

**IMPROVEMENT OF PARLIAMENT'S ROLE IN DRAFTING AND
OVERSIGHT LEGISLATION ON ILLICIT FINANCING IN ALBANIA
(WORKING DOCUMENT)**

January 2024

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Abbreviations

ACER	Albanian Center for Economic Research
AIDA	Albanian Investment Development Agency
AML	Global Anti-Money Laundering Standard
CEC	Central Elections Commission
CFT	The global standard against the financing of terrorism
CSO	Civil Society Organisations
EU	European Union
FATF	Financial Action Task Force
IFFs	Illicit Financial Flows
OECD	Organisation for Economic Co-operation and Development
WFD	Westminster Foundation for Democracy

Executive Summary

This document assesses illegal financing legislation in Albania, focusing on an in-depth legal analysis of the draft law "On some additions and amendments to the law no. 155/2015, 'On gambling in the Republic of Albania'", as amended, as well as the review of law no. 66/2023 "On the administration of objects confiscated as unauthorized constructions with the aim of using them for public interest or social housing, as well as mitigating the social consequences caused", approved by the Assembly of the Republic of Albania on 20.07.2023. This assessment was conducted based on specific evaluation criteria of corruption proofing, explained later in this document.

The assessment of the draft law "On some additions and changes to the law no. 155/2015, 'On gambling in the Republic of Albania'", as amended, reveals several essential issues:

- The draft law does not provide sufficient explanations about the entities licensed for gambling, their activity, and the impact on society. This leads to the lack of a factual and clear description of the situation of the entities that operate under this law and their licenses.
- The lack of a social analysis of the draft law and the missing consultation process with the vulnerable groups affected by gambling addiction, cause concerns about the suitability of this proposal. This aspect is essential since gambling was restricted in 2018 with the argument of preventing social consequences for the Albanian society.
- The draft law focuses on the prevention of money laundering in the field of gambling but does not provide information on internal reports of responsible bodies or foreign bodies for money laundering in this sector.
- The criteria for entities applying for an online sports betting license are considered as rigid and subjective, limiting competition, and increasing the possibility of pre-designation of licensed entities. This can cause a lack of competition in the market and creates room for subjective selection criteria.
- Allowing licensed gambling entities to sponsor sports teams and publicize their activities increases the potential for match-fixing and fraudulent betting.

Regarding the law no. 66/2023 "On the administration of objects confiscated as unauthorized constructions with the aim of using them for public interest or social housing, as well as mitigating the social consequences caused", approved by the Assembly of the Republic of Albania on 20.07. 2023, some findings from the detailed analysis of the published documents include:

- The law, as explained in its accompanying report¹ defines rules for constructions without confiscated permits, based on the provisions of the law on planning and development of the territory. However, these rules can be better integrated into the existing law, such as law no. 107/2014 "On territorial planning and development", instead of creating a new law.
- The law does not seem to provide clear solutions to several important issues, including Criteria for deciding whether a construction without permission or addition in volume or

¹ Official website of the Parliament of Albania, <https://www.parlament.al/dokumentacioni/aktet/11791441-855b-4d61-a1aa-9ef28190ac7a>.

area should be demolished or confiscated; The relevance of the demolition of unauthorized additions to the sustainability of the building, as it is often a matter of citizens' preferences for less construction in the city; The distance to be maintained between unauthorized constructions.

- The law appears to be oriented towards the legalization of constructions without a permit, which are conceived as volume or surface additions to a new building built with a construction permit. This gives construction companies the opportunity to buy these constructions without permission from the state.
- The law appears to be in accordance with Law No. 9482, dated 03.04.2006 "On the legalization, urbanization and integration of constructions without permission" as amended, and deals with constructions without permission which were built until 27.06.2014. So, this new law legalizes constructions and additions without permission, that have survived without being destroyed or that were built in the last 10 years, or that are expected to be built in the future.

1. Introduction

Illegal financing in Albania has been and continues to be a great challenge for the country's economy and legal order. This includes a wide range of illegal activities, comprising fiscal evasion, embezzlement of public funds, money laundering, smuggling, and other illegal activities that have a major impact on the country's economy and trust in state institutions. This working document aims to present an in-depth analysis of the draft law/s that are directly and/or indirectly related to illegal financing in the country, with the aim of identifying corrupt spaces. More specifically, the working document assesses the draft law "On some additions and changes to law no. 155/ 2015, "On gambling in the Republic of Albania", as amended and the law no. 66/2023 "On the administration of objects confiscated as unauthorized constructions with the aim of using them for public interest or social housing, as well as mitigating the social consequences caused", approved by the Assembly of the Republic of Albania, dated 20.07.2023.

The document provides proposals to improve the legislative and supervisory role of the Assembly, in the area of illegal financing.

2. Methodology

2.1 Analysis of existing studies

Illicit Financial Flows (IFFs), defined as "financial flows that are illegal in origin, transfer or use, that reflect an exchange of values and that cross country borders"² and are the result of criminal actions, corruption, or tax evasion, present an important challenge for the countries of the Western Balkans. According to studies and evidence, the main factors driving the spread of PFP include the high degree of informality in the economy, which is estimated to represent 30-40 percent of the economy, as well as the general weakness of the state, state institutions and democratic culture.³

In Albania, IFFs appear in several dimensions. Drug trafficking has been the most profitable activity for criminal groups during the last 30 years. Corruption and theft of public funds is another major source of illegal profits in Albania, losing 300 million euro annually to abuses of public procurement procedures, representing approximately 45% of public contracts in 2019. Economic crime and evasion fiscal deficits are also major problems, with most of the disparity between trade revenues and foreign exchange reserves attributed to the manipulation of goods and services entering the country. The majority of these ill-received revenues are transferred in

² Economic and Social Council. (2022). Report of the United Nations Office on Drugs and Crime and the National Institute of Statistics and Geography of Mexico on crime and criminal justice statistics. Accessible at: <https://unstats.un.org/unsd/statcom/53rd-session/documents/2022-14-CrimeStats-E.pdf>

³ Global Initiative. (2020). Illicit Financial Flows in Albania, Kosovo, and North Macedonia. Accessible at: <https://globalinitiative.net/analysis/iffs-western-balkans/>.

and out of the country through the transportation of cash, which remains the most common method of moving monetary values⁴.

It is worrying that illegal financing is mostly observed in specific sectors of the economy, such as construction. According to a recent report of the US Department of State, Albania has about 440,000 illegal buildings, which were built without permission. This situation of illegal construction is a major problem for securing title deeds. A process was started in 2006 to legalize or eliminate these buildings, but it has not yet been completed. According to the latest data, by the end of 2020, about 200,000 legalization permits have been issued⁵.

On the other hand, the business community reports that the large flow of illegal income from drug trafficking, smuggling, tax evasion and corruption worsens market competition.⁶ Illegal financing is also a concern for civil society organizations, which have joined together and built a practical guide "Guide 2023"⁷ which aims to help prevent abuse and the possibility of abuse of organizations for money laundering and terrorist financing. The guide is compiled in a simple and user-friendly way, without the need for the help or service of a legal expert.

2.2 Analysis of primary and secondary legislation in the field of illicit financing

The Constitution of the Republic of Albania, approved by law no. 8417, dated 21.10.1998, as amended, embodies the principle of constitutionality and legality. In article 4, point 1, it is stated that: "The law constitutes the basis and limits of the activity of the state", while in article 5 it is stated that: "The Republic of Albania implements the international law binding on it.". These two provisions, together with other constitutional provisions, sanction the principle of legality, as one of the basic principles of the functioning of the Albanian state.

In article 9, points 1 and 3 of the Constitution it is stated that: "1. Political parties are created freely. 2. Their organization must comply with democratic principles. 3. The financial resources of the parties, as well as their expenses, are always made public." In the Constitution, a special provision is devoted to political parties and their way of financing, as it is known that the main institutions in the country derive from political elections, where parties play a primary role. Any illicit financing of political parties, of political or administrative elections in the country, is a prelude to a state decision-making in a conflict of interest, which distorts competition and often puts national security at risk.

