



ANNEX C1: Twinning Fiche¹

Project title: Support to the reform of the criminal asset recovery and management system in Azerbaijan

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TWINNING TOOL

¹ In case of different language versions of the Twining Fiche it must be clearly indicated which language version prevails.

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1 Basic Information

1.1 Programme: Multiannual Action Programme 2019-2020 for Azerbaijan, Partnership Priorities Facility

For UK applicants: Please be aware that following the entry into force of the EU-UK Withdrawal Agreement² on 1 February 2020 and in particular Articles 127(6), 137 and 138, the references to natural or legal persons residing or established in a Member State of the European Union and to goods originating from an eligible country, as defined under Regulation (EU) No 236/2014³ and Annex IV of the ACP-EU Partnership Agreement⁴, are to be understood as including natural or legal persons residing or established in, and to goods originating from, the United Kingdom⁵. Those persons and goods are therefore eligible under this call.

1.2 Twinning Sector

Justice and home affairs (JH)

1.3 EU funded budget

EUR 1,500,000

1.4 Sustainable Development Goals (SDGs)

This intervention is in line with the 2030 Agenda for Sustainable Development and contributes to the progressive achievement of the Sustainable Development Goals (SDG) targets, in particular target 16.4 (by 2030 significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organized crime), by improving the efficiency of criminal justice, as well as governance and the rule of law.

2 Objectives

2.1 Overall Objective(s)

To improve the efficiency of criminal justice through modernization of the asset recovery and management system in line with EU and international best practices.

2.2 Specific objective

To strengthen the institutional and operational capacity of the Department for the Coordination of Special Confiscation Issues of the Prosecutor General's Office (DCSCI) to ensure that it fully fulfils its mandate in the area of criminal property detection, tracking and recovery as well as asset management.

2.3 National Development Plan/Cooperation agreement/Association Agreement/Sector reform strategy and related Action Plans

2.3.1 Action Document for Partnership Priorities Facility (PPF)

The framework for EU-Azerbaijan relations is set by the *Partnership and Cooperation Agreement (PCA)* in force since 1999. In February 2017, negotiations were launched on a comprehensive new agreement between the EU and Azerbaijan, which is to replace the PCA.

On 28 September 2018, the EU-Azerbaijan Partnership Priorities were endorsed by the EU-Azerbaijan Cooperation Council to guide bilateral cooperation in four key areas: (i) economic development and market opportunities; (ii) *strengthening institutions and good governance*; (iii) connectivity, energy, environment and climate action; and iv) mobility and people-to-people contacts. EU provides assistance to these areas in the framework of Annual Action Programs 2018-2020. The *Single Support Framework for Azerbaijan for 2018-2020*, as the programming document of EU bilateral assistance under the European Neighbourhood Instrument (ENI), is based on these Partnership Priorities.

² Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

³ Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action.

⁴ Annex IV to the ACP-EU Partnership Agreement, as revised by Decision 1/2014 of the ACP-EU Council of Ministers (OJ L196/40, 3.7.2014)

⁵ Including the Overseas Countries and Territories having special relations with the United Kingdom, as laid down in Part Four and Annex II of the TFEU.

EU cooperation with Azerbaijan supports the country's reform agenda in particular in the areas of economic diversification, sustainable growth and social development, *good governance and rule of law*, and the country's connection to the EU through enhanced connectivity, mobility and people-to-people contacts. EU support is funded through the European Neighbourhood Instrument (ENI) for the period of 2014-2020.

Support to the reform efforts undertaken by Azerbaijan through (i) strengthening the institutional and administrative capacity and (ii) reinforcing the policy development of selected state institutions involved in the implementation of the Partnership Priorities is also the main focus of the *Multiannual Action Programme 2019-2020*.

This intervention will contribute to the implementation of reforms under Priority area 2 – Stronger governance (continued support to more accountable and effective justice and public administration systems, measures safeguarding democracy and human rights, enhancing resilience in the face of security risks, supporting the fight against corruption, promotion of enabling environment for media and civil society).

2.3.2 National Policy Development Programmes/Plans

In Azerbaijan, asset recovery has a relatively short history. There is no *specific national strategy and action plan* for asset recovery. National authorities recognised that the establishment and strengthening of a system to trace, seize and forfeit proceeds of crime is one of the crucial steps towards preventing and combating organized crime and corruption, reinstating justice and compensating the victims of crime. Moreover, it is well understood that this specific focus can only fully happen if asset recovery is a policy objective.

Currently asset recovery is included in two action plans on (i) anti-corruption and (ii) anti-money laundering.

The "*National Action Plan for 2020-2022 on Promotion of the Open Government*" (NAP 2020-22) includes measures aimed at combating money laundering and terrorism financing, among others⁶. There is no specific stipulation with regards to asset recovery, including financial investigations, asset freezing and seizure and confiscation in any of them. However, there is a provision on improvement of legislation and this might be interpreted as the one related to asset recovery.

The "*National Action Plan to combat money laundering and terrorist financing, for 2017-2019*" (AML action plan) sets out the formation and implementation of state policy, including the improvement of legislation on confiscation and recovery of criminal proceeds. Moreover, the plan sets out a number of important measures related to the asset recovery, including improving legislation on forfeiture and recovery of criminally obtained funds or other property in accordance with international standards. The action plan also includes capacity building activities, setting out the need to encourage better investigation and prosecution of money laundering and terrorism financing and training for judges on legal aspects, including proving offences from a judicial perspective (*Section 4: Capacity building of the law enforcement agencies*). However, there is no specific indication with regards to capacity building activities on particular aspects of financial investigation to trace assets and the application of confiscation legislation.

The AML action plan has now expired. A new AML action plan will be drafted based on the findings of the National Risk Assessment (NRA) to be completed with support of the EU by the end of 2021.

Asset recovery continues to be a critical aspect of global development as corruption remains a major challenge, which leads to the reduction of investments in basic social services and economic growth, and seriously undermines the country's ability to mobilise resources to achieve the Sustainable Development Goals (SDGs) by 2030. In direct response to this challenge, international asset recovery organisations propose to their partner countries to develop a separate, standalone asset recovery strategy and related actions that intensify the fight against corruption and build more effective anti-corruption chains, in particular, by supporting also recovery of corruptly acquired public assets.

⁶ National Action Plan for 2020-2022 on Promotion of the Open Government" (NAP 2020-22) was approved by a Presidential Decree on 27 February 2020

3 Description

3.1 Background and justification

Combating organised crime and Illicit Financial Flows (IFFs), and recovering illicitly-obtained assets, requires multiple policy areas and transnational cooperation. Azerbaijan has invested substantially in measures to combat the nexus of corruption, organised crime and IFFs. Progress has been made in meeting anti-money laundering global standards to ensure adequate safeguards in commercial banks, and to inhibit the proceeds. Azerbaijan is now considered to be fully in line with the key UN conventions, the Financial Action Task Force (FATF) recommendations, and significant relevant EU directives.⁷

Azerbaijan is part of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism – MONEYVAL.⁸ Since the adoption of its fourth Mutual Evaluation Report, MONEYVAL Secretariat considered that Azerbaijan had taken sufficient steps and the country was removed from regular follow-up in November 2018.

The efficiency of anti-corruption and anti-money laundering regimes bears a correlation with the effectiveness of the asset recovery system of a country. Improving and systemizing current practices to trace, seize and forfeit proceeds of crime, is a matter of urgency and one of the crucial steps towards preventing and combating organized crime and corruption, reinstating justice and compensating the victims of crime. Although Azerbaijan is committed to several international conventions and treaties dealing directly or indirectly with the recovery of criminally obtained assets, not all elements required for a fully functional system are in place. This is well recognized by national authorities and some attempts have been already made *to create an effective asset recovery system in Azerbaijan*.

In early 2021, the legislative and institutional framework for asset recovery in Azerbaijan was analysed by a group of experts in the framework of the EU-funded project “Strengthening Anti-Money Laundering and Asset Recovery in Azerbaijan” (EU/CoE Partnership for Good Governance II, 2019-2021). A technical report “Analysis and Recommendations on the Legislative and Institutional Framework for Asset Recovery in the Republic of Azerbaijan”, elaborated by the project, highlights the challenges faced in asset recovery, underlines needs to be addressed and proposes actions to build an effective asset recovery system in Azerbaijan in line with EU and international best practices.

The report states that there is a strong need for developing a legislative and institutional framework and set up a fully operational asset recovery structure, including a specialised asset management office in Azerbaijan. Staff capacity development should be significant part of this process.

3.1.1 Legislative framework

Azerbaijan does not have a specific, standalone law that sets out legal measures for freezing and seizure, confiscation and enforcement of criminal confiscation orders. There are no legal provisions for freezing, seizure and confiscation of criminal assets through non-conviction based civil confiscation. Azerbaijan experienced only criminal and administrative confiscation and permits confiscation of an instrument used in the commission of an administrative offence or an object that was the direct subject of the administrative offence.

Confiscation of property following a criminal trial was previously defined as a type of punishment in the *Criminal Code (CC)* and only permitted in limited cases. In March 2012, the CC was amended and a new chapter, which makes provision for special confiscation measures for all criminal offences was added. Moreover, the amendment states that special confiscation is applicable to both individuals and legal entities that are convicted of criminal offences. The property may be confiscated from third parties after the confiscation order is issued, only if they know or should have known that it was obtained criminally, but regardless of whether it was acquired for its value.

Although the CC determines that instruments and means used by a convicted defendant for committing a crime; funds or other property obtained by a convicted defendant through a crime, as well as income received on the account of these funds or other property; other property or its respective part, into which illegally obtained funds or other property were converted fully or partially; and property used for financing of terrorism, terrorists or outlawed groups, organised groups or criminal organisations, are subject to compulsory and gratuitous confiscation, the definition an “extended confiscation” is not included to the list. There is also *no legal provision on “extended confiscation” in Azerbaijan*.

⁷ Illicit Financial Flows and Asset Recovery in the Republic of Azerbaijan, research paper 2021, <http://www.unicri.it/sites/default/files/2021-06/IFFs%20AR%20Azerbaijan.pdf>

⁸ <https://www.coe.int/en/web/moneyval/>

The *Criminal Procedure Code (CPC)* permits seizure of property with the aim of guaranteeing a civil party's claim and the confiscation of property in circumstances provided by the criminal law of Azerbaijan. Measures of seizure include⁹ prohibiting the use of property, preventing further transactions on a bank account, preventing third parties from dealing with frozen property as well as prohibiting dealing with the whole or part of a property owned by an accused person with other parties.

However, freezing shall not be applied to food which is essential to the owner or holder of the property and his family; fuel of little market value; specialist books and equipment used in carrying out a professional activity; frequently used kitchen utensils and supplies; or other essentials.

A full list of existing legislation regulating asset recovery in Azerbaijan is given in Annex 2.

According to the above mentioned report, the national authorities are encouraged to put in place legislation that provides for the widest possible range of legal tools to facilitate the recovery of the proceeds from corruption. The report also specifies a list of provisions to be included to the relevant codes and legislative acts (Annex 3).

