

OBSERVATORY OF ILLICIT ECONOMIES IN SOUTH EASTERN EUROPE



RISK BULLETIN

SUMMARY HIGHLIGHTS

1. **A small town in Montenegro has a big reputation for crime as the place of origin for many of the country's criminals.**

At the end of August 2021, the historic city of Cetinje, Montenegro, was in the news because of protests related to the inauguration of the new head of the Serbian Orthodox church in the country. But the name of Cetinje often appears in the media for another reason: as a place of origin of criminals, mentioned in stories about the Pink Panthers, the Montenegrin cocaine clan war and, more recently, cannabis cultivation. Is this a coincidence, or is the city an incubator of criminals?

2. **Despite the closure of the Balkan route, efforts are intensifying to stop migrant smuggling through Bosnia and Herzegovina.**

Despite the much-touted 'closure' of the Balkan route for refugees and migrants in 2016, there is still a steady flow of people moving through the Western Balkans trying to enter the EU through Croatia or Hungary. Because of robust border management and pushbacks, many are getting stuck in Bosnia and Herzegovina. This is worsening a humanitarian crisis in refugee camps close to the border, increasing incentives for smugglers and causing some refugees and migrants to move east instead of west. This situation may be exacerbated by a further movement of refugees and migrants from Afghanistan.

3. **Where are the women? Gender and migration in the Western Balkans.**

Although globally women make up almost half of all people on the move, the percentage of female refugees or migrants transiting the Western Balkans is reported to be only around 4%. This article looks at barriers to migration for women and gender-based risks. It stresses that more focus should be put on gender and

migration, both in terms of understanding the demographics, needs and challenges of people on the move, but also in designing policies to address gender issues in the context of migration.

4. **As part of Albania's judicial reform process, a special institution seeks to fight organized crime and corruption in the country.**

In the past, Albania's criminal justice system has been criticized as being soft on organized crime and corruption. But a number of new institutions have been established to strengthen the rule of law, integrity and the fight against organized crime, as part of the reform process. We talk to the chief special prosecutor of the country's Special Anti-Corruption and Organized Crime Structure.

5. **Stubbing out cigarette smuggling in Montenegro?**

Montenegro has been a notorious hub for cigarette smuggling, known for producing counterfeit cigarettes as well as being a transit country for 'cheap whites' – cigarettes legally produced in one country, but illegally traded to others to avoid customs and excise taxes. The country's new government has pledged to fight organized crime and corruption, but will it be able to stop this trade?

6. **Reducing vulnerability to loan sharking in Serbia.**

Loan sharking is an issue that is seldom discussed, but is a growing problem in parts of the Western Balkans. We talk to Milan Stefanović, executive director of the Centre for Civil Society Development PROTECTA in Nis, about what his organization is doing to raise awareness about the problem and to help victims.



ABOUT THIS ISSUE

Welcome to the ninth issue of the Risk Bulletin produced by the Observatory of Illicit Economies in South Eastern Europe of the Global Initiative Against Transnational Organized Crime (GI-TOC).

We begin with the profile of a hotspot of organized crime, Cetinje, a small city in Montenegro. Although, strictly speaking, not a hotspot of organized crime, the city seems to be an incubator of criminals. We explore why Cetinje is criminogenic.

Migration remains a hot topic in the Western Balkans, particularly during the summer, when the number of people on the move through the region is higher than during the rest of the year. We look at the current situation in Bosnia and Herzegovina, which has become a key transit point for refugees and migrants, and highlight some of the reasons why migration patterns seem to be changing. We also question why so few women are making the journey and analyze selected gender-based risks that migrants face in the region.

The criminal justice system in Albania has suffered from having a reputation of enabling corrupted high officials and powerful organized crime groups to operate with impunity. This image may now be changing, thanks in

part to the work of the Special Anti-Corruption and Organized Crime Structure (SPAK). The creation of this office, which began its work in December 2019, is considered a part of the reform of the justice system in Albania. We talk to the SPAK's chief special prosecutor, Arben Kraja.

In the past, Montenegro has been a notorious hub for cigarette smuggling. But the new government has pledged to clamp down on this illicit trade and has already taken some steps in this direction. We look at the problem, recent developments and what further actions are needed.

As always, we conclude with a profile of a civil society organization that is working to strengthen resilience to organized crime in the Western Balkans. In this issue, we talk with Milan Stefanović, executive director of PROTECTA, about loan sharking in Serbia and what his organization is trying to do about it.

If you have a proposal for a story or would like to provide feedback, please contact Kristina.Amerhauser@globalinitiative.net.