The European Convention " Laundering, Search, Seizure and Confiscation of the Proceeds from Crime" was ratified by law no. 8646, dated 20.7.2000 and provides in it the terminology in this field, the measures to be taken on a national scale by the party states, the

⁴ Ibid.

⁵ US Department of State, 2023 Investment Climate Statements: Albania, accessible at: <https://www.state.gov/reports/2023-investment-climate-statements/albania/>.

⁶ Ibid.

⁷ Partners Albania. (2023). Guide 2023. Accessible at: <https://www.partnersalbania.org/wp-content/uploads/2023/09/guide-2023.pdf>.

elements that are included in the act of money laundering, as well as the international cooperation between the party states themselves.

The Criminal Convention on Corruption was ratified by law no. 8778, dated 26. 04. 2001. In its article 13, it is provided, among other things, that: "Each Party shall adopt such legislative measures, and others, that are necessary, for the definition as a criminal offense according to its national legislation, the behavior referred to in the Convention of the Council of Europe on the laundering, search, seizure and confiscation of the proceeds from crime (Series of European treaties no. 141) article 6 paragraphs 1 and 2, according to the conditions referred there, when the indicated offense consists of one of the criminal offenses established, in accordance with articles 2 to 12 of this convention, in the case where the Party has not made reservations or declarations, related to these offenses or does not consider these offenses to be serious for the purpose of its legislation for money laundering."

The United Nations Convention against Corruption has been ratified by law no. 9492, dated 13. 3. 2006. The goals of this convention are a) promoting and strengthening measures to prevent and combat corruption more efficiently and effectively; b) promoting, facilitating and supporting international cooperation and technical assistance in preventing and fighting corruption, including asset recovery; c) promotion of integrity, accountability and proper management of public affairs and public property. In order to fulfill these goals, the convention provides obligations for member states in the area of measures they must take to prevent money laundering.

The Criminal Code of the Republic of Albania, approved by law no. 7895, dated 27.1.1995, amended, in its article 287 provides for the criminal offense of "Cleaning the proceeds of a criminal offense or criminal activity", as a crime, with three paragraphs that increase the severity of the criminal penalty, depending on the corresponding criminal offense.

The Electoral Code of the Republic of Albania, approved by law no. 10019, dated 29. 12. 2008, as amended, defines, among other things, the sources of campaign financing for electoral subjects, such as: a) funds given in advance by the State Budget for political parties registered as electoral subjects; b) the electoral subject's own income created according to the law; c) gifts for the electoral subject and its candidates, in monetary value, in kind or services provided, according to the law; d) loans or credits received by political parties or their candidates according to the law.

Law no. 9917, dated 19. 5. 2008 "On the prevention of money laundering and financing of terrorism", as amended, can be considered a specific law addressing this field, which clarifies the subjects that are subject to this law, due vigilance on their part, enhanced customer vigilance, preventive measures to be taken by entities, reporting obligations, responsible and supervisory structures for the implementation of this law. Article 23 of this law states the creation of the Anti-Money Laundering Cooperation Committee as an institution responsible for determining the directions of general state policy in the field of prevention and the fight against money laundering and the financing of terrorism.

The study of this law shows that the best models in the field⁸ have been adopted, but the same cannot be said about their implementation. For example, for the approval and implementation of an updated risk analysis with the activities in which there is a high tendency of money laundering, it would be necessary to have more transparency and public information about the findings and cases struck in this area. This information is often kept confidential.

Law no. 72/2019 "On international restrictive measures in the Republic of Albania" - The purpose of this law is the establishment and implementation of international restrictive measures in order to maintain peace and security, prevent international conflicts, support and strengthen democracy, the rule of law for human rights, as well as the achievement of other common security objectives, in accordance with the relevant resolutions of the United Nations Security Council, acts of other international organizations or international agreements to which the Republic of Albania is a party.

Law no. 157/2013 "On measures against the financing of terrorism, amended" - The purpose of this law is to prevent and attack the activities of terrorists and those who support and finance terrorism, or those for whom there are reasonable suspicions. who have carried out, are carrying out or have the intention of carrying out such activities, through blocking, sequestration of their funds and assets, in accordance with the relevant resolutions of the United Nations Security Council, acts of other international organizations or international agreements, where the Republic of Albania is a party.

Law no. 34/2019 "On the Administration of Seized and Confiscated Assets" - The purpose of this law is the efficient, effective, and economic administration and use of assets seized and confiscated by the justice bodies and assets seized by order of the responsible minister for finance, the return to the community of illegally acquired assets and the financial compensation of crime victims.

Law no. 8580, dated 17. 2. 2000 "On political parties", as amended, provides, among other things, in a separate chapter, the financial and material means of political parties. There it is determined that the Central Election Commission (CEC) is the body responsible for monitoring and supervising the financing of political parties. The funding sources of political parties and their transparency derive not only as a constitutional obligation, but also as a guarantee to avoid illegal financing, which then affects the political and state life in the country. Despite the findings of the public, the media or organizations monitoring the electoral processes for suspicious or illegal financing, it does not result that the CEC⁹ has referred specific issues of money laundering by political parties. So even in this aspect, perhaps the CEC should be equipped with a certain methodology, not simply to verify the formal regularity of funding, but to

⁸ Albanian Financial Intelligence Unit. International Cooperation. Accessible at: <https://fiu.gov.al/sq/bashkepunimi-nderkombetar/>.

⁹ Official website of the Central Election Commission: <https://kqz.gov.al/monitoruesit-audituesit/>

find out if illegal funds and money laundering routes have been used by political parties, especially during election campaigns.

Law no. 9049, dated 10. 4. 2003 "On the declaration and audit of assets, financial obligations of elected persons and certain public officials", amended, which has the main purpose of defining the rules for the declaration and control of assets, the legitimacy of the sources of its creation, the financial obligations for certain officials, public servants, for their families and for the persons related to them.

Law no. 55/2015 "On strategic investments in the Republic of Albania", whose deadline has been extended until 31.12.2023, has the main purpose of encouraging and attracting strategic investments, domestic and foreign, in the sectors of the economy, identified as strategic sectors, through the establishment of special administrative procedures favoring, facilitating, or accelerating support and services to investors. One of the main requirements is that the investor has sufficient funds to realize the intended investment. The institution charged by law to administer the relevant practices is the Albanian Investment Development Agency (AIDA). Among other things, this agency pre-analyzes the profile of the investor and for this purpose has the right to ask the investor for information regarding the financial capacity and his ability to generate sufficient funds to finance the investment, financial statements, management structure, ownership, market positioning, previous experiences related to the investment field, similar projects, as well as other components necessary to prove his investment skills and potential to be a strategic investor for strategic investment projects. Since most strategic investors have invested in the construction of coastal tourist structures, it does not appear that this agency has verified¹⁰ the origin of the funds of these investments. If a major part of the funds come via banking, it is assumed that the verification of the legality of these funds has been carried out by the banking system, but if a part of the investment has been carried out based on clearing or exchange contracts, or pre-sale of units, here it is not clear which subject has performed the verification of the origin of the funds, despite the fact that in theory it is assumed that for every legal relationship a notarial deed has been concluded and as such the transaction or transferred funds are verified by the notary. But there are many cases in practice that the strategic investor himself draws up the contract with the third party, with a simple document, and the object of exchange or prepayment for the unit not yet built, remains unverified.

2.3 In-depth interviews

The following institutions/organizations have been contacted to be interviewed regarding illicit financing in Albania:

Assembly of the Republic of Albania
General Directorate of Prevention of Money Laundering
The Bank of Albania
Financial Supervisory Authority
National Chamber of Notaries
Albanian Chamber of Advocacy

¹⁰ Albanian Investment Development Agency (AIDA). Annual Report. Accessible at: <https://www.aida.gov.al/sq/aida/raport-vjetor>.

