (3-4 years or even more). It is true that the lack of high-level convictions is one of the most important critical remarks against USKOK. A good starting point to get this objective (essential to gain public credibility) are the existing cases on high profile Organised crime and a high profile Corruption with connections to criminal organisations (classified) which are in the pre-trial phase.

At the end of project (December, 2006), USKOK was a real specialised body, with multidisciplinary staff (not only prosecutors), with much better relations with LEA (after signing 2 Internal Protocols and drafting a 3<sup>rd</sup> one) and with proved, but on *ad*

*hoc* bases, experience, in creating joint investigative teams on national level, and in carrying out financial investigations. The CARDS 2002 Project helped USKOK not only by providing training to increase USKOK staff capability to fight properly against corruption and organised crime (seminars, workshops and study visits) and assessment but also by revealing what was the real situation of USKOK in 2005, and obliging some institutions to take a clear statement and the correspondent actions to support USKOK's work. Therefore, several recommendations were made by USKOK's twinning partner. The most important, and the most relevant for this Project are:

- Improving the level of training of prosecutors in organised crime and corruption topics;
- USKOK should exclusively deal with the most complicated cases having a nation-wide impact and international connections, especially given its existing resources nowadays;
- Ensuring the proper exchange of relevant information related to organised crime and corruption;
- Enhancing the creation of joint teams of investigation in order to set a specific strategy about the financial investigations that USKOK prosecutors should promote from the beginning of the pre-investigation phase;
- The Internal Protocol between Police and USKOK has to be signed, to allow USKOK to have faster access to relevant Police information and to enable the appointment of Police officers to work in close cooperation with USKOK prosecutors;
- The coercion mechanisms provided for the legal frame have to be used to overcome an inadequate functioning in the means of detection of offences by the *Law Enforcement Authorities* which are in charge of persecuting the criminal offences under USKOK competences (which implies the passiveness of the Institutions in charge of detecting and denouncing cases of corruption at USKOK);
- It is necessary to reinforce the cooperation with the Public Procurement Office, and the National Committee for the Control of Public Procurement; and
- Systematic investigative actions have also to be taken on other corruption risky areas (i.e. Health sector)

#### 4. Indicative Budget (amounts in €)

	TOTAL PUBLIC COST	SOURCES OF FUNDING										
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION						PRIVATE
		Total	% *	IB	INV	Total	Type of cofinancing (J/P)**	% *	Central	Regional	IFIs	
Strengthening Capacities of USKOK												
Twinning (component 1, 2 and 4)	1.000.000	1.000.000	100	X								
Technical assistance (TA): Component 3	200.000	200.000	100	X								
Supply	70.000	52.500	75		X	17.500	J	25	17.500			
<b>TOTAL</b>	<b>1.270.000</b>	<b>1.252.500</b>	<b>99</b>			<b>17.500</b>		<b>1</b>				

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

Contracts	Start of Tendering	Signature contract	of	Project Completion
Twinning contract	2Q/2008	4Q/2008		4Q/2010
Supply Contract	2Q/2008	4Q/2008		2Q/2009
Technical Assistance	2Q/2008	4Q/2008		1Q/2010

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

## 6. Cross cutting issues (where applicable)

### 6.1 Equal Opportunity

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Specifically in relation to the issue of equality between men and women, Croatia's population (2001 census) constitutes 51.87% women and 48.13% men, with those in active employment (based on Labour Force Survey statistics, conducted in accordance with ILO methodology, for the second half of 2002) divided 45.31% women and 54.69% men.

All contractors shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs (in days) and of trainees benefiting under the project (in days) as an integral component of all project progress reports.

### 6.2 Environment

Not applicable.

### 6.3 Minorities

Not applicable.