3.1.2 Asset Recovery Practices and Institutional Arrangements

An effective asset recovery process requires close coordination and collaboration across multiple institutions. At present asset recovery is the responsibility of several ministries and other governmental institutions. Azerbaijan, like many of its neighbours in the region, has not yet formally established a national central Asset Recovery Office (ARO). However, a Department for the Coordination of Special Confiscation Issues (DCSCI), established in June 2020 within the PGO, is responsible for coordination of the activities of other structural units of the PGO to ensure special confiscation and assists them in detecting, tracking and seizing assets as well as international cooperation in connection with the return. The first stage of asset recovery is *identifying the proceeds of crime*. It should be noted that the identification and investigation are critical steps in the asset recovery process, as its success depends on the quality of supporting evidence of corruption cases. As indicated above, the legal base for the identification of criminal proceeds, property and other means used for the purpose of a crime are defined by the CC and other related legal documents.

The DCSCI sends inquiries to other government agencies to identify the property concerned, and after receiving relevant information, transmits them to the investigative bodies.

In Azerbaijan, there are a number of institutions mandated to conduct *investigations*: The Ministry of Internal Affairs (MIA); the State Tax Service under the Ministry of Economy; the State Security Service, the State Customs Committee, the PGO, the General Directorate for Combating Corruption (under the PGO), and the Ministry of Justice. Each of them has its own fixed competency defined by the Constitution, the CC and the CPC. The Anti-Corruption General Directorate under the Prosecutor General is well placed to provide operational support in these areas, by facilitating operational aspects of gathering evidence, financial analysis and asset freezing. There are analysts and investigators within the General Directorate specialised in financial analysis and investigation, providing reports including advice and recommendations to prosecutors and investigators on preliminary investigation material and criminal cases.

The CPC sets out a two-step approach – ‘*preliminary investigation*’ and ‘*investigation*’. Preliminary investigation takes the form of simplified pre-trial proceedings in respect of offences which do not pose a major public threat. Following this, and within ten days from the commencement of criminal proceedings, the case is taken forward for “investigation” which is mandatory and may be conducted either by the investigating authorities or the investigator within the PGO, depending on the type of crime.

The CPC does not distinguish between criminal and financial investigation and there are no dedicated financial investigators. Financial investigations to identify assets for confiscation are conducted by investigators and prosecutors within the Tax Service, the Customs Service and the investigative bodies of the PGO's General Directorate for Combating Corruption. The Law on Operational Search Activity allows the MIA and the State Security Service to carry out *asset tracing* (financial investigation).

The Code also sets strict time limits for investigation to prove the case. However, extension of time limits is possible and should be authorised by courts only to prove the criminal case. *No allowance is made for financial investigation to locate assets for subsequent confiscation.*

As stated in the CPC, property shall only be *frozen and seized* if evidence collected in the criminal case provides sufficient grounds for doing so, and on the basis of a court decision¹⁰. Provisional measures to freeze and seize assets are a key tool to safeguard the value of assets for any confiscation order that may

⁹ Article 248

¹⁰ Article 249

be made post-conviction. *There are no legal provisions for freezing, seizing and confiscating of criminal assets through non-conviction based civil confiscation.* The property will only be frozen and seized if there is a reasoned request by the investigator, an appropriate submission by the prosecutor in charge of the procedural aspects of the investigation, sufficient prima facie evidence to confirm that there are sufficient grounds for doing so based on the evidence in the criminal case, and if there are substantiated reasons to freeze and seize the property.

The value of frozen and seized property is determined on the basis of its average market price or based on expert valuation. The investigator or court bailiff delivers the freezing order to the property's owner or holder and requests its handing over (a defence counsel has the right to be present during this process).

Frozen precious metals and stones, pearls, money in local and foreign currency, securities (shares, bonds, cheques, treasury notes, loan certificates, lottery tickets etc) shall be given to the State Bank of the Republic of Azerbaijan for holding (Article 251, CPC). Other seized objects shall be packed (if possible), sealed and kept on the premises of the investigating authority or court or handed over for safe keeping to a representative of the relevant state authority, who will be warned about who will be notified of his legal responsibility for this. Property that is frozen but not removed shall be sealed and given to its owner or holder, or adult family members for safe keeping, in exchange for a commitment not to misappropriate, damage or destroy it, and the person concerned shall be warned about the statutory liability incurred for doing so.

Property that is frozen by a court through a court order may be released from freezing only on the basis of a court decision, except where a civil claim in the criminal case is withdrawn, the charges against the accused are altered or the criminal prosecution is discontinued.

Azerbaijan permits only criminal and administrative confiscation. Decision No. 516 of the Cabinet of Ministers¹¹ approves regulations on the transfer of confiscated property to State ownership, clarifies the purpose of the final court decision on special confiscation, makes provision for transfer and realisation of property, and defines the role of the Ministry of Finance, which plays a central role for realisation of confiscated assets.

The Ministry of Finance ensures transfer to State ownership depending on the type of asset. Other assets are transferred to be sold at auctions by the State Service on Property Issues (no private company may be designated in their place) and upon decision of the Ministry of Finance.

In Azerbaijan, the sale of seized assets is possible only after a final court decision. Pre-trial sales as well as using assets to cover legal defence costs is not possible. When a case is brought to court and a decision is taken, the State Service on Property Issues under the Ministry of Economy is in charge of the sale of the assets if they are confiscated.

A social re-use of seized assets is not allowed in Azerbaijan. There is also no separate fund for potential use of confiscated property in government and social projects. Money in national and foreign currencies shall be transferred to the account of the State Treasury Agency. The remaining assets may be sold by the State Service on Property Issues, upon decision of the Ministry of Finance.

Existing practices to detect, track, manage and transfer property subject to special confiscation by the state as well as institutional arrangements for asset recovery rely on a complex multi-stage process involving several ministries and other public administrations. Therefore, transferring of confiscated property to state ownership cannot be implemented in time. In addition, legal gaps and enforcement problems encountered at each stage result in further delays in the process and loss of asset value. For some assets, this even creates additional costs to the state.

Please refer to Annex 4 for further detail on existing practices to detect, track, manage and transfer property subject to special confiscation by the state, and Annex 5 for institutional arrangements for asset recovery.

Main institutional gaps and needs to be addressed

A key factor for an effective asset recovery system is the ability to rapidly identify assets. If jurisdictions cannot detect the wealth accumulated by criminals and identify their criminal proceeds quickly, there will not be anything to freeze, seize and confiscate. International standards (Asset Recovery Nine Key

¹¹ Decision No. 516 dated 30 December 2020 of the Cabinet of Ministers of the Republic of Azerbaijan on Approval of "Regulations on the Transfer of Confiscated Property to the State Ownership" And Amendments to "The Regulations on the Registration, Valuation, Maintenance, Use and Disposal of Property and Valuables Confiscated, Abandoned and Transferred to State Ownership on Inheritance Rights" Approved by Decision No. 69 of April 18, 2002 of the Cabinet of Ministers of the Republic of Azerbaijan.

Principles/Key Elements for an Institutional Framework, FATF¹²) state that jurisdictions should use multi-disciplinary groups for asset tracing to focus on assets subject to confiscation or suspected of being the proceeds of crime. The FATF states that countries should *designate one or more competent authorities responsible for identification and tracing of assets, which will later initiate freezing and seizure of assets for confiscation.*

Establishing a National Asset Recovery Office and a specialised national asset management structure

In Azerbaijan, a national asset recovery office (ARO) has not been formally established yet. Currently, the newly established DCSCI focuses only on confiscation issues. The department does not have direct powers to freeze assets, but does assist other prosecuting offices in justifying seizure of assets. The assistance/helpdesk function of the newly established department has not been set up yet. Not all regulations as well as internal procedures for the effective functioning of Asset Recovery System (ARS) have yet been established.

Establishing a full-fledged national Asset Recovery Office by upgrading the status of the DCSCI and granting it a new mandate would facilitate tracing of assets derived from crime, and improve the track record on asset seizure and forfeiture. A newly designed structure would provide an identifiable office for foreign law enforcement and prosecutors to relate to. This may encourage trust and familiarity between jurisdictions.

Once assets have been secured through provisional measures, authorities will need to ensure the safety and value of the assets until the assets are eventually confiscated or released – a period of time that can often take years with current practices. Sometimes control mechanisms are capable of working effectively without any need for supervision and management (e.g., once an order to freeze an account has been addressed to a bank, the bank can usually be relied upon to ensure that the account is effectively blocked). However, more targeted approaches may be required for certain assets in terms of their maintenance, control and management, for example for unique investment vehicles, exotic or valuable livestock, etc. It is essential for any asset confiscation system to have the flexibility to control and manage such assets pending confiscation, and the ability to realize them and pay proceeds to government or other authorized recipients after confiscation.

International standards require that jurisdictions should have mechanisms as well as an organisational set-up in place to manage frozen and seized assets effectively, pending final judgement¹³.

In Azerbaijan, there is no *specialised national asset management office*. Seized assets are under the authority of the relevant competent service at every stage of the process (for further detail refer to *Annexes 4 and 5*). The investigative body is responsible for the seizure of assets during the preliminary investigation. Although there is *no office accountable for assessing the value of seized/confiscated assets*, the newly established DCSCI within the PGO provides guidance in valuing assets upon the request of the prosecutor's office's criminal investigative bodies.

Therefore, setting up a specialized department within the DCSCI with the responsibility to manage seized or restrained assets, conduct pre-restraint planning and analysis, and coordinate post-confiscation realization or liquidation is crucial.

Adopting legislation establishing an asset management office as well as making the office operational feature among the recommendations of the monitoring report of the Istanbul Anti-Corruption Action Plan as well.

Improving data gathering, collecting and analysing practices and accurate statistical reporting

Absence of reliable and well-structured national data on asset recovery as a failure of accountability and urged Azerbaijan to commit to providing transparent, comprehensive and public asset recovery data, including number of cases being pursued, number of assets frozen, sanctions taken against financial facilitators and length of time taken.

To increase transparency in its asset recovery efforts by establishing a public asset recovery database, the mechanism developed by the ACD allows maintaining the statistics of the property to be seized or frozen. This mechanism allows to collect and analyse accurate statistics on what property is being confiscated, how the property is being disposed of, and the amount of proceeds of crime recovered. However, in the majority of cases, the method of transmitting information between the investigating authorities is manual via regular courier mail. The e-government system which aims to provide for the exchange of information between government agencies is already linking the FMS and the Tax Service, allowing access to and the exchange of information on legal entities, including their founders,

¹² The Financial Action Task Force (FATF) – the global money laundering and terrorist financing watchdog.

¹³ For example: art. 60(h) UNCAC, EU Directive 2014/42/EU.

supervisory board members, type of activity of the company, taxpayer status, amount of authorized capital, bank accounts, and the identification data of individual entrepreneurs. However, not all investigative institutions requiring access to this data for effective asset tracing, including DCSCI have direct access to the relevant information. Many of the agencies experience delays in requests for information. In some cases, they receive no response at all.