From the interviews conducted with the representatives of the institutions and organizations contacted, it results that all the different perspectives on the issue of illicit financing in Albania agree and converge on the fact that the current legislation was recently approved and properly addresses the treatment of illegal financing, being in line with the EU approach in this field as well as the Albanian context. As a result, the implementation of the legislation on illegal financing to date has not encountered substantial problems on the part of the responsible institutions and subjects of the law, although there is room for further improvements.

These are mainly related to the specifics of the local context of Albania and to the rapid development dynamics of the financial market that requires the support of new technologies and online solutions, for which an increasingly efficient and sophisticated system is needed for the prevention of illegal financing, which simultaneously enables the development of the financial sector through the use of new technologies and solutions.

From this point of view, the Albanian legislation can be further expanded to enable without unnecessary obstacles the trend towards utilization of new technologies and the requirement for the identification and verification (physical presence) of the customers of financial institutions, which is briefly defined in the current law. Likewise, practices that continue to be used in Albania can be mentioned, although they are not implemented as such in the countries of the European Union, and that conflict with the legislation on personal data, such as the use of the client's paternity for his identification and verification.

Given that both local entities and local branches of international operators operate in the Albanian financial market, mainly of those from European Union countries, work practice proves that the branches of international companies are often a step ahead in the implementation of legislation on illicit financing, as a result of the rules and requirements of the group or parent company based in the EU where they belong. As a result, it happens that the operators are also in unequal positions in the market and the unification of practices and standards as well as the minimization of potential spaces for illicit financing, remains not only a need for legal definitions but also a duty of implementing institutions as well as especially organizations of market operators (associations).

The latter have an irreplaceable and extremely important role for carrying out, among others, activities such as continuous training of operator staff on the problem of illegal financing, creation of training teams, awareness campaigns with customers and the public, cooperation and sharing experiences with counterpart institutions in the region and EU countries, etc.

2.4 Analysis of good practices

Illicit financing, which includes the financing of terrorist activities, tax evasion, laundering the proceeds of corruption or proceeds of crime, is recognized as one of the biggest threats to a sustainable future. Illicit financial financing further exacerbates the world's most pressing social, political and environmental challenges by contributing to the illicit use of national resources, creating substandard infrastructure, underfunding social programs and can prevent the right investments where they are mostly needed.

The Financial Action Task Force (FATF) as an independent intergovernmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction, regularly provides recommendations known as global anti-money laundering (AML) and counter-financing of terrorism (CFT) standards.

The implementation of FATF recommendations in Albania is evaluated by MONEYVAL - the Committee of Experts for the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism. MONEYVAL is the permanent monitoring body of the Council of Europe that assesses compliance with international standards to combat money laundering and terrorist financing and the effectiveness of their implementation. It also provides recommendations to national authorities regarding improvements to national mechanisms.

The FATF¹¹ regularly identifies jurisdictions with weak measures to combat money laundering and terrorist financing in two public documents published three times a year. FATF's process of publicly listing countries with weak regimes has proven effective. As of June 2023, the FATF has reviewed over 125 countries and jurisdictions and has publicly identified 98 of them.

During the period February 2020 – October 2023, Albania has been assessed as part of the gray list, which includes countries that are actively working with the FATF to address strategic deficiencies in their regimes to combat money laundering, the financing of terrorism and the spread of financing. When the FATF places a jurisdiction under enhanced monitoring, it means that the country has committed to rapidly address identified strategic deficiencies within agreed timelines and is subject to enhanced monitoring. In February 2023, the FATF declared that Albania had substantially completed its action plan and expressed appreciation for efforts to address its strategic deficiencies. Recently, on October 27, 2023, FATF decided to remove Albania from its grey list¹².

Although the FATF regularly identifies the jurisdictions that are included in the black and grey lists, as well as provides detailed recommendations to address the problem related to illegal financing, based also on the best practices, from these reports it cannot be estimated that which are the countries that have adopted the best practices. For this purpose, it is worth analyzing other reports, such as the Basel AML index, published by the Basel Institute for Governance, which measures the risk values of countries within the methodology defined by this institution based on the quality of the legal framework, the risk of corruption, financial transparency and standards, transparency towards the public and accountability, as well as political and legal risk in each country. In this report, for the year 2023, Albania ranks 93rd out of 152 participating countries, while the best results are the Nordic countries (Iceland 152, Finland 151, Sweden 148) and other countries such as New Zealand, France, Denmark, Israel, UK, Australia etc.

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¹¹ The Financial Action Task Force. Accessible at: <https://www.fatf-gafi.org/en/the-fatf/who-we-are.html>.

¹² The Financial Action Task Force. Accessible at: <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-october-2023.html>.

other reports, such as the Basel AML index¹³, published by the Basel Institute for Governance, which measures the risk values of countries within the methodology defined by this institution based on the quality of the legal framework, the risk of corruption, financial transparency and standards, transparency towards the public and accountability, as well as political and legal risk in each country. In this report, for the year 2023, Albania ranks 93rd out of 152 participating countries¹⁴, while the best results are achieved by the Nordic countries (Iceland 152, Finland 151, Sweden 148) and other countries such as New Zealand, France, Denmark, Israel, UK, Australia etc.

Reality proves that even in the most advanced countries in the fight against illegal financing, there are problems. For example, while Sweden is traditionally considered a safe financial destination (ranked third in the Basel AML index), recent criminal scandals have damaged this reputation. In 2019, an investigation into Swedish bank Sedbank exposed a \$200 million money laundering scheme in its Eastern European and Russian branches that resulted in a fine of €360 million. Similarly, in 2022, investigators discovered regulatory money-laundering violations at Swedish gambling companies Kindred, ATG and Pinbet – and subsequently issued millions of euros in fines to each company.

One of the most effective ways to strengthen compliance with risk-based screening requirements is to screen clients for exposure to negative media or news coverage. News reports and other forms of online media often reveal customer information before it is officially confirmed – enabling firms to react as quickly as possible when a customer's risk profile changes. EU rules require firms to implement media screening as part of the illicit financing compliance verification process. This requires companies to integrate programs capable of controlling adverse media on a global scale, with coverage that includes traditional print and screen media, websites, and other data sources such as blogs, forums and social media platforms.

The latest trends towards illegal financing in the countries of the European Union aim at (i) the unification of a single office for the fight against money laundering, (ii) the strengthening of the rules for illegal financing in the cryptocurrency market, and (iii) the sophistication of search technology and artificial intelligence for information related to illicit financing. These issues should be in the attention of the policymaking in Albania, not only to align the Albanian legislation with that of the EU, but also to properly and timely address the important problems that all countries face today.

In addition to the assessment at the country level, efforts to fight corruption and illegal financing can only succeed with the proper involvement of the private sector in this process. In particular, activity with responsible practices in every aspect of operation, cooperation within the sector and supply chains in branches such as that of the banking and financial system, accountants, lawyers, real estate agents, are some of the links of the private sector with an exceptional role for the prevention and termination of illegal financing. The World Bank and the World Economic Forum suggest that these activities rely on the principles of integrity, transparency and accountability, and follow five necessary practices: clear, concrete and up-to-date policies; promoting due diligence; protecting a culture of integrity through training and incentives; fostering a culture of talking about problems and reporting cases; cooperation within and between different sectors.

¹³ Basel AML Index. Accessible at: <https://index.baselgovernance.org/>.

¹⁴ Basel AML Index 2023. Accessible at: <https://baselgovernance.org/publications/basel-aml-index-2023>.

Illicit financing is also addressed within the operation of non-profit organizations. One of the FATF's nine recommendations addresses this very issue, emphasizing that all countries should conduct a review of the adequacy of regulations and laws related to non-profit organizations that the country has identified as vulnerable to potential abuses related to the financing of terrorism.