## **ANNEXES**

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3 - Reference to laws, regulations and strategic documents:
- 4- Details per EU funded contracts

## ANNEX 1: Logical framework matrix in standard format

<b>Strengthening Capacities of USKOK</b>		Programme name and number <b>IPA 2007</b>	2007/019-247
<b>Ministry of Justice Office for Suppression Corruption and Organized Crime</b>		Total budget: <b>1.270.000 €</b>	IPA budget: <b>1.252.500 €</b>
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
Strengthening of the rule of law in Croatia, through an increased investigation and prosecution capacity towards criminal activity, especially in the fight against the corruption (high level corruption) and organised crime	Positive development on measuring corruption reflected in relevant poll opinion index	Public opinion polls	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
Improving the institutional capacity and efficient functioning of USKOK and continuing efficient implementation of National programme for counteracting corruption 2006-2008	<ul style="list-style-type: none"> <li>• 16 USKOK's activities arising from the National program for suppressing corruption, and the National plan for the fight against organised crime completed</li> <li>• For 20% increased percentage of citizens aware on equality of all people before the law by the end of the Project compared to the percentage before the start of the Project</li> <li>• Percentage of public having positive perception of USKOK's work increased for 20% by the end of the Project compared to the percentage before the start of the Project</li> </ul>	<ul style="list-style-type: none"> <li>• Reports for national coordinators (MoJ and MoI)</li> <li>• Public opinion polls</li> <li>• Annual reports of the State Attorney General of the Republic of Croatia to the Croatian Parliament</li> </ul>	
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>1. The leading role of USKOK in the pre-investigative part of the criminal procedure enhanced</b>	<ul style="list-style-type: none"> <li>• Number of persons reported for corruption and organised crime submitted by the LEA (Law</li> </ul>	<ul style="list-style-type: none"> <li>• USKOK's statistical data</li> <li>• EC progress reports</li> <li>• RTA and trainers' reports</li> </ul>	<ul style="list-style-type: none"> <li>• The Act on Amendments and Completions of the Act on USKOK passed</li> <li>• The new Criminal Procedure Act is in</li> </ul>

	<p>enforcement agencies) increased by at least 50% in the year starting by the end of implementation of the Project</p> <ul style="list-style-type: none"> <li>• Number of criminal offences detected with LEA and USKOK, by applying proactive approach, increased by at least 30% in the year starting by the end of implementation of the Project</li> <li>• Amount of pecuniary gain detected and frozen, increased by at least 50% in the year starting by the end of implementation of the Project</li> <li>• Number of persons reported for high-level corruption increased by at least 50% in the year starting by the end of implementation of the Project</li> </ul>		Governmental procedure
<b>2. Better coordination of USKOK PR activities with national awareness campaign conducted by Ministry of Justice</b>	<ul style="list-style-type: none"> <li>• USKOK PR Strategy developed</li> <li>• At least 7 of USKOK's staff trained on applying USKOK's PR Strategy</li> <li>• Developed manuals/guidelines on applying USKOK's PR Strategy</li> <li>• At least 5 recommendations for USKOK's Anticorruption and PR Department's contribution to the work of NGO's made by twinning partners to USKOK and accepted by the Head of USKOK</li> </ul>	<ul style="list-style-type: none"> <li>• USKOK's reports</li> <li>• EC progress reports</li> <li>• Results of public opinion polls</li> </ul>	<ul style="list-style-type: none"> <li>• Interest of the governmental and non-governmental organisations to cooperate with USKOK</li> </ul>
<b>3. Case presentation quality in judicial proceedings improved</b>	<ul style="list-style-type: none"> <li>• At least 12 of USKOK prosecutors completed the training</li> <li>• One Manual on use of purchased software in electronic form produced</li> <li>• At least 10 of new, complex (more accused persons and/or more criminal offences) and significant (of great public interest) cases prepared for presentation in the court proceedings in electronic form</li> </ul>	<ul style="list-style-type: none"> <li>• Protocols of acceptance</li> <li>• RTA and experts' reports</li> <li>• USKOK's reports / insight into case documents</li> <li>• USKOK's statistical data</li> <li>• EC progress reports</li> </ul>	<ul style="list-style-type: none"> <li>• Suitable IT support to USKOK provided by the MoJ</li> <li>• Four County Courts (Rijeka, Osijek, Split and Zagreb) equipped by suitable IT equipment and the sufficient number of judges</li> <li>• The new Criminal Procedure Act drafted</li> </ul>