1. A small town in Montenegro has a big reputation for crime as the place of origin for many of the country's criminals.

In police reports about arrests or crime-related deaths in the Western Balkans, the name of one small town in Montenegro often appears: Cetinje. Although Cetinje is not a hotspot of organized crime, as there is relatively little crime in the city, there is often a criminal connection to someone from Cetinje in news reports, such as the ones about the Pink Panthers,¹ the Montenegrin cocaine clan war² or, more recently, cannabis cultivation.³ Why is this small, former capital of Montenegro criminogenic? Is it a coincidence, or are there certain factors that create vulnerability?

Cetinje, with a population of around 14 000 people, is situated between the capital, Podgorica, and the towns of Budva and Kotor on the Adriatic coast. It is home to a historic monastery, which was at the centre of clashes in early September 2021 when angry crowds protested the inauguration of the new head of the Serbian Orthodox church.⁴ Despite its distinguished past, part of the city's more recent history is linked to a criminal milieu.

After the break-up of Yugoslavia, criminals from Cetinje were engaged in cigarette smuggling from Montenegro to

Italy. This brought them into contact with traders in the Apulia region of Italy who were dealing in smuggled, counterfeit or stolen luxury goods like jewellery, sunglasses, footwear, clothes and cosmetics. Based on their good connections with their Italian counterparts, criminals from Cetinje became specialized in robbing boutiques, jewellery and appliance stores in Italy.⁵ Robberies during the 1990s were on-the-job training for members of the famous gang of robbers known as the Pink Panthers, whose founder, Rajko Čaušević, is from Cetinje.⁶

At the beginning of the 21st century, criminals from Cetinje became active in the drug trade, particularly the smuggling of cocaine from Latin America to Western Europe. Men from Cetinje are prominent in the ranks of both the Škaljari and Kavač clans, which have been engaged in a bloody feud over control of the cocaine trade since 2015. For example, the Vukotić brothers, who are considered the leaders of the Škaljari clan, come from Cetinje, and Radoje Zvicer and Slobodan Kaščelan, members of the Kavač clan, also grew up near the city.



The Montenegrin city of Cetinje has a distinguished past, but it is now linked with the country's criminal underworld.

Photo: Redvetal



FIGURE 1 Cetinje, lying between Montenegro's capital, Podgorica, and the Adriatic, is home to a number of the country's criminals.

A number of people from Cetinje have been killed in the bloody feud, while others caught up in the clash of clans have been killed in the city. These include Veselin Vukotić, father of the Vukotić brothers;⁷ Goran Radoman, the first victim of the Škaljari and Kavač

clans' bloody war;⁸ and Cetinje criminals Darko Mijović and Nikola Jovanović.⁹ In 2021, Filip Ivanović, said to be a member of the Škaljari clan and also from Cetinje, was arrested for the murder of Bojan Mirković, an alleged member of the Škaljari clan, in Belgrade.¹⁰

Recent arrests and lawsuits indicate that the pattern of criminality is continuing. Ivan Armuš, also from Cetinje and with close ties to the Kavač clan, was arrested in Colombia in April 2021 for smuggling half a tonne of cocaine to Europe. The investigation shows that he was directly connected to the Colombian group Clan del Golfo.¹¹ Another criminal from Cetinje, Vladan Radoman – one of the Škaljari clan leaders – is also said to be connected to the Italian 'Ndrangeta group. The Italian judiciary has been monitoring his activities since 2014; in June 2021, they sentenced him to almost 18 years in prison for smuggling over two tonnes of cocaine from South America.¹²

Several factors may help explain the criminogenic nature of Cetinje. One is socio-economic vulnerability: with the disintegration of Yugoslavia, large factories closed and many workers lost their jobs. Young people and the unemployed left the city looking for opportunities in the capital, on the coast or abroad, and many were attracted to jobs in international shipping companies. Some young men went to Belgrade or Western Europe, where they became engaged in the criminal milieu, while others stayed in the area and engaged in the informal economy.

Although the economic situation has improved in recent years, the average salary in Cetinje in 2020 was still below the national average, at €515 per month, while the unemployment rate was at 20%.¹³ Many of the unemployed have college degrees, including in maritime management, and they are vulnerable to becoming engaged in drug trafficking through Adriatic ports.

Another factor contributing to Cetinje's ties to Montenegro's criminal landscape could be political. One of the biggest employers in the city is the public sector and, as a result, public servants are dependent on whoever rules the city. For 30 years, Cetinje has been a power base for the Democratic Party of Socialists, led by current Montenegrin president Milo Đukanović. On the one hand, such conditions can create a protection economy for illicit activities, as witnessed in the past with cigarette smuggling. On the other hand, corruption, one-party rule and lack of licit opportunities may act as push factors for migration, including for young men, who get involved in criminal activities.