Summary of FATF's nine recommendations:

I. Ratification and implementation of UN instruments

Each country should take immediate steps to ratify and to implement fully the 1999 United Nations International Convention for the Suppression of the Financing of Terrorism.

II. Criminalising the financing of terrorism and associated money laundering

Each country should criminalise the financing of terrorism, terrorist acts and terrorist organisations. Countries should ensure that such offences are designated as money laundering predicate offences.

III. Freezing and confiscating terrorist assets

Each country should implement measures to freeze without delay funds or other assets of terrorists, those who finance terrorism and terrorist organisations in accordance with the United Nations resolutions relating to the prevention and suppression of the financing of terrorist acts.

IV. Reporting suspicious transactions related to terrorism

If financial institutions, or other businesses or entities subject to anti-money laundering obligations, suspect or have reasonable grounds to suspect that funds are linked or related to, or are to be used for terrorism, terrorist acts or by terrorist organisations, they should be required to report promptly their suspicions to the competent authorities

V. International co-operation

Each country should afford another country, on the basis of a treaty, arrangement or other mechanism for mutual legal assistance or information exchange, the greatest possible measure of assistance in connection with criminal, civil enforcement, and administrative investigations, inquiries and proceedings relating to the financing of terrorism, terrorist acts and terrorist organisations.

VI. Alternative remittance

Each country should take measures to ensure that persons or legal entities, including agents, that provide a service for the transmission of money or value, including transmission through an informal money or value transfer system or network, should be licensed or registered and subject to all the FATF Recommendations that apply to banks and non-bank financial institutions. Each country should ensure that persons or legal entities that carry out this service illegally are subject to administrative, civil, or criminal sanctions.

VII. Wire transfers

Each country should take measures to ensure that persons or legal entities, including agents, that provide a service for the transmission of money or value, including transmission through an informal money or value transfer system or network, should be licensed, or registered and subject to all the FATF Recommendations that apply to banks and non-bank financial institutions. Each country should ensure that persons or legal entities that carry out this service illegally are subject to administrative, civil, or criminal sanctions

VIII. Non-profit organisations

Countries should review the adequacy of laws and regulations that relate to entities that can be abused for the financing of terrorism. Non-profit organisations are particularly vulnerable, and countries should ensure that they cannot be misused:

- (i) by terrorist organisations posing as legitimate entities.
- (ii) to exploit legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset freezing measures; and
- (iii) to conceal or obscure the clandestine diversion of funds intended for legitimate purposes to terrorist organisations.

IX. Cash couriers

Countries should have measures in place to detect the physical cross-border transportation of currency and bearer negotiable instruments, including a declaration system or other disclosure obligation.

Countries should apply focused and proportionate measures, in accordance with the risk-based approach, to such non-profit organizations to protect them from abuse of terrorist financing, so that they are not misused by terrorist organizations posing as legitimate entities; to use legitimate entities as conduits for terrorist financing, including for the purpose of evading asset freezing measures; and to conceal the use of funds intended for legitimate purposes by terrorist organizations.

3. Illicit financing in Albania

This section comprises a detailed assessment of the draft law "On some additions and changes to law no. 155/ 2015, "On gambling in the Republic of Albania", amended, to assess potential opportunities for corruption. The list of criteria that will be used to carry out such an assessment is presented in figure 1.

3.1 General Considerations

Draft law "On some additions and changes to law no. 155/2015, "On gambling in the Republic of Albania", as amended, filed for review in the Assembly in July 2023, does not appear to have been included in the general analytical program of draft acts of the Council of Ministers, for this year. In this sense, it comes as an unexpected initiative and perhaps not widely consulted with the subjects, who have suffered as a social scourge, the gambling phenomenon. Taken in complexity with the predecessor law no. 75/2018, with which, among other things, all games of chance were closed with the exception of those such as "casino", "casino resort" or "national lottery" the accompanying relation of this Bill it does not turn out to have unity with it, as well as leaves unanswered some natural issues of this field.

- **The actual situation of entities that offer gambling:** According to the legislation in force, gambling has continued for entities licensed as "casino", "resort casino" or "national lottery". In the accompanying report, no data is given as to how such entities operate, how their work has continued, their income has been increasing these 5 years since other gambling games have been closed, etc. So, in the report

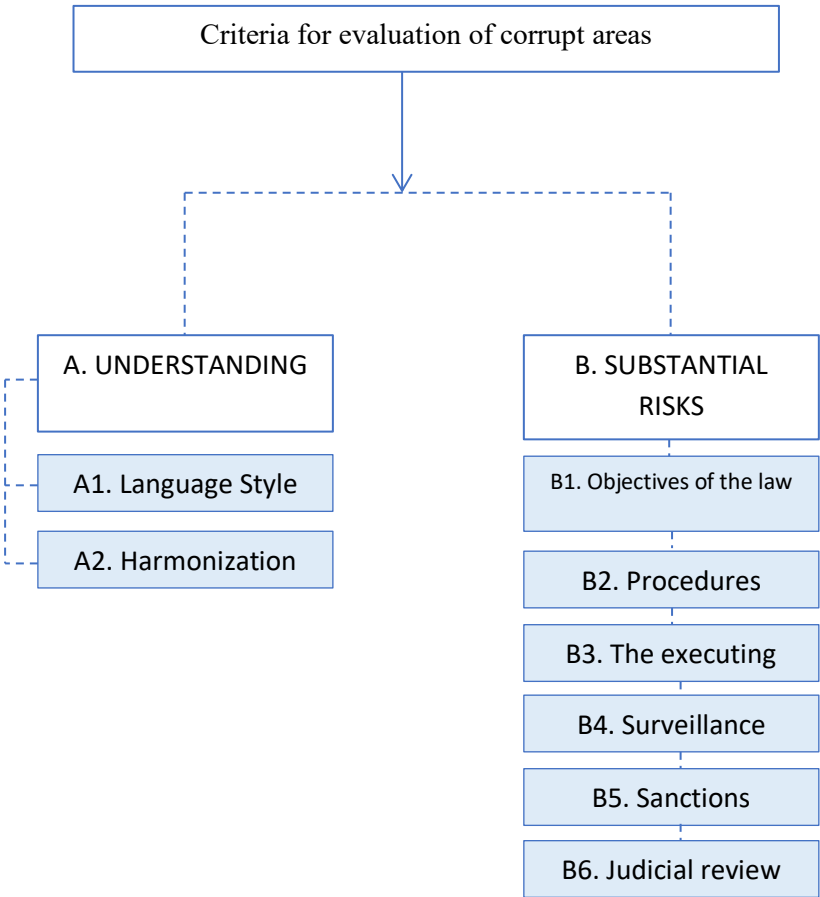
there is no explanation for the factual situation of these entities that exercise this activity in accordance with the law and the relevant licenses.