There is a great need to eliminate legal and institutional obstacles and ensuring direct access to databases and information systems of government agencies (for example, the taxing authority, vehicle registry authority, land registry authority, business records authority, criminal records authority and related entities) in order to allow the DCSCI to provide law enforcement (police and prosecutors) with consolidated reports on the assets held by those suspected of serious criminal activity, as well as assets in the possession of their family members and/or possible associates. Moreover, institutional and human capacity of the department should also be strengthened to analyse and prepare accurate statistics on what property is being confiscated, how the property is being disposed of, and the amount of proceeds of crime recovered.

Expanding international cooperation

The AML realises that asset recovery requires effective international cooperation and intends to establish mutual cooperation with international institutions/organisations on forfeiture and recovery of criminally obtained funds or other property (*Action 3.2: Provide for international cooperation on forfeiture and recovery of criminally obtained funds or other property*). Peer learning is essential in technically difficult fields such as asset recovery and the AML action plan acknowledges this by also aiming to provide for the participation of investigators, prosecutors and judges in international exchanges of experience on asset recovery.

An international cooperation is important in any step of asset recovery. The purpose of international cooperation is to coordinate state activities in order to prevent and combat transnational or cross-border criminal activities. However, there is no legislation or policies in place facilitating the use of informal networks and channels for international cooperation. Currently, this activity is regulated by the MLA (Article 2.3.10).

International asset recovery cooperation, in particular with eastern and western Europe, is still a challenge in Azerbaijan. AROs are a common institutional feature in Europe and other regions. Establishing a national ARO would provide an identifiable office for foreign law enforcement and for prosecutors to relate to. This may encourage trust and familiarity between jurisdictions, two important factors in international cooperation.

The newly established DCSCI is tasked also to carry out international cooperation, which is very important for the successful international asset recovery. The Department is involved in the majority of international requests for assistance related to asset recovery, either by providing advice on the possibilities in Azerbaijan or by facilitating and directing requests to the correct offices. Therefore, Camden Asset Recovery Inter-Agency Network and Asset Recovery Inter-Agency Network for Western and Central Asia (ARIN-WCA) contacts are located within this department. Experience in assisting jurisdictions within the ARIN networks has shown that practical knowledge and understanding of how to effectively identify, confiscate and recover assets is usually acquired from operational practice and peer learning. The Department has made an excellent start at integrating into the international asset recovery community. Azerbaijan has already joined a number of ARIN network meetings and capacity building events.

To further enhance their international cooperation on asset recovery and management, national authorities recognise the need to raise awareness on existing networks and platforms, in particular, work of EU ARO Platform, which was established to ensure implementation of Decision of the Council of the European Union 2007/845/JHA of 06 December 2007 on cooperation between the offices for the assets recovery in the field of tracing and finding of proceeds of crime or other property related to crimes, and its subgroups.

3.1.3 Human Resources development

The DCSCI, established within the PGO, is presently staffed with seven prosecutors. Although staff members have already attended a number of international meetings related to various aspects of confiscation, understanding of the need to prioritise financial investigation towards confiscation among public bodies including the DCSCI are limited.

There is a need in financial investigation capacity building among all public institutions involved in investigation and prosecution to improve effective asset recovery in Azerbaijan. Trained teams of

financial investigators should be established and embedded within those institutions conducting investigations across all types of crime.

Indicative topics required for capacity building activities, identified during the project formulation period, are included in Annex 7 (indicative list of thematic areas of asset recovery capacity development activities).

3.2 Ongoing reforms

A presidential decree strengthening reforms in the legal system was adopted on 3 April 2019, aiming at increasing the independence, efficiency and transparency of the judiciary. The decree includes decriminalisation measures; simplified access of entrepreneurs to courts and the establishment of specialised courts; increasing salaries of judges and court clerks; learning from international best-practice on increasing effectiveness in civil and commercial disputes; setting-up a hotline under the Judicial Legal Counsel for facts related to interference into court proceedings; monitoring compliance of the courts and judges; applying random allocation of court cases to judges; enforcing court decisions, including consideration of private entities; using forensic expertise by private entities; promoting mediation and effective arbitration; and recruiting 200 new judges.

A number of implementing acts have been drafted since then, targeting the establishment of specialised courts, improving mechanisms to prevent interference in courts, creating a single judicial practice, digitalising judicial activities, and ensuring social protection of judges, judicial examination and the enforcement of decisions.

Azerbaijan achieved some progress in its anti-corruption efforts in several sectors of public administration such as service delivery, police and education. The perception of corruption in police and education decreased as a result. The 2020 Corruption Perception Index of Transparency International ranked Azerbaijan 129th out of 180 countries.

The National Action Plan for the Promotion of an Open Government for 2020-2022 was approved on 27 February 2020. It envisages measures to prevent corruption and enhance transparency in the activities of state bodies, to ensure financial transparency, combat money laundering and terrorism financing, and measures on accountability and transparency and other relevant activities.

A new chapter on recognition and enforcement of court judgments or other final decisions of foreign jurisdictions was included into the Criminal Procedure Code by a decree dated 25 June 2020.

The Government of Azerbaijan (GoA) has made progress toward the establishment of an *effective asset recovery system by establishing the DCSC* within the new structure of the PGO through the presidential decree dated 10 June 2020. The DCSC, as the body responsible for the coordination of the activities of the structural units of the PGO, supports the identification, tracking and seizure of assets.

3.3 Linked activities

The EU-funded on-going technical assistance project “Strengthening Anti-Money Laundering and Asset Recovery in Azerbaijan (PGG II Azerbaijan)”, is one of the six projects which constitute the second phase of the EU/CoE Partnership for Good Governance (PGG) programme interventions to support Eastern Partnership countries to counter economic crime (implementation years: 2019-2022). The project has been designed to contribute to the EU 2020 targets set out in the priority area “Strengthening the rule of law and anti-corruption mechanisms,” and is aligned with the cooperation priorities identified in the EU-Azerbaijan Action Plan, and the Council of Europe Action Plan for Azerbaijan 2018-2022.

Support in the area of asset recovery is one of the two main components of the project. The ultimate goal of this support is to assist national authorities in elaborating a coherent policy framework and coordinated approach supported by an operational action plan on strengthening the asset recovery system in the country, towards a more comprehensive and effective system for recovering and managing proceeds from crime, in line with international and European standards.

The project assessed the existing legal and institutional framework for asset recovery and drafted a technical report that also provides actionable recommendations for its improvement in line with international standards and best practices.

The EU funded on-going regional project “Hunt Down Assets Linked to Organised Crime in Eastern Partnership Countries” (implementation years: 2020-2022) was launched in the framework of the European Union and the United Nations Interregional Crime and Justice Research Institute (UNICRI) to bolster the capacity of Eastern Partnership Countries (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine) in order to trace and confiscate assets linked to organised criminal

activity. The EU-funded initiative will bring technical assistance and expertise in hunting down assets linked to organised crime across the six countries.

The project aims further to strengthen the capacity of financial investigators to trace, freeze, seize, confiscate and recover assets in the hands of organised crime rings. Key officials within the Eastern Partnership Countries will benefit from UNICRI's long-standing expertise through meticulous needs assessments and highly-specialised training. Peer-to-peer mentoring and regular legal advice to overcome key issues, such as cross-border cooperation to seize and confiscate assets, will be part of the capacity building package.

The EU-funded Twinning project "Support for the Anti-Corruption Department with the Prosecutor General of the Republic of Azerbaijan" (implemented during 2009-2011) aimed to improve the quality and efficiency of service delivery by the public administration by fighting corruption. Training sessions for prosecutors and investigators on various subjects of the confiscation and recovery of assets were among the capacity development activities delivered by the Twinning partner, the Special Investigation Service and Prosecutor General's Office of the Republic of Lithuania.

3.4 List of applicable Union acquis/standards/norms:

The main treaties applicable to the asset recovery are Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS No. 198 of 16 May 2005, in force 1 May 2008) and International Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (ETS No. 141 of 8 November 1992, in force 1 May 1997.).

The list of main applicable European and UN conventions is attached in Annex 6.

3.5 Components and results per component

The following project components and results are designed to support the GoA in setting up a well-functioning and effective asset recovery system, with favourable impacts on the prevention of corruption. Establishing effective framework for the recovery of the stolen public assets is a powerful weapon against corruption and a useful tool for promoting transparency, accountability and integrity.

During the drafting process recommendations of the international organisations, in particular, actions recommended in a draft technical report "Analysis and Recommendations on the Legislative and Institutional Framework for Asset Recovery in the Republic of Azerbaijan" mentioned above were taken into account.

A logical framework with these components and mandatory results per component including indicators for measuring achievement of results is attached to this Twinning Fiche.

During the contract negotiation period, the project team in close coordination with the EU Delegation, shall revise the key output indicators and related activities of the project and re-design them (if necessary), based on the related achievements and planned activities envisaged under the above-mentioned EU-funded project "Strengthening Anti-Money Laundering and Asset Recovery in Azerbaijan".

Coordination with on-going other EU interventions (namely above mentioned and regional – "Hunting Down Assets Linked to Organised Crime in Eastern Partnership Countries" projects) should be ensured, in particular for activities related to awareness raising, designing and conducting of workshops and training sessions. Other donor activities in the field should also be considered.

Component 1: Establishing a national Asset Recovery System (ARS) through strategic planning and improving the legal framework

Having a twofold purpose, the component will support the Government of Azerbaijan:

- (1) to develop a specific standalone asset recovery strategy to ensure that asset recovery remains a policy objective, forcing the changes necessary to strengthen asset recovery in line with EU and best international practices.*

While developing the strategy, EU Policy Framework on the fight against criminal assets should be considered. Moreover, particular attention should be given to the criminalization of corruption offenses as identified by the United Nations Convention Against Corruption (UNCAC) and mechanisms for criminal forfeiture, non-conviction-based forfeiture and civil proceedings as well as other requirements of the conventions and treaties to which Azerbaijan is committed. Moreover, the Asset Recovery Committee (ARC) will be established as a forum to discuss how to achieve the objective of increasing

the level of criminal proceeds confiscated, develop and oversee implementation of the asset recovery strategy and related action plan.

This strategy will set up a framework for the establishment of an effective asset recovery system in Azerbaijan that allows better coordination among several actors and levels of action.

(2) to align the corresponding legal framework with EU directives and international best practices.

Reviewing and implementing outstanding recommendations of the above-mentioned EU funded project as well as monitoring of the Istanbul Anti-Corruption Action Plan for Azerbaijan with regard to asset recovery will be one of the main focus areas of the component.

Declaration of income, assets and liabilities is a forceful weapon against corruption and a useful tool for promotion of transparency, accountability and integrity. Therefore, a legal framework guiding public asset recovery will be revised to ensure that wealth declaration becomes a mandatory requirement for all state officers to enhance confidence in public administrations. The support will be provided to set up a sound legal framework for finding, freezing, forfeiting, and repatriating of corruptly acquired public assets as well.