Experience suggests that networks of crime can be self-replicating. Where young people (usually men) grow up in an environment where their peers are engaged in illicit activity, they either copy their behaviour or join their groups. There is also an element of kinship: people from the same locality have a sense of common identity that may also carry over into criminal allegiances. Such patterns of behaviour are evident in some communities in the Western Balkans and may help to explain the situation in Cetinje.

In July 2021, police discovered the largest marijuana field in Montenegro to date – seven large plantations with nearly 3 700 marijuana stalks up to 2 metres in size in the Cetinje region.¹⁴ The cultivation of cannabis could be the next chapter in the history of crime that has shaped Cetinje's history over the past three decades.

2. Despite the closure of the Balkan route, efforts are intensifying to stop migrant smuggling through Bosnia and Herzegovina.

Despite the much-touted 'closure' of the Balkan route for refugees and migrants in 2016, there is still a steady flow of people moving through the Western Balkans trying to enter the EU via Croatia or Hungary.¹⁵ Because of robust border management and pushbacks, many of these people are getting stuck in Bosnia and Herzegovina. This is exacerbating a humanitarian crisis in refugee camps close to the border, increasing incentives for smugglers and causing some refugees and migrants to move east instead of west. This article looks at the current situation, particularly around the city of Zvornik, in the Republic of Srpska. It highlights a growing trend towards smugglers from countries of origin other than

the Balkans, increased use of mobile technology due to the end of roaming fees and a shift in trafficking routes.

Since 2018, Bosnia and Herzegovina has been a key transit country for refugees and migrants. Official figures suggest that 75 000 people passed through the country between 2018 and 2021,¹⁶ while a senior official at Bosnia and Herzegovina's ministry of security put the number closer to 90 000.¹⁷ So far in 2021, the country's service for foreigners has recorded approximately 7 500 irregular migrants. The number of people on the move is usually higher in the summer, from April to September.



FIGURE 2 Bosnia and Herzegovina is a key transit country for migrants moving through the Western Balkans towards the EU.



Migrant smuggling is a profitable business in the Western Balkans. Here, a migrant family is stopped by police after a smuggler's arrest near the Serbia-Hungary border. Photo: Csaba Segesvari/AFP via Getty Images

Most of the refugees and migrants entering Bosnia and Herzegovina come through Montenegro or Serbia. A popular route is across the Drina river, which makes up a good part of the 363-kilometre border between Serbia and Bosnia and Herzegovina. Groups of migrants tend to cross the river and head towards Cajnice, Rudo, Visegrad, Zvornik and Bijeljina, and then on to Tuzla.¹⁸

Refugees and migrants seldom stay very long in the Republic of Srpska, due in part to the fact that there is nowhere for them to stay. All six reception centres in the country are in the Federation of Bosnia and Herzegovina, but many migrants choose not to stay in these facilities. Currently, out of a total of 1 927 migrants identified in Bosnia and Herzegovina in a one-month period from 17 March to 19 April 2021, 1 754 of them stated that they were not accommodated in any reception centre in the country, which means they were invisible and undetected by the system. According to the International Organization for Migration in Bosnia and Herzegovina, most of these people (around 1 295) were located in Una-Sana canton close to the border with Croatia.¹⁹

Although many migrants move at night to avoid detection, police along the Serbia-Bosnia and Herzegovina border note that groups are also moving during the day. A border police officer told the GI-TOC: 'Now that the "season" begins, groups go more frequently during the day, as if they are scheduled. The other day I saw more than a hundred [migrants] around the station in Milici near Zvornik.'²⁰

Smugglers and mixed migrant groups are able to communicate by mobile phone. Local SIM cards can be bought for less than €5 and roaming in the Western Balkans is free since 1 July 2021.

According to police, whereas in the past much of the smuggling was facilitated by locals who knew the terrain, migrants are increasingly taking over the business. According to one officer, 'they have organized a complete network and trained guides on the situation on the ground, and about 5% who pass by go back for new groups'. This trend has also been evident in other parts of the region. On 29 July, Romanian police supported by EUROPOL arrested 18 people suspected of smuggling migrants from Romania to Serbia, Bulgaria

and Hungary. The criminal network included Egyptian, Iraqi, Syrian and Romanian citizens.²¹

Nevertheless, in Bosnia and Herzegovina, locals are still very much part of the business. In August 2021, 16 people were indicted for attempting to smuggle 850 migrants from Bosnia and Herzegovina to Croatia between September and December 2020. Although the leader of the organized group was Pakistani, most of the other members were Bosnian citizens.²²