- **Social aspect:** In the accompanying report, no data is given about the social aspect, whether this draft law has been discussed with vulnerable groups suffering from gambling addiction or in any survey about how citizens expect the reopening of gambling. The non-treatment of the social aspect adds to the dilemmas given that in 2018 gambling was closed with the justification to stop the social wounds they had caused in the Albanian society, but in the meantime, it does not result that the aforementioned have been treated with special support to avoid their addiction to gambling or their families, who had lost their homes due to gambling debts, etc.
- **Prevention of money laundering:** The draft law suffices with the provision of the existing law regarding the prevention of money laundering, while the accompanying report does not provide any information on the internal reports of the relevant department or of foreign organizations, if there were any money laundering in the field of gambling in Albania. While entities applying for an online sports betting license must be subjected to a fine check in terms of money laundering, since the criteria for licensing foresee significant amounts of initial capital, which must be verified at the time of application by the General Directorate of Prevention of Money Laundering.
- **Lack of competition for applying entities:** The criteria provided for entities applying for an online sports betting license seem quite rigid and not easy to meet. For example, the applicant entity or one of its shareholders must have experience in the field of gambling in no less than 3 EU/OECD countries and for no less than 3 years. The question arises, an applicant who has such experience only in France, why can't it apply? What does it add to it if it has experience in Bulgaria and Romania at the same time? So, these legal provisions make the draft law filled with subjective criteria, which seem to hinder/restrict the entry of many competitors and it seems as if a subject has already been found which fulfills the criteria, meaning that it has activities in 3 states as above, over 3 years of experience, etc. Another provision on the competences of the License Commission, which has the task of determining the manner, conditions, and documentation necessary for making the call for the licensing of entities that organize gambling, raises the question: when and how does the Commission announce the call? What if it announces the call once as soon as the law comes into force and licenses an entity and then does not announce another call? Therefore, even this provision taken in complexity with all other provisions creates premises for a lack of competition in the market, as well as for the predetermination of an entity waiting to be licensed.
- **The risk of fixing sports results and gambling fraud:** In the draft law in article 9, point 2/6 of it, it is stated, among other things, that licensed gambling entities are allowed to sponsor sports teams, as well as to promote their activities. Such a prediction increases the possibility of rigging the matches, but also for the organization of fraudulent bets, where hundreds and thousands of players can lose money, due to the above scheme.

3.2 Corruption proofing analyses

This draft law should be subjected to corruption proofing analyses in order to find out which parts or provisions of it should be improved, so that the phenomenon of corruption, including money laundering, does not occur after its entry into force and implementation by the subjects included. In the analysis, we have referred to the main categories to extract the corrupt areas, while in the footnotes we have listed the sub-issues, which we can use case by case, as help to extract the indirect areas for corruption.

Figure 1¹⁵: Categories of criteria for evaluation of corrupt areas.



A. Understanding – Understanding as a criterion for corruption proofing concerns when a legal norm, sentence or expression has more than one meaning, thus creating confusion for the enforcer of the law, and leaving subjective spaces in the application of the law itself.

¹⁵ Checklist of corrupt areas - compiled by the co-authors of this study.

A.1 Language style¹⁶ – The language of the draft law must be simple, with correctly constructed sentences from a grammatical and lexical point of view.

In general, the draft law that we are analyzing has an understandable language and in unity with the basic law that it changes, but there are also wordings that create ambiguity or that are unclear, such as: article 17/1, point 5, letter "a", where it is provided that: "The Commission of Licenses has the following duties: a) Determines the manner, conditions and documentation necessary for making the call for the licensing of entities that organize gambling;" From the wording, it seems as if a license can be applied for only after the call made by the Commission, which is not in line with the rest of the legislation in force. And if the Commission does not make such a call, can subjects apply? So, this provision should be reformulated, avoiding ambiguity.

A2. Harmonization¹⁷- The draft law must contain legal norms that have unity with each other, fluidity, logical connection, and that do not create contradictions within the draft law itself or that do not create contradictions, or further conflict with the legislation in force.

B. Substantial risks

B.1 Objectives of the law¹⁸ – The objectives of the draft law are provided in its general provisions, titled as: "object", "purpose", while a more detailed description of the objectives is given in the accompanying report of the draft law, which must describe the problem it aims to solve the new draft law, an assessment of the factual situation and to argue why a new draft law is the right solution for that created issue.

- The objectives of the draft law that are listed in the accompanying report in this case are more of a pragmatic nature, so since illegal gambling is flourishing, then let's give players an opportunity, at least, to play online and the state to collect income from this activity. The report is not complete in describing the licensed gambling, how it is performing, whether there is a market need for other entities, etc. The report is not complete even in terms of the heavy social costs caused by the intensification of gambling in the country.

B.2 Procedures¹⁹- The procedure is provided in the draft law. A wide discretion has been left to the minister responsible for finance to determine with instructions the evaluation criteria, deadlines, competition procedure and scoring, while some principles for the evaluation and scoring of the applying entities could be foreseen in the draft law. Given that neither in the accompanying report nor in other acts is it given which model is taken to provide a tested procedure, in a consolidated and experienced state in the field of gambling it seems that the procedure is created in accordance with conditions in our country.

¹⁶ A.1.1 Are the selected words the right ones? A.1.2 Are sentences and phrases constructed correctly, leaving no room for ambiguity?

¹⁷ A.2.1. Are there conflicting provisions within the law? Are there conflicting provisions with other laws? A.2.2 Is the terminology used accurate and consistent? A.2.3 Are the references accurate and clear within the law? Are references to other laws accurate and clear? A.2.4 Does the text of the law cover all issues? Is there a legal vacuum?

¹⁸ B.1.1 Has the preliminary assessment been carried out and is it accurate? Are the objectives of the law determined in accordance with the preliminary assessment? B.1.2 Are the drafted rules of the law coherent with the objectives of the law?

¹⁹ B.2.1 Is the discretion defined to the extent that it is not broad? Are there criteria that define discretion? Is there discretion to apply the exception to the rule? B.2.2 Is there regulatory discretion? B.2.4 Is the defined procedure clear? B.2.5 Is the procedure simple, without excessive obstacles? B.2.6 Is adequate access to information ensured during the procedure? B.2.7 Are deadlines set for the procedural steps? Are the deadlines accurate and appropriate? B.2.8 Does the procedure guarantee free competition, if it establishes selection rules? B.2.9 Is the decision-making procedure clear? Are the criteria clear for decision-making?

B.3 The executing body²⁰

- In the draft law, the implementing bodies, as well as the controlling ones, are designated, which examine administrative complaints.

B.4 Surveillance²¹

- The draft law provides for a supervisory mechanism, which can be exercised by the superior body which is the minister responsible for finance.

B.5 Sanctions²²

- The draft law foresees sanctions, which together with the sanctions in the existing law are sufficient for those who commit legal violations in this area.

B.6 Judicial review²³

Subjects included in the field regulated by this draft law have the opportunity to turn to the judicial authorities in case of violation of their rights.

3.3 Some specific comments regarding the content of the draft law

- The proposed bill openly admits the failure of closing online betting in 2018, but the report lacks a summary analysis of the factors that brought about this failure, which may be equally influential in the failure or malfunction as expected in the future of the proposed scheme, and a financial analysis of the effects of this failure is also missing.
- Article 2, point 6, the definition of the term online betting needs more complete definition. The problem is related to the fact that the terminology used "placed on a dedicated, authorized and monitorable website or electronic platform" is incomplete as it does not properly define the fact that the participation of the players and the monitoring of the process takes place in real time and cannot be manipulated.
- The proposed draft law contains interventions that appear to be unrelated to the object of the amendments therein. Although the draft law aims to formalize online betting, it proposes a change in point 20 of Article 2, which is not related to online sports betting. ("20/1. "Promotional gambling - jackpot" is the game that is organized by entities operating in the field of gambling, "casinos", "casino resorts", "casinos located in five-star hotels", which promotes customer loyalty, only within the authorized premises where they carry out the activity, according to the provisions of their license, according to the relevant authorization given by the License Commission"). We emphasize that in the

²⁰ B.3.1 Has a competent body been appointed for the implementation of the law or by-law? B.3.2 Are the powers of the body clearly defined? Is there an overlap of competences? B.3.3 If the implementing body is delegated to be regulated by a by-law, is there a deadline for issuing the by-law? Is there a risk of delayed erection? B.3.4 Is more than one law enforcement body provided for? Are their competencies coherent? Is it clear which is the main responsible body? B.3.5 Do the drafted rules respect the standards of prevention and avoidance of conflict of interest?

²¹ B.4.1 Does the law provide for an oversight mechanism? B.4.2 Does the law guarantee transparency of its implementation?

²² B.5.1 Does the law determine sanctions in case of breach of obligations? B.5.2 Are the sanctions proportionate?