	<ul style="list-style-type: none"> <li>• Number of persons indicted in high-level corruption cases increased by at least 30% in the year starting by the end of implementation of the Project</li> </ul>		
<b>4.Capacity of USKOK for performing joint investigation and other mutual legal assistance activities in proceeding corruption offences with international element increased</b>	<ul style="list-style-type: none"> <li>• At least 10 of USKOK prosecutors together with at least 1 official from each of selected LEA's completed training to participate in internationally formed joint investigative teams</li> <li>• At least 5 recommendations on future work of joint investigative teams on multi/bilateral base with Member States, future Member States and EU Institutions such as OLAF, EUROJUST</li> </ul>	<ul style="list-style-type: none"> <li>• USKOK's statistical data</li> <li>• USKOK's reports / insight into case documents</li> <li>• RTA and experts' reports</li> <li>• EC progress reports</li> </ul>	<ul style="list-style-type: none"> <li>• Bodies of the EU, the member states, and other states willing to cooperate on cases with USKOK and Croatian</li> </ul>
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>
<p>1.1. Developing internal guidelines/protocols for the LEAs in fulfilling their obligations in accordance with the Articles 21a, 21d, and 21e of the Law on USKOK (Twinning covenant)</p> <p>1.2. Joint training on practical application of the developed guidelines/protocols</p> <p>1.3. Analysis of the positive legislation with the aim to detect legal possibilities of applying proactive approach in jointly (USKOK and criminal police) detecting criminal offences under the competence of the USKOK (Twinning covenant)</p> <p>1.4. Recommendations for the improvement of the existing legal framework or for its implementation (Twinning</p>	<ul style="list-style-type: none"> <li>• Twinning covenant</li> </ul>	<p>Twinning: 1.000.000 €</p> <p>TA=200.000 €</p> <p>Supply: 70.000 € (co-financing included, co-financing: 17.500 €)</p>	<ul style="list-style-type: none"> <li>• Readiness of the LEAs including criminal police, to participate in the implementation of the Project</li> </ul>

<p>covenant)</p> <p>1.5. Proactive approach joint training (USKOK and criminal police) (Twinning covenant)</p> <p>1.6. Drafting guidelines/protocols for forming and the work of joint investigative team on national level (Twinning covenant)</p> <p>1.7. Training of USKOK's prosecutors and LEAs' staff for participating in the work national joint investigative teams, with special emphasise on the financial investigations (Twinning covenant)</p>			
<p>2.1. Developing of the sustainable strategy of the USKOK's PR (analysis of the state of play, training of USKOK's staff) (Twinning covenant)</p> <p>2.2. Training of USKOK's staff on applying Strategy in the practice (Twinning covenant)</p> <p>2.3. Developing manuals/guidelines on applying Strategy in the practice (Twinning covenant)</p> <p>2.4. Organising study visit in Member State in order to familiarise USKOK's staff with experience of state agencies similar to USKOK on cooperation with NGOs (Twinning covenant)</p> <p>2.5. Developing recommendations for the Anticorruption and PR Department's contribution to the work of NGOs (Twinning covenant)</p>	<ul style="list-style-type: none"> <li>• Twinning covenant</li> </ul>		<ul style="list-style-type: none"> <li>•Interest of the governmental and non-governmental organisations to participate in the implementation of the Project</li> </ul>