Result 1.1: A strategic framework for establishment of a national Asset Recovery System (ARS) that follows the EU and international best practices is developed

Result 1.2: A national legal framework governing asset recovery, including legislation guiding recovery of stolen public asset is aligned with EU and international best practices

Component 2: Improving the institutional set-up and functioning of the DCSCI as a full-fledge national Asset Recovery Office

The component is designed to strengthen the institutional capacity of the DCSCI and establish a national ARO by designing a new mandate and outlining functions of the national ARO with the aim to remove the financial gain from crime. For this purpose, a restructuring plan for upgrading of existing structure and bringing them in line with EU and international best practices will be designed and its implementation will be supported. This plan will also include designing and setting up a specialized department within the new structure with the responsibility to manage seized or restrained assets, conduct pre-restraint planning and analysis, and coordinate post-confiscation realization or liquidation.

To make the newly established ARO operational, the project will support development of a national asset recovery mechanism, including work instructions and procedures, employee profiles, and other related rules and regulations in line with international best experiences. This will also include a set of methods for the initial valuation of property that is the object of special confiscation, based on international norms and standards as well as techniques of valuation of different categories of property (movable, immovable, etc.). Methods and guidelines for evaluation of the value of corruption-related property

Moreover, capacity of the department will be strengthened to collect and analyse accurate statistics on what property is being confiscated, how the property is being disposed of, and the amount of proceeds of crime recovered.

Result 2.1: An organizational structure and restructuring plan, including the roles and responsibilities of each structure, is developed for the effective functioning of the national asset recovery system, including management of the confiscated assets

Result 2.2: Operational capacity of the DCSCI is increased by elaborating the SOPs, work instructions, mechanisms, guidelines, reporting standards and other required documents for effective coordination of the asset recovery process, including evaluation of a value of corruption-related property

Component 3: Improving internal and external cooperation

The component aims to set up practical solutions to improve internal and external cooperation and information exchange capacities for asset tracing and enforcement of freezing and confiscation as well as management of confiscated property.

Result 3.1: Cooperation and knowledge / information exchange with national and foreign organizations in the field of asset recovery and coordination of confiscation issues, as well as effective management of confiscated property are improved

Component 4: Increasing knowledge and skills required to effectively undertake asset recovery actions

The component aims to strengthen the asset recovery capacity of the country by conducting training needs analyses of the institutions involved in investigation and prosecution (see Annex 5 for institutional engagement in Asset Recovery Cases), develop a comprehensive training programme that includes training of trainers components and delivering various awareness raising and capacity development activities.

Training in international cooperation for asset tracing and the enforcement of freezing and confiscation orders should also be delivered under the component.

A preliminary list of thematic areas is included in Annex 7.

Result 4.1: Knowledge and skills of the staff of the main beneficiary and other related bodies in the field of asset recovery and confiscation, as well as the management of confiscated property are strengthened.

3.6 Means/input from the EU Member State Partner Administration(s)

The project will be implemented in the form of a Twinning Grant Contract between the final beneficiary country and EU Member State(s). The implementation of the project requires one Project Leader (PL) with responsibility for the overall coordination of project activities and one Resident Twinning Adviser (RTA) to manage the implementation of project activities, four Component Leaders (CL) and a pool of short-term experts (STEs) within the limits of the budget. It is essential that the team has sufficiently broad expertise to cover all areas included in the project description.

Proposals submitted by Member States shall be concise and focused on the strategy and methodology and an indicative timetable underpinning this, the administrative model suggested, the quality of the expertise to be mobilised and clearly show the administrative structure and capacity of the Member State entities. Proposals shall be detailed enough to respond adequately to the Twinning Fiche, but are not expected to contain a fully elaborated project. They shall contain enough detail about the strategy and methodology and indicate the sequencing and mention key activities during the implementation of the project to ensure the achievement of overall and specific objectives and mandatory results/outputs.

The interested Member State(s) shall include in their proposal the CVs of the designated Project Leader (PL) and the Resident Twinning Advisor (RTA), as well as the CVs of the potentially designated Component Leaders-(CLs).

The Twinning project will be implemented in close co-operation between the partners aiming to achieve the mandatory results in a sustainable manner.

The set of proposed activities will be further developed with the Twinning partners when drafting the initial work plan and successive rolling work plan every three months, keeping in mind that the final list of activities will be decided upon in cooperation with the Twinning partner. The components are closely inter-linked and need to be sequenced accordingly.

3.6.1 Profile and tasks of the PL

The Project Leader (PL) will be responsible for the overall planning and implementation of the thrust of the MS inputs in this Twinning project and will ensure the achievement of the mandatory results.

The PL is expected to devote a minimum of three days per month from his home country to assess the progress of the project and three days quarterly in Azerbaijan, as long as the situation allows it, for attending the steering committee meetings.

In cooperation with the Beneficiary Country (BC) Project Leader appointed by the Beneficiary, she/he will be responsible to coordinate the Project's steering committee (PSC), which includes the RTA and representatives of the Programme Administration Office (PAO) and of the EU Delegation.

The PL shall be a senior staff member at an EU Member State public (governmental) body.

Minimum requirements for the PL's profile are:

- University degree in law, public administration, political sciences or or another relevant discipline, or equivalent professional experience of eight years in a discipline relevant to the twinning for which the candidate is proposed
- At least three years of professional experience at a senior managerial level related to the asset recovery and confiscation activity in anticorruption agencies/ judiciary/ prosecution and/or other relevant institutions of an EU MS;

- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);
- Strong analytical and managerial background;
- Inter-personal and communication skills;
- At least one year of experience of managing multi-disciplinary and multinational teams;
- Previous experience in international projects, ideally Twinning projects will be an asset;
- Azerbaijani, Turkish or Russian language skills will be an asset.

Main tasks:

- To supervise and coordinate the overall project preparation;
- To supervise, guide and monitor project implementation towards timely achievement of project results;
- To liaise with the BC administration at the political level;
- To ensure timely availability of expertise;
- To prepare the project progress report with the support of the RTA;
- To co-chair the project steering committees.

3.6.2 Profile and tasks of the RTA

The Resident Twinning Adviser (RTA) will be based in Azerbaijan to provide full-time input and advice to the project for its entire duration. She/he will be in charge of day-to-day project implementation and coordination of project activities according to a predetermined work plan and liaise with the RTA counterpart in Azerbaijan. (S)he should co-ordinate the project and have a certain level of understanding of all the components.

Minimum requirements for the RTA's profile are:

- University degree in law or equivalent professional experience of eight years in a discipline relevant to the twinning for which the candidate is propose
- At least three years of professional experience related to the asset recovery and confiscation in a anticorruption agencies/ judiciary/ prosecution and/or other relevant institutions of an EU MS;
- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);
- Experience in project management will be an asset;
- Experience in implementation of relevant EU legislation and EU instruments related to the project components will be an asset;
- Azerbaijani, Turkish or Russian language skills will be an asset.

Main tasks:

- To coordinate and assure project implementation and implementation of all project activities;
- To prepare the initial and subsequent work plans and project progress reports, together with the PL;
- To assure the coherence and continuity of the successive inputs and the on-going progress;
- To coordinate the activities of all team members in line with the work plan;
- To assess continuously the project progress to assure its timely implementation;
- To prepare the material for regular monitoring and reporting;
- To liaise with MS and BC PLs and maintain regular contact with the BC RTA;
- To provide technical advice, support and assistance to the beneficiary institution in the areas specified in the work plan;
- To liaise with the EUD Project Manager;
- To liaise with other relevant institutions in Azerbaijan and with other relevant projects.

The RTA will be supported by an assistant that will handle administrative arrangements for conferences, training, seminars, etc. including provision of interpreters and the ensuring of translations.

A full-time interpreter/translator may also be recruited in Azerbaijan and funded by the project. (S)he will perform most of the required interpretation/translation services. Additional interpretation may be procured and funded by the project under special circumstances such as simultaneous interpretation.

3.6.3 Profile and tasks of Component Leaders:

The Component Leaders will work in close cooperation with the RTA and the beneficiary administration in order to meet the mandatory results. Their main task is to plan and coordinate the activities under their respective areas of responsibility in collaboration with the partner institutions.

Minimum requirements for the Component Leaders' profile are:

- University degree or equivalent professional experience of eight years in a discipline relevant to the component of the twinning for which the candidate is proposed;
- Minimum of three years of professional experience at operational level in relevant MS Asset Recovery Office in a field relevant to the component for which the candidate is proposed;
- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);
- Experience in capacity building and ideally twinning projects will be an asset;
- Azerbaijani, Turkish or Russian language skills will be an asset.

Main tasks:

- To provide component coordination, guidance and monitoring in close cooperation with the BC component leader, RTA and RTA counterpart;
- Preparation of Terms of Reference (ToR) for short term expert missions relevant to their component and overseeing the implementation of STE missions;
- Continually monitoring objective achievements related to their component and comparing actual progress with the specified benchmarks and time-frame;
- Support the RTA in the preparation of the interim, quarterly and final reports related to their component;
- To provide practical expertise and technical advice, as well as coaching to the relevant staff in the Beneficiary administration for the execution of activities relevant for their project components;
- To analyse policies and practices in the thematic area relevant to their respective component;
- To support drafting of action plans, training plans, studies;
- To prepare and conduct training programs, to facilitate stakeholders' dialogue;
- To draft technical documents relevant to their component's results in close cooperation with the BC counterparts;
- To suggest improvements of relevant procedures and systems.

3.6.4 Profile and tasks of other short-term experts:

STEs should be identified by the Project Leader/RTA and will be agreed upon with the Beneficiary Administration during the negotiation phase of the Twinning contract following these indicative (but not exclusive) areas:

- Legal inquiries for freezing, seizure, sharing agreements, asset recovery of properties which are located abroad in several jurisdictions;
- Non-conviction based confiscation;
- Valuation of property, asset management in pre-trial and trial duration;
- Extended confiscation, predicate criminals;
- Mixed proceeds, indirect(derivative) proceeds;
- Properties obtained by illegal means that could not be detected in pre-trial duration;
- E-register specialist;
- Asset recovery statistics;
- Etc.

Minimum requirements for the profile are:

- University degree or equivalent professional experience of 8 years;
- At least 3 years of professional experience in a respective field related to the purpose of the mission foreseen in the work plan;
- Very good spoken and written English (at least level 2 on a scale of 1 [excellent] to 5 [basic]);
- Experience in delivering capacity building activities will be an asset;
- Experience in providing inputs to policy documents, methodological guides and/or handbooks will be an asset.

Main tasks:

- To provide advice, expertise and/or coaching to relevant staff of the Beneficiary administration for the execution of specified project activities;
- To plan and deliver capacity building activities (workshops/seminars, study tours, training sessions);
- To suggest improvements of relevant procedures and systems including suggestions for the revision of the regulatory framework;
- To provide support in drafting action plans and roadmaps;
- To report on the results of the missions;
- To liaise with RTA and BC counterparts.