Based on data from Bosnia and Herzegovina's prosecutor's office, in the period from January 2020 until June 2021, more than 60 people were incarcerated for migrant smuggling, of which 50 were citizens of Bosnia and Herzegovina and 13 were foreign citizens, mostly from Afghanistan but also from Iran, Pakistan, Tunisia and Cameroon.²³ But there is a growing trend of some migrants, particularly Afghans and Pakistanis, becoming traffickers. In April 2021, five people from Afghanistan were arrested for smuggling migrants, mostly other Afghans, across the borders between Bosnia and Herzegovina and Serbia and Croatia.²⁴ On 15 June 2021, two Pakistani citizens were charged with organizing the smuggling of a large group of migrants from Afghanistan and Pakistan across the Drina river.²⁵

Although smugglers are in demand, some migrants prefer to make the journey independently, relying on their own wits and contacts to move through countries and across borders. Border police told the GI-TOC that people on the move seem to be increasingly savvy about where and how to cross, and how to interact with police.

In some cases, it is alleged that border police facilitate rather than hinder crossings. A border policeman said that 'hardly anyone in the shift isn't taking bribes for letting people cross the border. We get quite clear instructions from our superiors on when and where to allow them to pass. We don't see any money, we just get our cut.' However, he noted that at other times, they receive orders 'not to allow them in at any cost.'²⁶

The traditional route for refugees and migrants has been through Tuzla, and then towards Una-Sana canton in the north-east of the country before attempting to cross into Croatia. Depending on the distance covered, number of people smuggled together and means of transport, in 2019 and 2020, migrants and refugees paid between €100 and €500 to cross Bosnia and Herzegovina (see Figure 3).²⁷

Price	From	To	Note
€100–300	Trebinje	Una-Sana canton	Paid to cross Bosnia and Herzegovina
€200–300	Zvornik	Una-Sana canton	Paid to enter Bosnia and Herzegovina from Serbia
€150–300	Bijeljina	Una-Sana canton	Paid to enter Bosnia and Herzegovina from Serbia
€500–1 000	Central Bosnia and Herzegovina	Bosanski Brod	Price to get into Croatia by car
€600	Central Bosnia and Herzegovina	Bosanski Brod	Price to get into Croatia by foot
€200–500	Internal Bosnia and Herzegovina	Internal Bosnia and Herzegovina	–

FIGURE 3 Migrant smuggling prices, 2019–2020.

SOURCE: Walter Kemp, Kristina Amerhauser and Ruggero Scaturro, Spot prices: Analyzing flows of people, drugs and money in the Western Balkans, GI-TOC, May 2021, <https://globalinitiative.net/wp-content/uploads/2021/05/Spot-Prices-Analyzing-flows-of-people-drugs-and-money-in-the-Western-Balkans.pdf>

However, pushbacks and violence against migrants have caused some desperate people to look for alternative routes.²⁸ There are recent reports of migrants coming from the direction of Sarajevo heading towards Zvornik, rather than the other way around. An Algerian migrant who unsuccessfully attempted to cross into Croatia three times via Bihac said: 'I will try a different route this time, because I heard that some are passing by Zvornik and towards Serbia to Hungary. I need €300 to pay passage from Serbia to Hungary, and for any other passages I need much more money. Other migrants told me to go to Zvornik, pass a border by bribing some police officer, giving him €50, then catch a train near Petlovaca in Serbia.'

It is worth noting that, in 2019–2020, migrants passing by Zvornik paid between €200 and €300 to enter Bosnia and Herzegovina from Serbia, in the direction of Una-Sana canton.²⁹ So while the direction of the flow may be changing, the prices remain more or less the same.

But moving through Serbia is becoming increasingly difficult. The border between Serbia and Hungary is heavily protected with a fence and with Frontex, the European Border and Coast Guard Agency, deploying 44 officers to Serbia in June 2021 to detect criminal activities such as people smuggling, trafficking in human beings, document fraud and smuggling of stolen vehicles, illegal drugs, weapons and excise goods, as well as potential terrorist threats. In the coming months, the number of Frontex officers is expected to rise to 87 upon Serbia's request, mostly to monitor Serbia's border with Bulgaria. This adds to Frontex's existing deployment in Albania and Montenegro, along with patrol cars, helicopters and other equipment.³⁰

On 27 July 2021, Serbia's interior minister, Aleksandar Vulin, signed an agreement with Bosnia and Herzegovina's minister of security, Selmo Cikotić, regarding border traffic and border management in eastern Bosnia. Thus far, the border between Serbia and the Republic of Srpska has been relatively porous. But Vulin stated that increased cooperation between both countries is necessary to prevent the region from becoming 'a parking lot for migrants'.³¹

