NATIONAL CONVENTION ON THE EUROPEAN UNION IN THE REPUBLIC OF NORTH MACEDONIA (NCEU-MK)
17th SESSION OF WORKING GROUP 4, JUDICIARY AND FUNDAMENTAL RIGHTS,
CHAPTER 24
Skopje, 14 July 2025, 09:30–14:00

RECOMMENDATIONS

Topic:
EFFECTIVENESS OF THE INSTITUTIONAL RESPONSE IN THE REPUBLIC OF NORTH MACEDONIA TO EU RECOMMENDATIONS ON CONFISCATION AND MANAGEMENT OF ASSETS ACQUIRED THROUGH CRIME

RECOMMENDATION 1: Harmonization of the legal framework for confiscation

With the adoption of the Law on Asset Confiscation in Civil Proceedings, a new mechanism was introduced that builds upon the existing forms of criminal confiscation. However, in practice, overlaps and ambiguities arise between the different types of confiscation, creating legal uncertainty and the risk of unequal application.

Amendments and clarifications to the Law are recommended in order to clearly determine when criminal and when civil confiscation should be applied – particularly in cases where there are legal or factual obstacles to prosecution (such as the death of the perpetrator, escape, statute of limitations, etc.). This will ensure legal clarity, prevent duplicate proceedings, and increase the efficiency of the confiscation system.

Responsible institutions: Ministry of Justice (as the proposer of the amendments), the Working Group on Confiscation Legislation, in coordination with the Public Prosecutor's Office, the Financial Police Directorate, and the courts.

RECOMMENDATION 2: Strengthening institutional and human capacities for financial investigations and asset confiscation

Although investigative bodies are entrusted with serious responsibilities – examining the legal origin of assets, conducting financial analyses, and processing data – their working conditions are still inadequate for handling complex investigations. With the introduction of new confiscation mechanisms, these challenges have become even more pressing.

To enhance the capacity and efficiency of financial investigations and to ensure more effective implementation of confiscation laws, it is recommended that the Ministry of Finance, in coordination with the Government, should:

- provide additional budgetary resources for the institutions conducting financial investigations and asset confiscation;

- ensure new recruitments of financial investigators, prosecutors, and judges specialized in confiscation, as well as IT and legal analysts, accompanied by a plan for their continuous training to meet modern investigative requirements, with particular focus on the Financial Intelligence Unit (FIU).

RECOMMENDATION 3: Alignment of provisions on extended confiscation with Directive (EU) 2024/1260

It is recommended that the Ministry of Justice initiate amendments to the Criminal Code in order to align with Article 14 and other relevant provisions of Directive (EU) 2024/1260 on asset confiscation. The Directive introduces stronger mechanisms for the management of seized assets – including the establishment of specialized bodies or services, more efficient handling of frozen or confiscated property, transparency in the use of funds, and their allocation for public benefit (such as victim support funds, social services, public projects, or crime prevention).

Implementation of the Directive will contribute to:

- clearer criteria for extended confiscation;
- establishment of professional structures for asset management;
- greater legal certainty and trust in the procedures;
- better use of confiscated property for public and social purposes.

RECOMMENDATION 4: Limiting the Potential for Abuse of Asset Origin Reports and Protecting the Capacity of the Financial Police Office

In practice, there is a risk that individuals or legal entities may submit unfounded or malicious reports concerning assets of suspicious origin. Such reports can overload the Financial Police Directorate (FPD), create administrative blockages, and hinder the conduct of serious financial investigations.

It is therefore recommended that the Ministry of Justice, in consultation with the FPD and the Ministry of Interior, propose amendments to Article 10 of the Law on Civil Asset Confiscation. These amendments should:

- clearly define which persons may submit a report (only those with a legitimate legal interest);
- require the submission of concrete and verifiable information;
- establish clear criteria for the assessment of reports.

RECOMMENDATION 5: Restoring Tools for Combating High-Level Corruption

With the amendments to the Criminal Code adopted on 7 September 2023, penalties for serious criminal offences related to abuse of official position and corruption were reduced, which directly weakened the prosecution system and undermined the application of confiscation instruments. The consequences are particularly visible in high-profile corruption cases, where there is a risk of impunity and a loss of public trust in institutions.