** Contracting authorities should note that if using "minimum" as reference since proposals not meeting this requirement will have to be considered non-compliant and the joint experience of the team (PL, RTA, Component Leaders) in such cases cannot compensate for the minimum requirement not being met.*

** Contracting authorities are invited to carefully consider the level of private sector expert input and define the maximum level accepted if possible.*

4 Budget

Maximum Budget available for the Twinning Grant is *EUR 1,500,000*.

5 Implementation Arrangements

5.1 Implementing Agency responsible for tendering, contracting and accounting (AO/CFCU/PAO/European Union Delegation/Office)

The Delegation of the European Union to the Republic of Azerbaijan (EUD) in Baku, Azerbaijan will be responsible for the tendering, contracting, payments and financial reporting. EUD will work in close co-operation with the Beneficiary.

Address: Landmark III, 11th Floor, 90A, Nizami str.
AZ 1010 Baku, Republic of Azerbaijan
<http://eeas.europa.eu/delegations/azerbaijan>

The persons in charge of the project at the EUD are:

Head of Cooperation

Tel. +994 12 497 20 63 (ext. 853)

DELEGATION-AZERBAIJAN-HOC@eeas.europa.eu

Head of Finance, Contracts and Audit

Tel. +994 12 497 20 63 (ext.830)

DELEGATION-AZERBAIJAN-FCA-SECTION@eeas.europa.eu

5.2 Institutional framework

The General Prosecutor's Office of the Republic of Azerbaijan is the main beneficiary of the Twinning project. The direct beneficiary and central counterpart of the project is the Department for the Coordination of Special Confiscation Issues of the Prosecutor General's Office within the PGO. The department is staffed with seven prosecutors and three technical personnel.

However, the project will extend assistance to other structures under the PGO (International legal cooperation department of the PGO; Organizational and information support department of Anti-corruption Directorate with the PGO; Investigative department of Anti-corruption Directorate with the PGO) as well as other state bodies involved to asset recovery cases (see Annex 5 for institutional engagement in Asset Recovery Cases).

A full list of the structural units of the Prosecutor General's Office is given in Annex 8.

5.3 Counterparts in the Beneficiary administration

The PL and RTA will be staff of the Beneficiary administration and will be actively involved in the management and coordination of the project.

5.3.1 Contact person:

Amir Ojagverdiyev – Deputy Director of International legal cooperation department
email: a.ocagverdiyev@outlook.com
mobile: (+994 55) 389-85-77

5.3.2 PL counterpart

Vuqar Aliyev – Chief of the DCSCI
email: vuqar.aliyev@prosecutor.gov.az
mobile: (+994 50) 214-94-81; landline: (+994 12) 361-14-80

5.3.3 RTA counterpart

Ahmad Hasanov – Prosecutor of the DCSCI
email: ahmad.hasanov@prosecutor.gov.az
mobile: (+994 50) 224-24-99; landline (+994 12) 361-14-83

6 Duration of the project

Execution period of the project shall be *27 months (24 months of implementation + 3 months closure period)*.

7 Management and reporting

7.1 Language

The official language of the project is the one used as contract language under the instrument (English). All formal communications regarding the project, including interim and final reports, shall be produced in the language of the contract.

7.2 Project Steering Committee

A project steering committee (PSC) shall oversee the implementation of the project. The main duties of the PSC include verification of the progress and achievements *via-à-vis* the mandatory results/outputs chain (from mandatory results/outputs per component to impact), ensuring good coordination among the actors, finalising the interim reports and discuss the updated work plan. Other details concerning the establishment and functioning of the PSC are described in the Twinning Manual.

7.3 Reporting

All reports shall have a narrative section and a financial section. They shall include as a minimum the information detailed in section 5.5.2 (interim reports) and 5.5.3 (final report) of the Twinning Manual. Reports need to go beyond activities and inputs. Two types of reports are foreseen in the framework of Twinning: interim quarterly reports and final report. An interim quarterly report shall be presented for discussion at each meeting of the PSC. The narrative part shall primarily take stock of the progress and achievements *via-à-vis* the mandatory results and provide precise recommendations and corrective measures to be decided by in order to ensure the further progress.

8 Sustainability

The sustainability of the achievement of this project will be assured by the adoption of best practices and solutions at the system level, thus prepare the grounds for Azerbaijani enhanced compliance with the selected EU Acquis and specifically best European practices in the field of asset recovery and effective confiscation. New policy directions and practices will be proposed by the project. In their development a participatory and facilitative approach will be used in order to create ownership of the process and the results. Involvement of all relevant stakeholders will assure that the developed policy options have adequate acceptance among national partners. Mechanisms for communication and dialog between the public institutions and international organisations introduced by the project are meant to be a lasting contribution of the project to the asset recovery policy development in Azerbaijan.

The sustainability of the project results is dependent on the commitment of the Beneficiary administration. Sufficient number of personnel from the Beneficiary administration will be assigned to work in the implementation of the project. Capacity building of the staff will be reinforced by the development of handbooks and guidelines which will be translated in the local language. The training materials will be at the Beneficiary's disposal to multiply and/or scale up the training and/or to update it, should the need arise. Project interventions are meant to reach the level of management practices in the relevant institutions and every-day procedures which should ensure that the results of the project last beyond the project's timeframe.

9 Crosscutting issues (equal opportunity, environment, climate etc...)

Equal opportunity in the project will be assured in accordance with EU standards and equal opportunity policies. Equal treatment of women and men will be observed in the project staffing, implementation and management. In particular, attention to the equality principle will be given to the selection of personnel for training and capacity building activities.

Relevant project information and all communication and visibility materials must be updated and approved by the EU Delegation through the EU's project communication database 'EUDIGITool'. All visibility and communication material will be kept up to date throughout the lifetime of the project. The use of the 'EUDIGITool' approval system is a mandatory requirement.

10 Conditionality and sequencing

There is no conditionality set for this project as the external conditions for achieving the results of this intervention are present - Beneficiary has demonstrated a commitment in the development of this project.

11 Indicators for performance measurement

The indicators for measuring success of the project implementation, linked to the Mandatory Results that have been outlined above in the Section 3.5 are:

- The indicators of achievement for Result 1.1:
 - ✓ Availability of a fully functional Asset Recovery Committee (ARC), established with a clearly defined mandate, roles and responsibilities to increase the level of the confiscated criminal proceeds;
 - ✓ Number of roundtable events to discuss main objectives and directions of the strategy to be developed;
 - ✓ Availability of an asset recovery strategy and related Action Plan that defines objectives, priorities, approach, and indicative timelines for strategy implementation;
 - ✓ A stakeholder validation workshop.
- The indicators of achievement for Result 1.2:
 - ✓ Availability of an analytical report, which includes a multi-sector study/assessment as well as recommendations for improving the legal framework governing the asset recovery (including recovery of corruptly acquired public assets) system;
 - ✓ Availability of a separate, standalone national asset recovery law which contains all the relevant national legislative provisions for freezing, seizing, managing and confiscating the proceeds and instrumentalities of crime agreed with the beneficiary and submitted for adoption;
 - ✓ Availability of a sound legal framework for finding, freezing, forfeiting, and repatriating of stolen public assets;
 - ✓ Number of amended/developed (if required) legal acts;
 - ✓ Number of stakeholder validation workshops.
- The indicators of achievement for Result 2.1:
 - ✓ Proposals and restructuring plan for the transformation of the DCSCI into a National ARO that can be easily recognized by foreign law enforcement and prosecutor offices for communication;
 - ✓ Availability of an asset management structure within the reorganised ARO, including related decree for restructuring;
 - ✓ Number of statutes with a clear mandate and functions, developed for the new and/or upgraded structures;
 - ✓ Number of employee profiles;
 - ✓ Proposals for the designation of a national asset recovery coordinator, including his/her mandate, roles and responsibilities;

- ✓ Number of roundtable discussions;
- ✓ A stakeholder workshop for validations of the new structures and restructuring plan.
- The indicators of achievement for Result 2.2:
 - ✓ Availability of a report on existing work practices, including databases, rules and regulations governing the data collection, recoding and analysis of information on the type and amount of confiscated property and the disposal of this property, including the assessment of information technology / equipment needs, which also includes precise specifications for the reorganisation and transfer of the existing data to the new structure as well as User Manual and capacity development activities;
 - ✓ Availability of a mechanism of post-conviction investigation to recover the proceeds of crime that were not apprehended during the investigations;
 - ✓ Availability of a well-targeted compensation mechanism for the criminal damages;
 - ✓ A set of methods for the initial valuation of property that is the object of special confiscation, developed in line with international norm and standards as well as techniques of valuation of different categories of property (movable, immovable, etc.);
 - ✓ Availability of a guidelines for assessing of the value of corruption-related property
 - ✓ Mechanism for the sale and social re-use of confiscated and seized assets based on international standards;
 - ✓ Proof standards for confiscation;
 - ✓ Asset recovery handbook;
 - ✓ Number of Standard Operations Procedures (SOPs) and guardianships/instructions for effective confiscation, management and recovery of the property, including cryptocurrencies, as well as guidelines that include all guidance and procedures;
 - ✓ Computer-based, well-structured, accurate and no-cost central database of asset recovery cases, that also provides transparent, comprehensive and public asset recovery data;
 - ✓ Concept and technical specification of a unified/single a centralised information management system for recording, managing and reporting on all aspects of the asset recovery cases that also includes information on property confiscated by other entities;
 - ✓ Number of standard report forms.
- The indicators of achievement for Result 3:
 - ✓ A communication strategy (internal and external) and related Action Plan developed and submitted to the Prosecutor General's Office for approval;
 - ✓ Inventory of data sources for collecting of information by type of assets that are object of special confiscation;
 - ✓ Number of drafted Memorandums of Understanding (both domestic and foreign stakeholders) providing better coordination and information exchange between the various parties involved in the Recovery and Seizure of Assets at the domestic and foreign levels;
 - ✓ Number of proposals on the representation of the national ARO in the internationally recognized Asset Return Networks;
 - ✓ Number of amended and/or new rules for collecting information on the type and amount of confiscated property as well as disposal of this property from internal and external sources.
- The indicators of achievement for Result 4:
 - ✓ A Training Needs Analysis Report – report on the assessment of the training needs of the DCSCI and other relevant agencies involved in the management and effectiveness of asset recovery and confiscation regimes;
 - ✓ Availability of a training programme, curricula and training materials;
 - ✓ Number of organized training sessions, seminars and study tours, including number of staff of the Institute and other institutions that participated in the trainings;
 - ✓ Number of “Training of trainers”, including a number of trained trainers;
 - ✓ Number of designed and implemented awareness-raising and promotion campaigns.

The logical framework, including the indicators, will be revisited during the inception period of the project. The workplan which will be composed in collaboration with the MS and the PGO, in particular, DCSCI will further specify the indicators.