Bosnia has also enhanced its cooperation with Austria. On 28 April 2021, Cikotić and Austrian Interior Minister Karl Nehammer signed a memorandum in Sarajevo to strengthen cooperation to more effectively counter migration flows.³² There are concerns by human rights experts that this may facilitate the return of asylum seekers from Austria to Bosnia and Herzegovina.³³ Austria has also announced steps to strengthen control of its borders with Hungary, Slovenia and Slovakia with an additional 400 soldiers, and to facilitate repatriation of Afghan migrants.³⁴ In addition, at a meeting of Western Balkan countries in Vienna in June 2021, Austria announced that it will support governments in the region in their efforts to repatriate migrants to their countries of origin.³⁵

Although the smuggling of migrants through the Western Balkans has not abated and the number of desperate people on the move may increase because of the situation in Afghanistan, hardening the outer borders of the EU will only increase the pressure on the Western Balkans, and the incentives for smugglers. Such a policy helps populists in Western Europe and the Balkans, but it is not likely to provide a sustainable long-term solution to the problem. Too often, the alternative to organized resettlement is organized crime.

3. Where are the women? Gender and migration in the Western Balkans.

In late August 2021, the world's attention was fixed on chaotic scenes at the airport in Kabul, as desperate Afghans sought to flee the country before the takeover of the Taliban. In looking at the crowds gathering at the airport and the faces of people crammed onto planes, a question went viral on social media: 'Where are the women?'³⁶ Despite concern within the international community that the return to power of the Taliban could threaten the rights of women and girls, the majority of the people seen fleeing the country appear to be men.

Although women make up almost half of all people on the move,³⁷ the same question is frequently asked in other parts of the world, for example in West Africa, North Africa and the Sahel, and the Western Balkans. Since the closure of the Balkan route in 2016, most of the refugees and migrants moving through the Western Balkans have been young men, particularly from Syria, Afghanistan, Pakistan, Iran, Iraq and Morocco.³⁸

In 2015, at the beginning of the refugee crisis, between 17% and 18% of all migrants transiting the Western Balkans were women.³⁹ But this already low percentage fell after 2016. In October 2020, the United Nations High Commissioner for Refugees reported that only 4% of registered arrivals in Serbia were female⁴⁰ and only 3% to 4% of arrivals in the transit border camps Tabanovce and Vinojug-Gevgelija in North Macedonia were women.⁴¹ In the most recent data, from May 2021, only 3.2% of all migrants in the Western Balkans were reported to be female.⁴² But why is the percentage so low?

There is little reliable research on gender and migration in the Western Balkans. The limited data available suggest that most women participating in migration through the region move as part of households; very few are moving alone. However, despite this dearth of information and analysis, a few observations can be made.



A refugee waits to cross the Greek–Macedonian border near Gevgelija. North Macedonia erected a double-razor fence along parts of its border with Greece. Photo: Robert Atanasovski/AFP via Getty Images

First, societal barriers at home and physical barriers along the Balkan route have made it less attractive for families and unaccompanied women to travel through the Western Balkans, meaning that the route is usually attempted by young men on their own. This is partly the conscious choice of families who consider young men to have a higher chance of success, but is also often a reflection of gender roles within the societies that people are emigrating from.

This is confirmed by previous research on gender and migration, which shows that migration is not equally accessible to all. The potential of women to migrate is often negatively affected by a limited access to resources, education and political participation. In addition, women tend to migrate to neighbouring countries rather than across long distances. Family roles and gender norms are also believed to influence female migratory patterns, as they can determine whether a woman moves on her own or as part of a household.⁴³

Secondly, the small number of female refugees and migrants who are on the move through the Western Balkans tend to spend more time in the region and take fewer risks than men. While men are more likely to move as quickly as possible across the region, including at night, women and families tend to stay in refugee camps whenever possible. Moreover, women reportedly apply more frequently for asylum in the Western Balkan countries than men.⁴⁴ They often stay in special reception centres or rented apartments while their documents are processed,⁴⁵ and are sometimes left behind along the way, while men continue the journey to Western Europe. For example, an interviewee in North Macedonia described how men travelled across the country, leaving their wives and children in Greek reception camps, to reunite later on.⁴⁶