To restore effectiveness in the fight against corruption, it is necessary to:

- urgently revise these amendments and reinstate stricter penal policies;
- ensure the full application of extended confiscation, even in cases where no conviction has been issued;
- enable non-conviction-based confiscation in situations where legal or factual obstacles prevent prosecution (e.g. death of the accused, statute of limitations, escape);
- implement financial investigations as a key tool for tracing and seizing illicit asset

RECOMMENDATION 6: Verification and strengthening of the integrity of officials conducting investigations and sanctioning conflicts of interest

A functional system for confiscation of illegally acquired assets is impossible without high standards of integrity among those conducting investigations, financial analyses, and asset management. Cases of conflict of interest, undeclared assets, or corrupt behavior among these officials directly undermine the process – from evidence collection to judicial decision-making.

To address these weaknesses, it is necessary to:

- establish a clear legal obligation for regular and transparent asset and interest declarations by officials as part of institutional procedures;
- strictly apply sanctions for established cases of conflict of interest and undeclared assets, with a focus on officials involved in financial investigations and asset management;
- ensure that the State Commission for the Prevention of Corruption (SCPC) has access to relevant financial and judicial data to identify irregularities more quickly and enforce sanctions effectively.

The responsibilities for implementing this recommendation are distributed as follows: the SCPC is responsible for investigation, action, and proposing sanctions; the Ministry of Justice for strengthening the existing regulatory framework; the management bodies of investigative institutions for ensuring institutional integrity; and the Assembly of North Macedonia for adopting the necessary amendments and overseeing their implementation.

RECOMMENDATION 7: Establishment of an integrated digital platform and coordination mechanism

It is recommended to establish a single, interoperable digital platform through which the Ministry of Interior, the Public Prosecutor's Office, the Public Revenue Office, the Cadastre, the Central Registry, the Courts, the Financial Police Directorate, and the Agency for the Management of Seized Assets will have automated access to and exchange of data. The platform should enable transaction tracking, ownership history, automated notifications, and asset monitoring to ensure timely reaction and prevent the concealment or transfer of criminally acquired property. The European initiative **PAYBACK** can serve as a model.

Within this platform, a formalized mechanism for institutional coordination should also be established – providing for regular information exchange, integrated risk analyses, and coordinated actions. The Government and the Ministry of Justice are responsible for ensuring the establishment and functionality of this system.

RECOMMENDATION 8: Strengthening and transformation of the Asset Recovery Office (ARO)

The Asset Recovery Office (ARO), currently operating within the Public Prosecutor's Office for Organized Crime, functions with only one appointed prosecutor and without dedicated resources, which seriously limits its effectiveness. To ensure the effective implementation of measures for the seizure and recovery of criminally acquired assets, it is urgently necessary to strengthen the institutional capacities of this body through a separate budget line, access to relevant databases, additional professional staff, and modern IT infrastructure. In parallel, broader strengthening of the Public Prosecutor's Office is needed for more effective prosecution of financial crime and money laundering.

In the long term, it is recommended that the ARO be transformed into an independent Agency for the Management of Seized Assets, with its own budget, professional staff, and legally defined competences. This would enable interoperability with national institutions and effective cooperation with European networks (CARIN, BAMIN, and EU ARO contact points), contributing to faster identification, freezing, and recovery of criminally acquired assets.

The responsible institutions for implementing this recommendation are: the Public Prosecutor's Office (defining needs), the Ministry of Finance (providing resources), as well as the Government and the Parliament (political and budgetary support).

RECOMMENDATION 9: Optimization of asset management

The effective fight against organized crime and corruption does not end with the confiscation of assets, but continues with their professional and transparent management. It is therefore necessary to introduce fast and standardized procedures for the assessment, storage, and further use of confiscated assets (vehicles, real estate, crypto-assets). A centralized database, designated responsible officials, and regular oversight with clear rules for the use, maintenance, and sale of assets are required. This will prevent devaluation and increase efficiency and transparency in asset management.

In addition, a legal mechanism should be established to ensure that confiscated assets are transformed into public benefit – funding for education, healthcare, social protection, and support for victims of crime. This requires coordination between the Public Prosecutor's Office, the Ministry of Justice, the Ministry of Finance, the Public Revenue Office, and other relevant institutions, along with the engagement of experts and training for managing both property and financial assets.

RECOMMENDATION 10: Specialized training on non-conviction-based and extended confiscation

For the effective application of instruments for non-conviction-based and extended confiscation, it is necessary to introduce regular, practice-oriented training for public prosecutors, judges, and investigators. These trainings should cover:

- European standards and best practices,

- methods for identifying and tracing assets,
- techniques for proving illicit origin,
- procedural rules for confiscation without a prior criminal conviction.

The Academy for Judges and Public Prosecutors is the key institution for designing and implementing these programs, in coordination with the Ministry of Justice, which should provide political support, resources, and continuity in capacity building.