12 Facilities available

The Beneficiary commits itself to deliver the following facilities:

- Adequately equipped office space for the RTA and the RTA's assistants for the entire duration of the secondment;
- Supply of the office room including access to computer, telephone, internet, printer, photocopier;
- Adequate conditions for the STEs/MTEs to perform their work while on missions;
- Provide suitable venues for the meetings and training sessions that will be held under the project;
- Availability of staff that will be involved during the twinning project implementation;
- Full coordination and transparency are expected among all key players involved.

Abbreviations

1988 Vienna Convention	United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
AML Action Plan	National Action Plan to Combat Money Laundering and Terrorist Financing, for 2017-2019
AML Law	Law of the Republic of Azerbaijan on Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism
AML/CFT	Anti-money laundering and countering the financing of terrorism
AMO	Asset Management Office
ARIN	Asset Recovery Inter-Agency Network
ARIN-WCA	Asset Recovery Inter-Agency Network for Western and Central Asia
ARO	Asset Recovery Office
ARS	Asset Recovery System
BC RTA	Beneficiary Country Resident Twinning Adviser
CARIN	Camden Asset Recovery Inter-Agency Network
CC	Criminal Code of the Republic of Azerbaijan
CPC	Criminal Procedure Code of the Republic of Azerbaijan
CETS 198	Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism
CoE	Council of Europe
DCSCI	Department for the Coordination of Special Confiscation Issues of the Prosecutor General's Office
ENI	European Neighbourhood Instrument
ETS 108	Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data
ETS 141	Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime
ETS 181	Additional Protocol to the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data regarding Supervisory Authorities and Transborder Data Flows
ETS 182	Second Additional Protocol to the European Convention on Mutual Assistance in Criminal Matters
ETS 30	European Convention on Mutual Assistance in Criminal Matter
ETS 99	Additional Protocol to the European Convention on Mutual Assistance in Criminal Matters
EU	European Union
EUD	European Union Delegation to Azerbaijan
FATF	Financial Action Task Force
GoA	Government of Azerbaijan
IFF	Illicit Financial Flow
MIA	Ministry of Internal Affairs of Azerbaijan
ML/TF	Money laundering and terrorism financing
MLA Law	Law of the Republic of Azerbaijan on Legal Assistance in Criminal Matters
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
MTE	Mid-term Expert
MS	EU member state
NAP	National Action Plan for 2020-2022 on Promotion of the Open Government
NRA	National Risk Assessment

PAO	Programme Administration Office
PCA	Partnership Cooperation Agreement
PGG	Partnership for Good Governance
PGO	Prosecutor General's Office
PL	Project Leader
PSC	Project's Steering Committee
RTA	Resident Twinning Adviser
SDG	Sustainable Development Goals
STE	Short-term Expert
ToR	Terms of Reference
UNCAC	United Nations Convention Against Corruption
UNICRI	United Nations Interregional Crime and Justice Research Institute
UNTOC	United Nations Convention against Transnational Organised Crime

ANNEXES TO PROJECT FICHE

Annex 1: Simplified Logical framework matrix

Annex 2: List of relevant Laws and Regulations

Annex 3: List of legal provisions to be included to the relevant legal acts

Annex 4: Current Asset Recovery practices and Institutional Engagement in Asset Recovery Cases

Annex 5: Description of the process of detection, tracking, management and transfer of property subject to special confiscation to the state

Annex 6: International Conventions and Agreements

Annex 7: Indicative list of thematic areas for the asset recovery capacity building activities

Annex 8: Structural units of the Prosecutor General's Office

Annex 1: Simplified Logical Framework as per Annex C1a

	Description	Indicators (with relevant baseline and target data)	Sources of verification	Risks	Assumptions (external to project)
Overall Objective	To support the General Prosecutor's Office of the Republic of Azerbaijan to improve the efficiency of criminal justice, as well as to governance and the rule of law through modernization of the asset recovery and management system in line with EU and international best practices	<ul style="list-style-type: none"> Corruption Perceptions Index after one year of Twinning completion (CPI) (<i>baseline – 129 (2020), target – at least improvement of 5 positions in 2025</i>) 	<ul style="list-style-type: none"> Transparency International 2020 and 2025 reports report 		
		<ul style="list-style-type: none"> Basel AML Index after one year of Twinning completion (<i>baseline – 66 (2020), target – 60</i>) 	<ul style="list-style-type: none"> Basel AML index 2020 and 2025 reports 		
		<ul style="list-style-type: none"> Regulatory and institutional framework as well as organisational structures for asset recovery functioning in line with EU and international best practices (<i>baseline – 0, target –1</i>) 	<ul style="list-style-type: none"> EU assessment report Monitoring report of the Istanbul Anti-Corruption Action Plan for Azerbaijan 		
		<ul style="list-style-type: none"> Number of accurate and comprehensive confiscation statistics after one year of Twinning completion (<i>baseline – 0, target – at least improvement of XX statistics in 2025</i>) 	<ul style="list-style-type: none"> EU assessment report Monitoring report of the Istanbul Anti-Corruption Action Plan for Azerbaijan 		
Specific (Project) Objective(s)	To strengthen the institutional and operational capacity of the Department for the Coordination of Special Confiscation Issues of the Prosecutor General's Office (DCSCI) to ensure that it fully	<ul style="list-style-type: none"> Availability of a legal-regulatory frameworks for the control over the movement of property that is subject to special confiscation and recovery of proceeds from crime (<i>baseline – not available, target – available</i>) 	<ul style="list-style-type: none"> Project progress and final reports Project technical reports 	<ul style="list-style-type: none"> Unstable political environment Difficulties and delays related in adoption of the 	<ul style="list-style-type: none"> Political willingness and continuous commitment of national authorities Willingness and ability to introduce legislative reforms

	fulfils its mandate in the area of criminal property detection, tracking and recovery as well as asset management.	<ul style="list-style-type: none"> ▪ Organizational structure (s) for controlling the movement of property subject to special confiscation and recovering proceeds from crime, functioning in accordance with EU and international best practices (<i>baseline – 0, target –1</i>) 	<ul style="list-style-type: none"> ▪ Project progress and final reports ▪ Project technical reports 	<p>related new/amended legislative acts</p> <ul style="list-style-type: none"> ▪ Insufficient experience of employees in drafting specific legal amendments, regulatory and supervisory documents ▪ Lack of commitment from different authorities 	<ul style="list-style-type: none"> ▪ Good inter-sector communication ▪ Effective monitoring of the project implementation is in place
Component 1: Establishing a national Asset Recovery System (ARS) through strategic planning and improving the legal framework					
Mandatory results/outputs by components	Result 1.1: A strategic framework for establishment of a national Asset Recovery System (ARS) that follows EU and international best practices is developed	<ul style="list-style-type: none"> ▪ Availability of a fully functional Asset Recovery Committee (ARC), established with a clearly defined mandate, roles and responsibilities to increase the level of the confiscated criminal proceeds (<i>baseline – not available, target – available</i>) 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government reports ▪ ARC meeting protocols 	<ul style="list-style-type: none"> ▪ Unstable political environment to continue the reform ▪ Difficulties and delays related in adoption of the related new/amended legislative acts ▪ Insufficient experience of employees in drafting specific legal 	<ul style="list-style-type: none"> ▪ Political will to establish strategic development framework for the asset recovery ▪ Approval of amendments and new legislation is at least partly achieved ▪ Full commitment on the further reform
		<ul style="list-style-type: none"> ▪ Number of roundtable events to discuss main objectives and directions of the strategy to be developed (<i>baseline – 0, target –10</i>) 	<ul style="list-style-type: none"> ▪ Project reports ▪ Roundtable discussions reports/protocols 		

		<ul style="list-style-type: none"> ▪ Availability of an asset recovery strategy and related Action Plan that defines objectives, priorities, approach, and indicative timelines for strategy implementation <i>(baseline – not available, target – available)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government reports 	<p>amendments, regulatory and supervisory documents</p>	<ul style="list-style-type: none"> ▪ Beneficiary institutions are able to absorb project deliverables ▪ Efficient coordination with relevant public administrations legislative committees
	<ul style="list-style-type: none"> ▪ A stakeholder validation workshop <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report ▪ Mass-media 			
<p>Result 1.2: A national legal framework governing asset recovery, including legislation guiding recovery of stolen public asset is aligned with EU and international best practices</p>	<ul style="list-style-type: none"> ▪ Availability of an analytical report, which includes a multi-sector study/assessment as well as recommendations for improving the legal framework governing the asset recovery (including recovery of corruptly acquired public assets) system <i>(baseline – not available, target – available)</i> 	<ul style="list-style-type: none"> ▪ Project reports 			
	<ul style="list-style-type: none"> ▪ Availability of a separate, standalone national asset recovery law which contains all the relevant national legislative provisions for freezing, seizing, managing and confiscating the proceeds and instrumentalities of crime agreed with the beneficiary and submitted for adoption <i>(baseline – not available, target – available)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Copy of the draft Law 			
	<p>Availability of a sound legal framework for finding, freezing, forfeiting, and repatriating of stolen public assets</p>	<ul style="list-style-type: none"> ▪ Project reports ▪ Copy of the revised/developed legal acts 			

		<ul style="list-style-type: none"> ▪ Number of amended/developed (if required) legal acts (<i>baseline – 0, target –5</i>) 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government reports 		
		<ul style="list-style-type: none"> ▪ Number of stakeholder validation workshops (<i>baseline – 0, target –1</i>) 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report ▪ Mass-media 		

Component 2: Improving the institutional set-up and functioning of the DCSCI as a full-fledge national Asset Recovery Office

<p>Mandatory results/outputs by components</p>	<p>Result 2.1: An organizational structure and restructuring plan, including the roles and responsibilities of each structure is developed for the effective functioning of the national asset recovery system, including management of the confiscated assets</p>	<ul style="list-style-type: none"> ▪ Proposals and restructuring plan for the transformation of the DCSCI into a National ARO that can be easily recognized by foreign law enforcement and prosecutor offices for communication <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Reorganisation plan 	<ul style="list-style-type: none"> ▪ Unstable political environment to continue the reform ▪ Lack of adherence to anti-money laundering requirements ▪ Lack of transparency and accountability in the asset recovery process ▪ Operational barriers and lack of specialized skills in AZ counterparts 	<ul style="list-style-type: none"> ▪ Political will to establish and strengthen autonomous state bodies on asset recovery and management is in place ▪ Beneficiary institutions are committed to increasing their investigation and prosecution capacities
	<p>Availability of an asset management structure within the reorganised ARO, including related decree for restructuring <i>(baseline – not available, target – available)</i></p>	<ul style="list-style-type: none"> ▪ 			
	<ul style="list-style-type: none"> ▪ Number of statutes with a clear mandate and functions, developed for the new and/or upgraded structures <i>(baseline – 0, target – 100% of total structures reorganised and established)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Copies of the Statutes 			
	<ul style="list-style-type: none"> ▪ Number of employee profiles <i>(baseline – 0, target –100% of total employee positions defined by new structure)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Copies of the employee profiles 			
	<ul style="list-style-type: none"> ▪ Proposals for the designation of a national asset recovery coordinator, including his/her mandate, roles and responsibilities <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report 			
	<ul style="list-style-type: none"> ▪ Number of roundtable discussions <i>(baseline – 0, target –10)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Roundtable discussions reports/protocols 			