A third observation is that female migrants are more vulnerable to gender-based risks. Although both female and male migrants are exposed to a number of

dangerous circumstances as well as abusive and violent treatment during their journeys, it is generally accepted that migration holds more dangers for women than for men. There are numerous testimonies of gender-based violence being committed against women in the Western Balkans⁴⁷ by the police, smugglers and fellow migrants.⁴⁸ Similarly, there are several accounts of women being forced into sexual and/or labour exploitation. For example, in April 2021, a female Afghan migrant was allegedly sexually abused by a Croatian border police officer during a search of a group of migrants on the border with Bosnia and Herzegovina.⁴⁹ In a separate case, a female Iranian migrant is reported to have been locked up in an apartment by her smuggler, threatened with rape and forced to clean the rooms and prepare food for dozens of transiting migrants.⁵⁰

For refugees, many of these gender-related risks and challenges can be overcome by resettlement. Resettlement to a third country enables refugees in need of protection to be moved in a safe and regulated way. It cuts out the need for smugglers and facilitates integration. It is worth noting that Albania, Kosovo and North Macedonia were quick to agree to provide temporary refuge for refugees – including women and children – fleeing Afghanistan as part of the NATO airlift.⁵¹ Unfortunately, the current reality is that resettlement and other legal options are only open to very few refugees and migrants.

More focus should be put on gender and migration, both in terms of understanding the demographics, needs and challenges of people on the move, but also in designing policies to address gender-specific protection risks. Border management and migration policies that contribute to situations where there are mostly young men on the move are a leading indicator that something is wrong. In such cases, we need to ask: where are the women?

4. As part of Albania's judicial reform process, a special institution seeks to fight organized crime and corruption in the country.

In this exclusive interview, we speak with Arben Kraja, Chief Special Prosecutor of the Special Anti-Corruption and Organized Crime Structure (SPAK), a key body in Albania's fight against organized crime and corruption.

What are some of the new elements that SPAK is bringing to the fight against organized crime and corruption in Albania?

SPAK is a new structure, built as part of the process of judicial reform in Albania. This is the first time in Albania's history that there has been a structure dedicated to fighting both high-level corruption and organized crime, giving these two elements special attention and considering their fight a priority. SPAK started its activities in December 2019 and is still growing. It is in charge of investigating and giving verdicts on high-level cases of corruption, organized crime and terrorism.

One of the most important new elements of this structure is its independence; none of its prosecutors are appointed by parliament or any politically influenced body. SPAK prosecutors are appointed by the High Prosecutorial Council, and we report to the Council and the parliament. We also have a high level of independence when it comes to our budget. We present our operational budget to the finance ministry and, in case they do not agree with it, we can make our case in parliament. Furthermore, investigators of the National Bureau of Investigation, which serve as judicial police of the structure, are appointed by SPAK prosecutors and are totally independent of other structures. SPAK also has its own first instance and appeals court. All of these elements create a good basis for us to work and do our best in the fight against organized crime and corruption, in an independent way, free from political and other influences.

What are the main challenges that Albania faces today with regards to organized crime?

Organized criminal groups are increasing their activities in Albania as in other places, not least to take advantage of the opportunities provided by globalization. Albanian criminal groups are not only active in this country, but

also in Western Europe and Latin America. As a result, the challenges for us are not small.

In terms of its geographical position, Albania is a transit country at the crossroads between East and West. In terms of criminality, we see groups from Albania operating in several directions. First, in the export of cannabis produced in the country, which is mainly heading to Italy and other parts of the EU. Increasingly, we are also seeing Albanians travelling to Latin American countries where cocaine is produced. This cocaine is later transported to Albania, Greece and other European countries. Also important is Albanian engagement with heroin smuggling.

At the same time, we have to overcome a bad legacy from when impunity was widespread. We have to admit that, in the past, in Albania people were clearly involved in organized crime or corruption but were not punished. This created a domino effect, because if one person is not punished, dozens or even hundreds of others start to engage in the same criminal activity or corruption without much fear. A major challenge in the country is corruption and the impunity of high-level officials in terms of their abuse of public procurement, administration of state properties and the way in which they exercise their public functions.

Another big challenge is the fight against the assets created by organized crime and corruption. All these assets have a negative effect on the overall economy, the free and fair market. Furthermore, some of these assets are used by criminal groups to finance their operations and increase their activities, as well as to corrupt officials, creating a never-ending cycle of criminality. Breaking this circle is of paramount importance.

You mentioned the growing presence of Albanian criminal groups abroad, mainly in Western Europe but also in Latin America. What are you doing in this regard?

This is a concern and our priority is to crack down on their activities in these countries. This is because no matter where crime is happening, it is dangerous for all countries, although we are affected in different ways.

In our case, the products and consequences of this criminal activity abroad come to Albania. For example, some of the money generated abroad is laundered into the Albanian economy. There are also cases when conflicts related to drug deals in other countries result in murders in Albania. We cannot just sit back and deny responsibility. Instead, we must work together and do our best to crack down on these activities. Indeed, when working on these cases, we came to the realization that this fight could not be handled alone, but only in close collaboration with our counterparts. Therefore, setting up regular contacts with our partners has been a top priority since day one.