<p>3.1. Purchase of the software (analytical software, data generator software), training of USKOK's IT staff and end users, prepare manuals for users</p> <p>3.2. Purchase of the IT equipment (notebooks, PP projectors, pocket PCs), LCD monitor, TV, DVD recorder HDD, all equipment (hardware) for connecting with MoI, professional scanner</p> <p>3.3. Upgrading of the existing application (e-upisnici and e-spisi), training of USKOK's IT staff and end users, prepare manuals for users</p>	<ul style="list-style-type: none"> <li>• Supply</li> <li>• Technical assistance (TA)</li> </ul>		
<p>4.1. Training of USKOK's prosecutors in management and work within internationally formed joint investigation teams (Twinning covenant)</p> <p>4.2. Training of the LEAs' staff to participate in the work of the internationally formed joint investigation teams (Twinning covenant)</p> <p>4.3. Developing of the recommendations on future work of joint investigative teams on multi bilateral base with Member States, future Member States and EU Institutions such as EUROJUST and OLAF</p> <p>4.4. Training of USKOK's prosecutors on the cooperation with EUROJUST and OLAF (Twinning covenant)</p> <p>4.5. Training of USKOK's prosecutors on the use of EJM</p>	<ul style="list-style-type: none"> <li>• Twinning covenant</li> </ul>		<ul style="list-style-type: none"> <li>• Readiness of the LEA to participate in the implementation of the Project</li> </ul>

applications (Twinning covenant)			
			<p><b>Pre conditions:</b></p> <ul style="list-style-type: none"> <li>• Installation of the e-upisnici* i e-spisi** application completed, (e-upisnici=e-register, e-spisi=e-written files)</li> <li>• USKOK users trained to use the applications</li> <li>• All pending “UK”*** files and cca 50% of the “UKR”**** files transformed into the electronic format</li> </ul>

\* Application through which the administrative staff enters documentation in the system. Desktop environment.

\*\* Management application for public prosecutors. Web environment.

\*\*\* Files formed on the bases of received criminal reports against identified perpetrator

\*\*\*\* Files formed on the bases of received unjustified information

**ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project**

Contracted	2008	2009				2010			
	IV	I	II	III	IV	I	II	III	IV
Contract 1 - Twinning	1.000.000								
Contract 2 (TA & supply)	270.000								
<b>Cumulated</b>	<b>1.270.000</b>								

Disbursed	2008	2009				2010			
	IV	I	II	III	IV	I	II	III	IV
Contract 1 - Twinning	270.000	90.000	90.000	90.000	90.000	90.000	90.000	90.000	100.000
<b>Cumulated</b>	<b>270.000</b>	<b>360.000</b>	<b>450.000</b>	<b>540.000</b>	<b>630.000</b>	<b>72.0000</b>	<b>810.000</b>	<b>900.000</b>	<b>1.000.000</b>

Disbursed	2008	2009				2010			
	IV	I	II	III	IV	I	II	III	IV
Contract 2 - TA	150.000	50.000							
<b>Cumulated</b>	<b>150.000</b>	<b>200.000</b>							<b>200.000</b>

### **Annex 3: Reference to laws, regulations and strategic documents**

- Criminal Code of the Republic of Croatia, Art. 133 (NN 71/06, 84/05, 105/04, 111/03, 51/01, 129/00, 27/98, 110/97)
- Act on the Office for Suppression of Corruption and Organized Crime (NN 48/05, 33/05, 12/02, 88/01)
- Criminal Procedure Act (NN 115/06, 62/03, 143/02, 58/02, 112/99, 58/99, 27/98, 110/97)
- Law on Liability of Legal Persons (NN 151/03)
- Law on Mutual Legal Assistance in Criminal Matters (NN 178/04)
- Witness Protection Act (NN 163/03)
- Law on State Attorney Office (NN 20/07, 16/07, 51/01, 36/98)
- Access to Information Act (NN 172/03)
- Regulation on Internal Order in USKOK
- European Commission Opinion on the Application of Croatia for Membership of the European Union
- Croatia 2006 Progress Report Sectors 4. 23. of the Progress Report
- NPIEU 2007, chapter III, 3.23.4 Anticorruption measures ,  
3.23. Judiciary and Fundamental rights

## **Annex 4: Details per EU funded contract**

For *twinning covenants*: component 1, 2 and 4.