		<ul style="list-style-type: none"> ▪ A stakeholder workshop for validations of the new structures and restructuring plan <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report ▪ Mass-media 		
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	<p>Result 2.2: Operational capacity of the DCSCI is increased by elaborating the SOPs, work instructions, mechanisms, guidelines, reporting standards and other required documents for effective coordination of the asset recovery process, , including evaluation of a value of corruption-related property</p>	<ul style="list-style-type: none"> ▪ Availability of a report on existing work practices, including databases, rules and regulations governing the data collection, recoding and analysis of information on the type and amount of confiscated property and the disposal of this property, including the assessment of information technology / equipment needs, which also includes precise specifications for the reorganisation and transfer of the existing data to the new structure as well as User Manual and capacity development activities <i>(baseline – not available, target – available)</i> 	<ul style="list-style-type: none"> ▪ Project reports 		
		<ul style="list-style-type: none"> ▪ Availability of a mechanism of post-conviction investigation to recover the proceeds of crime that were not apprehended during the investigations <i>(baseline – not available , target – available)</i> 	<ul style="list-style-type: none"> ▪ Project reports 		
		<ul style="list-style-type: none"> ▪ Availability of a well-targeted compensation mechanism for the criminal damages <i>(baseline – not available, target – available)</i> 	<ul style="list-style-type: none"> ▪ Project reports 		

		<ul style="list-style-type: none"> ▪ A set of methods for the initial valuation of property that is the object of special confiscation, developed in line with international norm and standards as well as techniques of valuation of different categories of property (movable, immovable, etc.) <i>(baseline – 0, target –1)</i> ▪ Availability of a guidelines for assessing of the value of corruption-related property <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government reports 		
		<ul style="list-style-type: none"> ▪ Mechanism for the sale and social re-use of confiscated and seized assets based on international standards <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government reports 		
		<ul style="list-style-type: none"> ▪ Proof standards for confiscation <i>(baseline – 0, target – at least 5)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government reports 		
		<ul style="list-style-type: none"> ▪ Asset recovery handbook <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Copy of the handbook 		
		<ul style="list-style-type: none"> ▪ Number of Standard Operations Procedures (SOPs) and guardiancies/instructions for effective confiscation, management and recovery of the property, including cryptocurrencies, as well as guidelines that include all guidance and procedures <i>(baseline – 0, target – at least 5)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Draft Manual/ Guidelines accepted by the PGO 		
		<ul style="list-style-type: none"> ▪ Computer-based, well-structured, accurate and no-cost central database of asset recovery cases that also provides transparent, comprehensive and public asset recovery data; <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Database in use 		

		<ul style="list-style-type: none"> ▪ Concept and technical specification of a unified/single a centralised information management system for recording, managing and reporting on all aspects of the asset recovery cases that also includes information on property confiscated by other entities; <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports 		
		<ul style="list-style-type: none"> ▪ Number of standard report forms <i>(baseline – 0, target –at least 3)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government reports ▪ Copies of the produced reports 		

Component 3: Improving internal and external cooperation

<p>Result 3.1: Cooperation and knowledge / information exchange with national and foreign organizations in the field of asset recovery and coordination of confiscation issues, as well as effective management of confiscated property are improved</p>	<ul style="list-style-type: none"> ▪ A communication strategy (internal and external) and related Action Plan developed and approved by the Prosecutor General's Office <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report ▪ Copy of the strategy 	<ul style="list-style-type: none"> ▪ Inefficient exchange of information ▪ Lack of understanding among relevant stakeholders ▪ Limited human resources 	<ul style="list-style-type: none"> ▪ External stakeholders are willing to co-operate ▪ Beneficiary institutions are committed to improving international cooperation on asset recovery ▪ Continuous interaction between the stakeholders
	<ul style="list-style-type: none"> ▪ Inventory of data sources for collecting of information by type of assets that are object of special confiscation <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report 		
	<ul style="list-style-type: none"> ▪ Number of drafted Memorandums of Understanding (both domestic and foreign stakeholders) providing better coordination and information exchange between the various parties involved in the Recovery and Seizure of Assets at the domestic and foreign levels <i>(baseline – 0, target – at least 2)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report ▪ Copy of the signed MoUs 		
	<ul style="list-style-type: none"> ▪ Number of proposals on the representation of the national ARO in the internationally recognized Asset Return Networks <i>(baseline – 0, target –2)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report 		
	<ul style="list-style-type: none"> ▪ Number of amended and/or new rules for collecting information on the type and amount of confiscated property as well as disposal of this property <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report 		

Component 4: Increasing knowledge and skills required to effectively undertake asset recovery actions

<p>Result 4.1: Knowledge and skills of the staff of the main beneficiary and other related bodies in the field of asset recovery and confiscation, as well as the management of confiscated property are strengthened through the exchange of best practices, as well as numerous other capacity building activities</p>	<ul style="list-style-type: none"> ▪ A Training Needs Analysis Report – report on the assessment of the training needs of the DCSCI and other relevant agencies involved in the management and effectiveness of asset recovery and confiscation regimes. <i>(baseline – 0, target –1)</i> 	<ul style="list-style-type: none"> ▪ Project reports 	<ul style="list-style-type: none"> ▪ Law absorption capacity ▪ Reluctance of the staff in introducing/ implementing new initiatives ▪ High staff turnover in the BA and stakeholder institutions 	<ul style="list-style-type: none"> ▪ Willingness of trained staff to apply asset recovery and management procedures ▪ Adequate, co-operative and stable staff ▪ Beneficiary institutions are committed to increasing their capacities on asset recovery
	<ul style="list-style-type: none"> ▪ Availability of a training programs, including curricula and training materials <i>(baseline – not available, target – available)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Government report ▪ Copy of the training programme 		
	<ul style="list-style-type: none"> ▪ Number of organized training sessions /seminars / study tours, including number of employees that participated in the trainings <i>(baseline – 0, target – at least 20/10/2)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Reports on the training sessions /seminars / study tours 		
	<ul style="list-style-type: none"> ▪ Number of the training sessions organised for the of trainers, including number of trained trainers <i>(baseline – 0, target –3/6)</i> 	<ul style="list-style-type: none"> ▪ Project reports ▪ Reports on the training sessions 		
	<ul style="list-style-type: none"> ▪ Number of designed and implemented awareness-raising and promotion campaigns <i>(baseline – 0, target – 1)</i> 	<ul style="list-style-type: none"> ▪ Project progress and final reports ▪ Reports on Awareness-raising events ▪ Protocols of the / round table discussion 		

Note: The indicators are indicative and may be revised if deemed appropriate when drafting the initial work plan

Annex 2: List of relevant Laws and Regulations

1. *Criminal Code*¹⁴ defines confiscation as a kind of punishment. In May 2020, Azerbaijan's Criminal Code was amended (Articles 73-1 and 73-2) as part of broader reforms to encourage individuals accused of certain crimes (such as Fraud, Embezzlement and Plundering of Natural Gas, Water, Electricity and Plumbing, as well as other Economic Crimes) to return assets. Such individuals may be considered exempt if they compensate victims for these crimes. The extent and availability of exemption from criminal liability for these crimes is dependent on whether, for example, such fraud or embezzlement included or not aggravating circumstances, and the amount returned to victims or the State budget.
2. *Criminal Procedure Code*¹⁵ includes provisions with regard to the different aspects of asset recovery.
3. *Law on legal assistance in criminal cases*¹⁶ stipulates further the parameters within which the Republic of Azerbaijan may provide mutual legal assistance to other countries.
4. *Law on combatting corruption*¹⁷ includes provision on Confiscation of unlawfully obtained property and compensation of unlawfully obtained privileges or advantages. It provides that property unlawfully obtained by officials as well as the costs of unlawfully obtained privileges or advantages can be voluntarily compensated to the benefit of the State, but where officials refuse to return the unlawfully obtained property or to compensate the State, the unlawfully obtained property or its costs and the costs of the unlawfully obtained privileges or advantages are compensated to the benefit of the State by a court decision on the basis of a lawsuit brought by the State in accordance with the Civil Procedural Code.
5. *Law "On Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism"*¹⁸ creates a legal framework to detect and prevent money laundering offences and the financing of terrorism, particularly through the financial system, and to protect the interests of the State and public. It makes provisions for freezing assets in criminal cases in support of special confiscation. The definition of criminally obtained funds or other property that can be frozen includes any type of tangible and intangible property, real estate, movable property, post parcels, bank loans, letters of credit, traveller's cheque, bank cheques, promissory notes, stocks, bonds, and other securities, as well as legal documents or acts compiled in electronic or other forms and confirming the rights to such assets, regardless of the methods of acquisition. The Law defines freezing as the prohibition of conversion, transferring, disposing of assets or conducting financial or other transactions with them in any form which results in changing the volume, amount, place, nature, designation and ownership of the assets. The Law also sets the basis for international cooperation in the related area.
6. *Law of the Republic of Azerbaijan on Personal Data*¹⁹, which provides the framework for data protection.
7. *Decision No. 516 of the Cabinet of Ministers of the Republic of Azerbaijan on Approval of "Regulations on the Transfer of Confiscated Property to the State Ownership" (dated 30 December 2020)*²⁰ And Amendments to "The Regulations on the Registration, Valuation, Maintenance, Use and Disposal of Property and Valuables Confiscated, Abandoned and Transferred to State Ownership on Inheritance Rights" (dated 18 April 2002) provides the framework for transfer of realisation of the confiscated property, etc.
8. *Civil Code*²¹ secures the freedoms of civil relationships based upon equality of the parties, without prejudice to the rights of others, determines the legal status of the subjects of civil legal relationships, the basis for establishment and the manner of exercising rights of ownership and other property rights, and regulates contractual and other obligatory relationships as well as other the property and related personal non-property rights related to them
9. *Civil Procedural Code*²² outlines civil procedure in Azerbaijan and, for example, guarantees the independence of judges; requires open hearings in principle; defines normative legal acts applied by the court in the course of resolution of civil cases; and permits the court to deal with matters arising out of a criminal case

¹⁴ Criminal Code of the Republic of Azerbaijan. Approved by the Law of the Republic of Azerbaijan of 30 December, 1999, No. 787-IQ, effective since 1 September 2000 pursuant to the Law of the Republic of Azerbaijan of 26 May, 2000, No. 886-IQ (https://www.legislationline.org/download/id/8304/file/Azerbaijan_CC_am2018_en.pdf)

¹⁵ Code of Criminal Procedure of the Azerbaijan Republic, adopted on 14 July 2000

(<https://www.legislationline.org/documents/action/popup/id/8876>)

¹⁶ Matters. Approved by the Presidential Decree

(https://sherloc.unodc.org/cld/uploads/res/document/aze/law_of_the_republic_of_azerbaijan_on_legal_assistance_in_criminal_matters_html/Azerbaijan_Law_of_the_Republic_of_Azerbaijan_on_Legal_Assistance_in_Criminal_Matters_2001_Excerpts.pdf)

¹⁷ Law of the Republic of Azerbaijan on Combating Corruption, approved by the presidential decree No: 580, dated 13 January 2004, effective since 1 January 2005 (<http://www.antikorrupsiya.gov.az/upload/file/Law%20on%20Combating%20Corruption.pdf>).