How do you cooperate with regional and international partners?

We have created a network of contacts with police liaison officers and prosecution experts from different countries who are based in Albania. We are constantly exchanging information with them. Furthermore, we have signed several collaboration agreements, the first one being with Italy just two months after we started work. Since then, we have signed agreements with the special prosecution offices in North Macedonia and Kosovo and we are in discussions to conclude agreements with our counterparts in Montenegro and Romania.

We also have an agreement with the federal prosecution of Belgium, given the fact that Albanian criminal groups are active in the Benelux countries. In addition, we have established contact with Eurojust, the European Union Agency for Criminal Justice Cooperation. Currently, we have a prosecutor who represents us there, which is an important achievement. Since Albania is not part of the EU, we face certain limitations, but this has not prevented us from being part of joint investigation teams coordinated by this agency.

We also have daily contact with EUROPOL representatives in Albania, and hope to soon conclude an official agreement with this agency. All of this has been done in a really short period of time. Because of increased international cooperation, we have created an office within the prosecution service that deals with international relationships, focusing on maintaining contacts with counterparts and exchanging information.

What is crucial is to win the trust of our partners and demonstrate that we are a professional, accurate and serious institution. I want to emphasize that trust is vital. In the past, for several reasons, there was little trust in Albanian justice institutions. We are trying to build that trust step by step. Let me give you one example. Some time ago, the German authorities conducted a delicate joint investigation related to organized crime together with an Albanian counterpart. Unfortunately, a high representative of the Albanian State Police leaked investigative secrets received from the German authorities. After receiving a request from Germany to find the culprit, we were able to quickly identify the person who leaked the information. This person is now facing criminal charges. This shows the importance that we attach not only to having preventive mechanisms in place, but also to bringing to justice those who abuse their functions.

I think the fact that we are receiving more requests for information from foreign counterparts is a reflection of growing trust. Last year, the number of requests for information from abroad doubled in comparison to before SPAK's establishment in 2019. Of course, this creates more work for us, but we have also been able to double the number of responses that we have sent to our counterparts. We have put a priority on these requests and reply to them as quickly as possible.

What could be done to strengthen cooperation among prosecutors in the region and internationally?

Criminal groups are faster at making deals than inter-governmental institutions, which have to deal with bureaucracies and follow procedures in order to initiate collaboration. Therefore, it is important to eliminate bureaucratic barriers and collaborate more effectively with our counterparts.

It is also very important to have more joint investigation teams both with EU countries and those from south-eastern Europe. Such teams are a key component of the fight against transnational organized crime. For example, we worked well with Italian colleagues to take down a criminal network that had been active in both Italy and Albania.⁵² Of course, we should increase our capacity with additional prosecutors and further consolidate our prosecution.

What is SPAK?

The Special Anti-Corruption and Organized Crime Structure, which investigates high-level cases of corruption and organized crime, was created as part of the Albanian judicial reform, approved by the parliament in the summer of 2016.⁵³ This independent structure is comprised of three parts: the National Bureau of Investigation (NBI), the Special Prosecution Office (SPO) and the Anti-Corruption and Organized Crime Special Courts of first instance and appeal.⁵⁴

The NBI serves as the judicial police of the SPO and should have 60 investigators by the end of 2021.⁵⁵ Once it is fully staffed, the SPO will have 20 prosecutors responsible for investigating and prosecuting acts of corruption and organized crime.⁵⁶ At the top of the structure are the special courts that judge the cases under SPAK jurisdiction, with its appeals court the final instance of justice.⁵⁷

All prosecutors and judges that are part of SPAK must pass a thorough vetting process, like every other prosecutor and judge in the country. The vetting process is proving rather slow; as a result, the special courts currently operate with less than half the number of judges foreseen. This is harming the efficiency of the courts and creating a backlog of cases.



FIGURE 4 The Special Anti-Corruption and Organized Crime Structure investigates high-level cases of corruption and organized crime in Albania.

The SPO, which began its work in December 2019, is considered one of the most important institutions to be established as part of the process of reforming the justice system in Albania, which started five years ago with the strong support of key international partners like the US and EU. In the past few months, SPAK has undertaken a series of investigations that have brought to justice not only members of important criminal organizations, but also officials who have protected and facilitated their illicit activities. It has also taken part in successful joint investigations and operations with counterparts abroad. However, critics argue that the process of establishing the NBI has taken too long, the institutions are still understaffed and that the SPAK tends to focus only on mid-level or old cases.