²³ B.6.1 Does the law provide for judicial control of administrative activity? B.6.2 Are the rules for judicial review clearly formulated?

public consultation the institutions have refused to consider proposals from other parties, precisely with the argument that they are not related to the object of the changes in the law.

- While the draft law contains numerous interventions in Article 9, related to publicity, there is a lack of a transparent overview of the need for these interventions and the consequences in the market.
- The proposed amendment to Article 20, point 3 contains the term 'but not limited to', which practically leaves the technology that can be used completely open and unnecessary to cite other devices in it.
- The changes in point 5 of Article 20 determine that the minimum standards are approved with the instructions of the minister responsible for finance. Given that all activity is online and "competes" in the Internet market with similar platforms in other countries, we suggest that these minimum standards are also in line with those used in European Union countries.
- Article 14, changes in Article 26, point 3f, it is not at all clear why the draft law expands the possibility of keeping a bank account for players' funds from second-level banks (existing law) to financial institutions (ie even non-banks), as proposed).
- Article 17, the interventions in Article 29, for the National Lottery are again not related to the definition of the problem (online betting) nor to the objectives of the proposed draft law, while in the public consultation the institutions have refused to take into account proposals from other parties, precisely with the argument that they are not related to the object of the changes in the law.
- Article 24 repeals point 2 of Article 46 in the existing law (Organizers, who exercise the activity of sports betting gambling games, will only use programs (software), built by entities authorized by the AMLF for this purpose, according to the criteria and the conditions determined by the instructions of the Minister of Finance. The programming of "Sports Betting" games of chance in the Republic of Albania is allowed only for legal entities equipped with AMLF authorization). It is not clear why this requirement was removed and where responsibility will be sought in cases of malfunction or possible manipulation.
- The composition of the Project Support Council, proposed in Article 52/2, can be left to the Council of Ministers, in accordance with the institutional hierarchy of institutions and AMLF.

3.4 Analysis of the **law no. 66/2023 "On the administration of objects confiscated as unauthorized constructions with the aim of using them for public interest or social housing, as well as mitigating the social consequences caused"**, approved by the Assembly of the Republic of Albania, dated 20.07. 2023.

General considerations

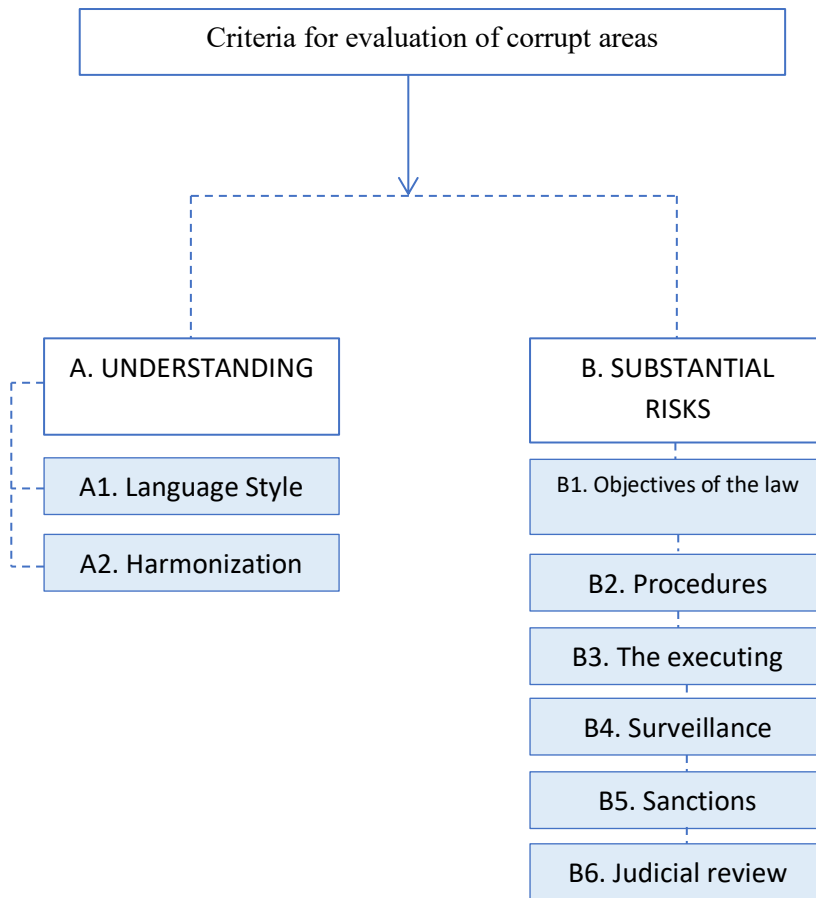
- In the object of the law, as well as in its explanatory relation, it is said that it defines the rules for constructions without a confiscated permit, in accordance with the

provisions of the law on planning and development of the territory. But if it is so, then these legal provisions should have been an addition to the law no. 107/ 2014 "On planning and development of the territory" and not a separate law.

- This new law, apparently to deal with confiscated unauthorized constructions, as such does not provide solutions to several issues: (i) on what criteria is it determined whether an unauthorized construction or addition in volume or area should be demolished or confiscated? (ii) the demolition of an extension without permission is not always related to the stability of the building, but often it is related to the right of citizens to have less concrete volume in the city. (iii) how is it possible that so many constructions were allowed without permission or such additions that there is no need for a special law to give a solution to what will be done with the confiscated constructions?
- Basically, if you read it carefully, it can be determined that this law is a new law for the legalization of constructions without a permit, conceived as additions to the volume or surface, of a new building built with a construction permit, giving the opportunity to construction companies to buy back from the State that construction without permission, which they have build themselves.
- So, if the law No. 9482, dated 03.04.2006 "On the legalization, urbanization and integration of constructions without permission" as amended, deals with constructions without permission made as such until 27.6.2014 and it is assumed that other constructions without permission would be demolished, then this new law legalizes constructions and additions without permission, which have survived without being destroyed or which were built in the last 10 years or which will be built in the future.

Below the potential areas for corruption will be analyzed for this law, also in terms of illegal financing:

Figure 2: Categories of criteria for evaluation of corrupt areas.



A. Understanding - Understanding as a criterion for corruption proofing concerns when a legal norm, sentence or expression has more than one meaning, thus creating confusion for the enforcer of the law, and leaving subjective spaces in the application of the law itself.

A.1 Language style²⁴ – The language of the law must be simple, with correctly constructed sentences from a grammatical and lexical point of view.

- Apparently, the law has a simple language, as well as aims to keep the same terminology with the existing legislation in the field of construction, but since in article 1, the provision that defines the rules for confiscated objects as construction without permission creates a doubt with the existing legislation that leaves no more equivocal, that is, constructions without permission are demolished, as such, and it is not understood what these additions or constructions without permission are, which will not be demolished by the building inspectorate. This issue is not addressed in the existing legislation and in this new law, leaving room for wide discretion, subjectivism, and corruption.

²⁴ A.1.1 Are the selected words correct? A.1.2 Are sentences and phrases constructed correctly, leaving no room for ambiguity?

A2. Harmonization²⁵- The draft law must contain legal norms that have unity with each other, fluidity, logical connection, and that do not create contradictions within the law itself or that do not create contradictions, or further conflict with the legislation in force.

- The essence of the law creates a contradiction with the legislation in force in the field of constructions, where the legislator has been clear that constructions without permission, additions to the surface or volume will no longer be tolerated. So, this law once again opens the discussions on the legalization of unauthorized additions, which are considered significant, as long as a special law is needed to deal with them.

B. Substantial risks

B.1 Objectives of the law²⁶ – The objectives of the law are provided in its general provisions, titled as: "object", "purpose", while a more detailed description of the objectives is given in the accompanying report of the draft law, which must describe the problem it aims to solve the new draft law, an assessment of the factual situation and to argue why a new draft law is the right solution for that created issue.