¹⁸ Law "On Prevention of the Legalization of Criminally Obtained Funds or Other Property and the Financing of Terrorism" approved by the Presidential Decree, No: 767-IIIQ, dated 10 February 2009 (http://www.fiu.az/eng/wp-content/uploads/2014/10/Law-767_2017.pdf)

¹⁹ Law of the Republic of Azerbaijan on Personal Data (No. 121 of 6.06.2010, Law No. 998-IIIQ of 11 May 2010).

²⁰ <http://www.e-qanun.az/framework/46612>

²¹ Civil Code of Republic of Azerbaijan (779-IG of 28.12.1999).

²² Civil Procedural Code of the Republic of Azerbaijan.

Annex 3: List of legal provisions to be included to the relevant legal acts

Minimum list of legal provisions to be included to the different legal acts (not exhausted list, the final list to be elaborated during the contract preparation period) are listed below:

- Inclusion of the clear definitions of instrumentalities, proceeds of crime and criminal assets;
- Inclusion of the clear definition of extended confiscation as well as inclusion of provisions on identification, proof and confiscation of registered property in the names of other persons;
- Inclusion of provisions related to the reduction of the burden of proof property ownership that is subject to special confiscation or laying onus on an accused person;
- Inclusion of provisions for financial investigation specifically with a view to identifying assets for subsequent confiscation;
- Removing any legal and procedural obstacles preventing certain tax information, in particular on the ownership of assets and level of income, from being requested and obtained by investigators and prosecutors in the course of a criminal investigation;
- Inclusion of provisions that allow the identification and protection of assets;
- Inclusion of provisions that permit non-conviction-based confiscation, and the freezing and seizure of assets to facilitate the satisfaction of an order made under that non-conviction-based system of confiscation
- Inclusion of provisions for financial investigation specifically with a view to identifying assets from foreign jurisdictions for subsequent confiscation;
- Inclusion of provisions that permit confiscation without a conviction in circumstances whereby the case is proven but a conviction is not possible due to either the death, absence or mental illness of the offender, in line with the FATF standards;
- Inclusion of provisions related to the recovery of funds converted into cryptocurrency;
- Inclusion of provisions allowing the investigation activities of the National ARO to identify assets that is subject to confiscation;
- Inclusion of provisions to stipulate that special confiscation includes assets that are not the direct proceeds of crime, and clarify the definitions of instrumentalities, proceeds of crime, and assets obtained through crime;
- Inclusion of provision that enables revisiting of confiscation orders in terms of reassessing the criminal benefit figure or assets figure that has previously been ordered by the criminal court in case of discrepancy between the earning of the accused person, estimated by the court and the amount of his / her existing property;
- Revision/inclusion of provisions to investigate and prosecute injustice and corruption-related cases as well as recover public assets (*finding, freezing, forfeiting, and repatriating of stolen public assets*).

Annex 4: Description of the process of detection, tracking, management and transfer of property subject to special confiscation to the state

Criminally obtained assets

- Initiation of criminal proceedings: Identification, tracking and seizure of property
- Court process: The final court decision on the application of a criminal measure in the form of special confiscation, which has entered into force
- Sending an order on the execution of the decision together with the list of property to an executive officer (body) in the relevant territory and informing the Ministry of Finance within the five days after the entry into force of the final court decision. If the specially confiscated property is real estate, the relevant documents extracted from the state register of real estate or the state land cadastre shall also be sent to the executive officer (executive body).
- Immediately after receiving a copy of the final decision of the court, instructions on the execution of the decision, the bailiff shall check the existence of the property indicated in the property list, seal or stamp the movable property, and make a note in the property list
- Transfer of movable property to temporary storage by the executive officer on the basis of a storage contract to ensure the integrity of the movable property. Inspection of specially confiscated real estate by the executive officer and sealing of entrance doors after its completeness is determined. Ensuring eviction of residents when living in real estate (in relation to the living space).
- Initiate invitation of an appraiser within 5 (five) working days on the basis of the decision made by the executive officer
- Evaluation process
- Sending to relevant organizations
- Coordination of the date of delivery of the property to be confiscated by the executive officer with the representatives of the local financial body of the Ministry of Finance and the relevant organization handing over the property
- Transfer of the property to be confiscated by the executive officer to the local office of the Ministry of Finance at the place of storage
- Transfer of property to the relevant organizations by the local office of the Ministry of Finance
- Summarizing information on the property transferred to the state property specially confiscated by the Ministry of Finance and organizing the registration of that property
- Sale of confiscated property by auction by the State Service on the Property Issues under the Ministry of Economy on the basis of the order of the Ministry of Finance
- Transfer of proceeds from the sale of specially confiscated property through auctions to the state budget (control is carried out by the Ministry of Finance)

Annex 5: Current Asset Recovery practices and Institutional Engagement in Asset Recovery Cases

	Identification	Investigation	Tracing/ Freezing	Confiscation/ Forfeiture	Return
Anti-Corruption General Directorate under Prosecutor General	Call centre, operational measures	Where mandated to investigate (based on the documents, received from other public administrations)	Freezing		
Department for Coordination of Special Confiscation within Prosecutor General			Asset tracing and valuation of identified assets	Coordinates	Within the framework of legal aid and through other international networks
Ministry of Justice	Call centre, operational measures				
Chamber of Accounts	When a violation of the law is detected in public administration				
Ministry of Internal Affairs		Where mandated to investigate	Tracing		
Ministry of Justice		Where mandated to investigate			
State Customs Committee		Where mandated to investigate			
State Tax Service under the Ministry of Economy	Through tax audits	Where linked to tax offences			
Investigators	Investigations	Criminal and financial			
Courts				Makes decision on special confiscation	
Ministry of Finance	When a violation of the law is detected in public administration				Ensures transfer to State ownership depending on the type of asset*
State Security Service		Where mandated to investigate	Asset tracing and the valuation of assets identified		
Central Bank of Azerbaijan					
State Service on Property Issues un the Ministry of Economy			Freezing, based on an official court decision	Freezing	Organizes an auction by order of the Ministry of Finance

*- Cultural artifacts will be transferred to the Ministry of Culture and Tourism; cash to the Treasury; asset to be sold to the State Service on Property Issues; etc.

Annex 6: International Conventions and Agreements

The European Conventions and directives applicable to the asset recovery:

- Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS No. 198 of 16 May 2005, in force 1 May 2008);
- European Convention on Mutual Assistance in Criminal Matters (ETS No. 30 of 20 April 1959, in force 12 June 1962);
- Additional Protocol to the European Convention on Mutual Assistance in Criminal Matters (ETS No. 99 of 13 March 1978, in force 12 April 1982);
- Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (ETS No. 141 of 8 November 1992, in force 1 May 1997);
- Council of the EU Framework Decision 2000/383/JHA of 29 May 2000 on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the Euro;
- Council of the EU Framework Decision 2001/500/JHA of 26 June 2001 on money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities and the proceeds of crime;
- Council of the EU Framework Decision 2002/629/JHA of 19 July 2002 on combating trafficking in human beings;
- Council of the EU Framework Decision 2005/212/JHA of 24 February 2005 on Confiscation of Crime-Related Proceeds, Instrumentalities and Property;
- Council Decision on Asset Recovery Offices-AROs (2007/845/JHA);
- Second Additional Protocol to the European Convention on Mutual Assistance in Criminal Matters (ETS No. 182 of 8 November 2001, in force 1 February 2004);
- Directive on Freezing and confiscation (2014/42/EU);
- Directive regarding the European Investigation Order in criminal matters (EIO);
- Directive on combating money laundering by criminal law;
- Regulation on the mutual recognition of freezing and confiscation orders;

Related UN conventions are:

- United Nations Convention Against Transnational Organized Crime and the Protocols Thereto (UNGA Res. 55/25, United Nations Convention against Corruption, UN Doc. A/RES/55/25 (8 January 2001)). United Nations;
- United Nations Convention Against Corruption (UNCAC);
- United Nations Transnational Organised Crime Convention (UNTOC);
- United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988 Vienna Convention).

Annex 7: Indicative list of thematic areas for the asset recovery capacity building activities

An indicative list of thematic areas for the asset recovery capacity building activities ensuring that all related institutions perform their functions in accordance with EU and international best practices should include at least (not exhausted list, the final list to be elaborated during the contract preparation period):

- Theory and good practice in identification, tracking and recovering assets, including cryptocurrencies
- EU legislation guiding public asset recovery
- Best practices in cooperation with investigation and other agencies for identification of criminal property
- Theoretical knowledge and practical skills in the field of identification of assets through investigation measures (simulation training)
- Extended confiscation: Identification, proof and confiscation of property registered in the names of other persons
- Methods and techniques for valuation of various categories of property (movable, immovable, etc.) that are the object of special confiscation in accordance with international norms and principles
- Methods and guidelines on how to evaluate value of corruption-related property
- Best practices for the compensation of the criminal damages and special confiscation
- Non-prosecution for the confiscation of property of persons hiding in foreign countries to evade investigation
- Reducing the burden of proof property ownership that is subject to special confiscation or laying on the accused person
- Arranging for the storage, protection and management and sale of pre-trial seizure property
- Mechanisms for the sale and re-use of confiscated and seized assets for social purposes
- Preparation of relevant inquiries by prosecutors regarding the execution of court decisions on confiscation of property located abroad, filing civil lawsuits in foreign courts as a plaintiff if necessary, preparation of agreements on division of property if requests are granted
- Management of electronic database for asset accounting
- Work with databases and information systems
- Processing information in a foreign language, communicating internationally with other partners and related organizations, networking and exchanging databases

Annex 8: Structural units of the Prosecutor General's Office

The structural units of the PGO are:

- Investigation Department
- Department for Supervision over Investigation in the Prosecution Office
- Department for Supervision over Law Enforcement in Investigation, Inquiry and Operational Search Activities of Internal Affairs Bodies
- Department for Supervision over Law Enforcement in Investigation, Inquiry and Operational Search Activities of Judicial, Customs and Tax Bodies
- Department for Supervision over Law Enforcement in Investigation, Inquiry and Operational Search Activities of State Security, Emergency Situations and Border Service Bodies
- Department for Public Prosecution Defence
- Department for Organisational and Executive Supervision
- Personnel Department
- Department of Service Investigations
- Department for Non-Criminal Prosecution
- *Department for the Coordination of Special Confiscation Issues*
- International Legal Cooperation Department
- Department for Legal Support and Human Rights Issues
- Department of Criminalistics and Information Technology
- Department for the Organisation of Work with Documents and Applications
- Scientific-Educational Centre
- Press Service
- Logistics Support