For *technical assistance*: component 3

For *supply*: component 3

### **Activities (including means)**

#### **COMPONENT 1: THE LEADING ROLE OF USKOK IN THE PRE-INVESTIGATIVE PART OF THE CRIMINAL PROCEDURE ENHANCED**

##### **Contract: 1 – Twinning**

- Prepare internal guidelines/protocols for the LEAs in fulfilling their obligations in accordance with the Articles 21a, 21d, and 21e of the Law on USKOK
- Deliver Joint training on practical application of the developed guidelines/protocols
- Carry out analysis of the positive legislation with the aim to detect legal possibilities of applying proactive approach in jointly (USKOK and criminal police) detecting criminal offences under the competence of the USKOK
- Draft recommendations for the improvement of the existing legal framework or for its implementation
- Develop proactive approach in joint training (USKOK and criminal police)
- Draft guidelines/protocols for forming and the work of joint investigative team on national level
- Deliver training of USKOK's prosecutors and LEAs' staff for participating in the work national joint investigative teams

#### **COMPONENT 2: BETTER COORDINATION OF USKOK PR ACTIVITIES WITH NATIONAL AWARENESS CAMPAIGN CONDUCTED BY MINISTRY OF JUATICE**

##### **Contract: 1 – Twinning**

- Develop the sustainable strategy of the USKOK's PR (analysis of the state of play, training of USKOK's staff) (Twinning covenant)
- Training of USKOK's staff on applying Strategy in the practice (Twinning covenant)
- Develop manuals/guidelines on applying Strategy in the practice (Twinning covenant)
- Organise study visit in Member State in order to familiarise USKOK's staff with experience of state agencies similar to USKOK on cooperation with NGOs (Twinning covenant)
- Develop recommendations for the Anticorruption and PR Department's contribution to the work of NGOs (Twinning covenant)

#### **COMPONENT 4: CAPACITY OF USKOK FOR PERFORMING JOINT INVESTIGATION AND OTHER MUTUAL LEGAL ASSISTANCE ACTIVITIES IN PROCEEDING CORRUPTION OFFENCES WITH INTERNATIONAL ELEMENT INCREASED**

### **Contract: 1 – Twinning**

- Deliver training of USKOK's prosecutors in management and work within internationally formed joint investigation teams
- Deliver training of the LEAs' staff to participate in the work of the internationally formed joint investigation teams
- Develop the recommendations on future work of joint investigative teams on multi bilateral base with Member States, future Member States
- Deliver training of USKOK's prosecutors on the cooperation with EUROJUST and OLAF
- Deliver training of USKOK's prosecutors on the use of EJM applications

### **Resident Twinning Adviser**

- University degree in management, public/business administration, law or similar relevant discipline
- Preferably 10 years significant experience in the project management, including IPR projects or programmes and at least 5 years specific work experience on IPR issues
- Previous experience with EU twinning projects on IPR would be an advantage
- Excellent communication skills, with fluency in written and spoken English language, including excellent report-writing English language.
- Knowledge of Croatian language would be an advantage
- Computer literate.

### **Team leader:**

- University degree in management, IT, public/business administration, law or similar relevant discipline
- Preferably 5 years significant experience in the project management
- Previous experience with EU twinning projects on IPR would be an advantage
- Excellent communication skills, with fluency in written and spoken English language, including excellent report-writing English language
- Knowledge of Croatian language would be an advantage
- Computer literate.

## **COMPONENT 3: CASE PRESENTATION QUALITY IN JUDICIAL PROCEEDINGS IMPROVED**

### **Contract: 1 – Supply**

- Purchase of the software (analytical software, data generator software), training of USKOK's IT staff and end users, prepare manuals for users
- Purchase of the IT equipment (notebooks, PP projectors, pocket PCs), LCD monitor, TV, DVD recorder HDD, all equipment (hardware) for connecting with MoI, professional scanner

### **Contract: 2 – Technical assistance (TA)**

- Upgrade the existing application (e-upisnici and e-spisi), training of USKOK's IT staff and end users, prepare manuals for users