- The new law envisages as its primary goals the regulation and mitigation of social and urban consequences caused by constructions for the purpose of profit in violation of the law, as well as the good administration of objects confiscated as constructions without permission, with the aim of using them for public interest or housing. But the detailed provisions in the articles titled "Object" and "Purpose" do not match the other following provisions, where their essence is the "Program for the sale of confiscated objects", where the owners of the land enjoy the right of pre-emption for the part of their taxpayers, the third parties who have concluded preliminary contracts with the notary for the confiscated part and if the two subjects above express in writing that they do not want to exercise this right or do not respond within 10 days of receiving the notification, then this right it is exercised by the developer/builder entity, i.e. the offender, the one who built without permission.

B.2 Procedures²⁷- The procedure is stipulated in the law. The Commission of Confiscated Objects is left with a great deal of discretion as to when and in which cases it can decide that a confiscated object be sold and not used for public interest. This large discretionary space leaves room for corruption, since depending on the entities that have committed the violation and that want to regain ownership of the confiscated object, the Commission's decision-making may be the same. So, in this case this provision had to be very detailed and not as it is formulated.

²⁵ A.2.1. Are there conflicting provisions within the law? Are there conflicting provisions with other laws? A.2.2 Is the terminology used correct and consistent? A.2.3 Are the references accurate and clear within the law? Are references to other laws accurate and clear? A.2.4 Does the text of the law cover all issues? Is there a legal vacuum?

²⁶ B.1.1 Has the preliminary assessment been carried out and is it correct? Are the objectives of the law determined in accordance with the preliminary assessment? B.1.2 Are the drafted rules of the law coherent with the objectives of the law?

²⁷ B.2.1 Is the discretion defined to an appropriate extent, so that it is not broad? Are there criteria that define discretion? Is there discretion to apply the exception to the rule? B.2.2 Is there regulatory discretion? B.2.4 Is the defined procedure clear? B.2.5 Is the procedure simple, without excessive obstacles? B.2.6 Is adequate access to information ensured during the procedure? B.2.7 Are deadlines set for the procedural steps? Are the deadlines accurate and appropriate? B.2.8 Does the procedure guarantee free competition, if it establishes selection rules? B.2.9 Is the decision-making procedure clear? Are the criteria clear for decision-making?

B.3 The executing body²⁸

- In the law, the responsible state authorities are designated as: the Council of Ministers, the Commission of Confiscated Objects, the ministry responsible for the administration of state property, the Territorial Development Agency, the State Cadastre Agency, as well as the development program implementation unit.

B.4 Surveillance²⁹

An institution has not been defined to oversee the entire process, but since the Council of Ministers (Article 9 of the law) is listed at the head of the responsible authorities, as well as it has been assigned special approval powers for the transfer of confiscated objects or funds relevant, then the supervision of the entire process is carried out by this collegial body or by the body that is designated by the relevant decisions of the Council of Ministers.

B.5 Sanctions³⁰

There is no provision with sanctions in the law. As we explained above, this law could be part of the law no. 107/ 2014 "On the planning and development of the territory", as it defines the rules on how to administer and use the objects confiscated as unauthorized constructions, which are a derivative of the implementation of the law no. 107/ 2014.

B.6 Judicial review³¹

Subjects included in the field regulated by this law can turn to the judicial authorities in case of violation of their rights. This right is not provided for in this law but derives from the Constitution and the legislation in force. The situations that can arise during the implementation of this law are among the most diverse, for example: the subject to whom a construction has been confiscated, such as without a construction permit, can complain, if it was equipped with a permit and implemented it with Strictly speaking, the owners of the land can also complain if the contract with the builder is not implemented, or if the rights granted to them by this new law are not respected, third parties who have entered into a contract for the object confiscated before its illegality was established, for cases where the rights recognized by this law are not respected.

Conclusions regarding the law analyzed above

- 1) The law can be reconceptualized as an addition to the law no. 107/2014 "On the planning and development of the territory", dealing separately in which very rare cases can be left undamaged/demolished without permission. The conditions under which it

²⁸ B.3.1 Has a competent body been appointed for the implementation of the law or by-law? B.3.2 Are the powers of the body clearly defined? Is there an overlap of competences? B.3.3 If the implementing body is delegated to be regulated by a by-law, is a deadline set for issuing the by-law? Is there a risk of delayed erection? B.3.4 Is more than one law enforcement body provided for? Are their competencies coherent? Is it clear which is the main responsible body? B.3.5 Do the drafted rules respect the standards of prevention and avoidance of conflict of interest?

²⁹ B.4.1 Does the law provide for a supervisory mechanism? B.4.2 Does the law guarantee transparency of its implementation?

³⁰ B.5.1 Does the law determine sanctions in case of breach of obligations? B.5.2 Are the sanctions proportionate?

³¹ B.6.1 Does the law provide for judicial control of administrative activity? B.6.2 Are the rules for judicial review clearly formulated?

could be confiscated and treated only for public interest, but not to be sold again to the construction entity that committed the misdemeanor in construction.

- 2) If this law takes full effect, and by-laws are approved in its implementation, then a ready-made fraud scheme is created, where construction companies are allowed to build additional volume or surface area without a permit (without paying the corresponding taxes on the construction permit and development, etc.) and in the end they buy them back by being equipped with the relevant permits post factum.

4. The role of the actors of the parliamentary system in the effective supervision of the field of illegal financing in Albania

4.1 Analysis of the situation

The Coordinating Committee of the Fight Against Money Laundering is responsible for determining the directions of the general state policy in the field of prevention and the fight against money laundering and terrorist financing. The committee is headed by the Prime Minister and is composed of the minister responsible for finance, the minister responsible for foreign affairs, the minister responsible for defense matters, the minister responsible for public order and security, the minister responsible for justice matters, the Attorney General, the Head of the Prosecutor's Office In particular, the Governor of the Bank of Albania, the Executive Director General of the Financial Supervision Authority, the Director of the State Information Service, the Inspector General of the High Inspectorate of Declaration and Control of Assets and Conflict of Interest, the Director of the National Bureau of Investigation and General Director of the State Police. The committee meets at least once a year to review and analyze reports on the activities carried out by the responsible authority, as well as reports on documents prepared by international institutions and organizations, which exercise their activities in the field of the fight against money laundering and financing of terrorism. The general director of the responsible authority provides the committee, at its request, and acts as an advisor at the meetings of this committee. **Ministers, deputies, leaders or representatives of institutions and experts in the field of prevention and fight against money laundering and financing of terrorism can be invited to participate in the meetings of the committee.**

The General Directorate of Prevention of Money Laundering exercises the functions of the responsible authority, as an institution subordinate to the Minister of Finance. This directorate, within the scope of its activity, has the right to decide on the way of pursuing and resolving the issues addressed for possible money laundering and financing of possible terrorist activities. The General Directorate of Prevention of Money Laundering serves as a specialized financial unit for the prevention and fight against money laundering and terrorist financing. Also, this directorate functions as a national center in charge of collecting, analyzing and distributing to law enforcement agencies data on possible money laundering and terrorist financing activities.

The Bank of Albania is the supervisory authority for the entities defined by the letters "a", "b", "c", "ç" and "d" of Article 3 of this law.

The Financial Supervision Authority is the supervisory authority for the entities defined in the letters "e", "ë" and "j" of Article 3 of this law;

The relevant ministries and/or authorities for the supervision of the entities defined in letters "f", "g", "gj", "h", "i", "k" and "l", of Article 3, of this law.

The National Chamber of Advocacy for the supervision of lawyers and the Ministry of Justice for the supervision of notaries.

4.2 On western experiences in the area of online gambling taxation

It is widely accepted that the gambling sector is characterized by rapid economic growth and technological development, with strong growth of the online sector during and after the Covid-19 pandemic. Different countries charge different tax rates, which can either encourage or discourage online gambling from opening there.³² Greece has one of the highest tax rates at 35%.³³

The Dutch government also charges a higher tax rate for casinos - 29%.³⁴ In addition, online casino operators must contribute 1.5% to the gaming authority - the country's equivalent of buying a license - as well as set aside 0.25% to go into the country's anti-addiction fund.

Italy holds the second largest share of the European online gambling market – after the UK – and charges an average of 22% to casinos.³⁵

Sweden is another major player, and they again follow a system of selling licenses and charging a reasonable amount of tax; this time 18%.³⁶

A completely different approach is taken by the Czech Republic, with the government operating a different tax system depending on how the profits are secured. For example, operators of sports betting, whether Internet or land-based, will have to pay 23%, however, anyone who wants to use slot machines is subject to a massive 35% tax on insured income. The government has also taken extreme measures to prevent people from finding themselves in financial difficulties, anyone receiving financial assistance from the government is banned from gambling.

Different European countries, in the regulation of this market, have defined objectives, among which we can mention:

UK

- Prevent gambling from being a source of crime or disorder.
- Ensure that gambling is conducted in a fair and open manner.
- Protect children and other vulnerable persons from harm or exploitation by gambling.

Italy:

- Online gambling operators must have a physical presence in Italy or another EU country and must use a domain.it name for their website.

³² Auer, M., & Griffiths, M. D. (2022). Gambling before and during the COVID-19 pandemic among online casino gamblers: An empirical study using behavioral tracking data. *International Journal of Mental Health and Addiction*, 20(3), 1722-1732.

³³ Accessible at: <https://igamingbusiness.com/finance/greece-approves-fixed-35-tax-rate-for-online-gaming-operators/>.

³⁴ Accessible at: <https://iclg.com/practice-areas/gambling-laws-and-regulations/netherlands#:~:text=Since%201%20October%202021%2C%20remote,currently%20been%20set%20at%2029.5%25>.

³⁵ Accessible at: <https://www.affiversemedia.com/italy-approves-turnover-tax-for-gambling-operators/>.

³⁶ Accessible at: [https://igamingbusiness.com/legal-compliance/legal/atg-flags-alarmed-increase-in-illegal-swedish-gambling/#:~:text=Sweden's%20government%20\(Regeringen\)%20in%20September,Sweden%20from%201%20July%202024](https://igamingbusiness.com/legal-compliance/legal/atg-flags-alarmed-increase-in-illegal-swedish-gambling/#:~:text=Sweden's%20government%20(Regeringen)%20in%20September,Sweden%20from%201%20July%202024)

- Internet gambling operators must pay a tax of 20% on their gross gambling income and must contribute to a fund for the prevention and treatment of gambling addiction.
- Internet gamblers must be at least 18 years old and must register with a valid ID and tax code. They must also set a maximum spending limit and respect the self-exclusion system.

Germany:

- Internet casino games, poker and virtual slots are legal and subject to licensing and taxation.
- Online sports betting is also legal and subject to licensing and taxes, but operators must respect certain restrictions on the types and number of bets they can offer.
- Internet gambling operators must implement measures to ensure responsible gambling, such as setting deposit limits, offering self-exclusion options, and displaying warnings and information about the dangers of gambling.

Spain:

- Online gambling to be conducted in a safe, responsible, and transparent manner, protecting the rights and interests of customers, and preventing fraud and money laundering. Online gambling operators must comply with the legal and technical requirements set by the responsible national authority, as well as pay taxes on their gross gaming revenue.

France:

- Legal age to participate in gambling: French residents can register and place real money bets online if they are at least 18 years old.
- Approved banking instruments: The balance of players from France can only be funded with certain approved banking instruments, such as credit cards, bank transfers or prepaid cards. Cryptocurrencies are not allowed.
- Enforcement of gambling-related debts: Debts resulting from gambling-related activities are not enforceable in France. This means that players cannot sue operators or other players to recover their losses.

In 2022, the 28 EU member states (including the UK) reported having a level of informality in the economy of 17.3%, an increase of 1% compared to 2019.³⁷

Meanwhile, it is noted that the share of the Internet gambling market is growing steadily and is expected to reach 33.6% of Europe's gross revenues from games by 2025. That is, 1 in 3 Euros circulating in gambling comes from internet games.

³⁷ European Parliament. (2022). "Taxation of the Informal Economy in the EU". Accessible at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU\(2022\)734007_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2022/734007/IPOL_STU(2022)734007_EN.pdf).

In 2019, Europe had an Internet gambling market channelization rate of 73.5%, meaning that nearly three-quarters of Internet gambling activity took place in the regulated market, while 26.5% of developed in the gray and black markets. That is, more than 1/4 of the money circulated in this market (Internet gambling) is part of the informal and criminal economy³⁸.

Considering the high level of informality in our national economy, at least 3 times higher than in EU countries (over 50%), one can guess what great facilities the adoption of this law will create after a few days in the version submitted for approval to increase informality and especially for the criminal groups concerned.

³⁸ Accessible at: <https://voluum.com/blog/online-gambling-eu-uk/>

5. Conclusions and Recommendations

This working document, during the analysis, has provided a series of findings and respective recommendations. In this section, some general recommendations are presented, which are evaluated as suggestions for improving the legal framework and climate in general regarding illegal financing.

- Adding information to the report: The report should be supplemented with additional data about the actual situation in the field of gambling, especially about the volume of circulation in this market. It is important to include the rationale for the missing decision to close the gambling market just five years ago.
- Improvement of the Draft Law: The Draft Law needs to be improved in several aspects, including measures to prevent the rigging of sports matches and the creation of fraudulent gambling schemes. It is recommended to include representatives of the General Directorate of Prevention of Money Laundering and Financing of Terrorism in the licensing commission. This will provide stronger control in terms of preventing money laundering.
- Hearings with Vulnerable Groups: It is important that the Parliamentary Committees organize hearings with representatives of vulnerable groups who have suffered from gambling addiction. These hearings can help in understanding their needs and the social consequences of this addiction.
- Creation of a support fund to help victims of gambling addiction and for their rehabilitation, with the direct contribution of the companies that will be licensed.
- Hearings with Foreign Chambers of Commerce: It is recommended to organize hearings with representatives of foreign chambers of commerce to assess whether the criteria defined for applying entities are accessible and non-discriminatory for their member businesses. This will help ensure a sustainable relationship with the international business community.
- It is suggested that the Assembly, for each new draft law, which regulates legal relations in sensitive areas that can be used for money laundering, try to add legal provisions that guarantee the transparency of the funds used by the subjects, as well as the effective controls of periodical in that field.

In relation to the current implementation of the legislation in the field of administration³⁹ of seized and confiscated assets, starting from the legal provisions, as well as from the current practice⁴⁰ in the field of administration of seized and confiscated assets in order to increase the effectiveness of the use of them, but also to avoid as much as possible the risk of those assets ending up in the hands of crime again, we would suggest the following:

- The use of these assets to be mainly:
 - a) for the compensation of the victims of crime (to increase the role of the victims in the criminal process and thus they also benefit from the compensation from these assets);

³⁹ Official website of The Agency for the Administration of Sequestered and Confiscated Assets (AAPSK), accessible at : <https://aapsk.gov.al/rreth-aapsk/>.

⁴⁰ See also the report of ALSAI on the activities of AAPSK. Get it from - chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://panel.klsh.org.al/storage/phpPvGELw.pdf.

- b) for the establishment of social enterprises with a focus on backward areas or marginalized groups of society.
 - c) to be used by state institutions or municipalities to be used only for public interest and not to be sold or leased.
 - d) in very rare cases, with the approval of the Inter-institutional Committee for Measures Against Organized Crime, they can be sold, but announcing the reasoning why it is proposed to act in this way.
- To increase the transparency of the actions of the Agency for the Administration of Seized and Confiscated Assets, where the information provided on its webpage is divided by city, the database is enriched with the data of the entity that uses that asset , the term of the relevant contract, etc.

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