What mandate and tools do you have at your disposal to address the economic and financial aspects of organized crime?

The identification, seizure and confiscation of assets are without a doubt a priority of SPAK in all cases when organized crime and corruption investigations lead us to the conclusion that assets have been generated from illicit activity. The anti-mafia law that Albania has in place also helps us a lot in dealing with the financial part of our criminal investigations.

It is worth emphasizing that before the creation of SPAK, there was not much attention to the financial and economic aspects of organized crime. But this year alone, we have prosecuted 10 to 15 people for money laundering, on top of organized crime charges. For the first time, there have been final convictions from the courts on these charges. Of course, these kinds of investigations are complex and need time, but we consider them of high importance and, as a result, we are committed to doing our job.

What are some of the challenges that SPAK is facing in investigating high profile corruption cases? Do you feel political pressure?

We are under the pressure of public opinion, which is pushing us to punish high-ranking officials who have abused their power. But often there is a mismatch between what the public wants and what we are able to do. After all, whatever the perception may be, you must have proof in order to file charges and successfully defend your evidence in court. That said, investigating high-level officials in cases of abuse of office is at the core of our mission.

There are different kinds of pressure. If you listen every day to what is said in the media and debates on TV shows about what we should or shouldn't be doing, we feel some pressure. But as a team, we have decided not to be influenced by external pressure and to carry on with our work. On the other hand, there are physical threats, since our prosecutors investigate dangerous criminal networks. Some of them are under protection. But this is our job.

5. Stubbing out cigarette smuggling in Montenegro?

Montenegro has been a notorious hub for cigarette smuggling, known for both producing counterfeit cigarettes and for being a transit country for 'cheap whites' – cigarettes legally produced in one country but illegally traded to others to avoid customs and excise taxes. The new government in Montenegro has pledged to fight organized crime and corruption. Will it be able to stub out cigarette smuggling?

Cigarette smuggling boomed in Montenegro during the embargoes against the former Yugoslavia.⁵⁸ This lucrative business was allegedly enabled with the complicity of state structures; Italian prosecutors even brought a case against the former prime minister and now president, Milo Đukanović, which was eventually dropped.⁵⁹ The EU's anti-fraud office, OLAF, is also closely monitoring the situation,⁶⁰ since it is estimated that the smuggling of falsely labelled cigarettes from Montenegro to Italy has cost the EU billions of euros.

A 2018 investigation by the Balkan Investigative Reporting Network uncovered that as many as hundreds of millions of illicit cigarettes have been exported from Montenegro to destinations like Libya, Egypt, North Cyprus and Lebanon.⁶¹ The European Commission's 2020 progress report stressed that Montenegro needs to do more against tobacco smuggling, saying that the country 'needs to increase its risk assessment capacity in the area of tobacco smuggling, to promote intelligence led policing and proactivity of law-enforcement agencies, and to remedy to the systemic deficiencies of the free zone of Bar'.⁶²

The new government in Montenegro, which took office in December 2020, is the first in three decades not to include Đukanović's Democratic Party of Socialists.⁶³ The Deputy Prime Minister, Dritan Abazović, announced on 22 July that a priority of the new government will be to bring an end to cigarette smuggling, which has blemished the country's reputation for 30 years.



Bar, Montenegro's biggest port, is a known hub for cigarette smuggling. *Photo: Government of Montenegro*

To be successful, the government will have to address the problem on at least three fronts: reducing the transit of counterfeit cigarettes produced elsewhere; cracking down on the smuggling of cheap whites and ending the domestic production of illegal cigarettes.

Counterfeit cigarettes produced in some countries of the region, like Bulgaria,⁶⁴ or elsewhere in Europe are smuggled into Montenegro to be sold there or in third countries. This illicit trade is closely linked with the smuggling of cheap whites, which are legally produced in other countries, including China,⁶⁵ and exported to Montenegro. They are sometimes later re-exported illegally to third countries, including in the EU. There have also been cases reported of cigarettes being legally produced in Montenegro, but with falsified documentation, and placed on the local black market.⁶⁶

Proof of why such steps are urgently needed came just a few days after the Montenegrin government's announcement that a major consignment of smuggled cigarettes from Montenegro was seized in Bosnia and Herzegovina.⁶⁷ Bosnian prosecutors and the tax authorities discovered a container in Sarajevo with 247 000 cigarette boxes for which excise tax had not been paid, with a market value of more than €660 000.

The government has started to take action. As a first step, it announced a decision to ban the storage of tobacco in the free zone of the port of Bar, the country's biggest port and a known hub for cigarette smuggling. The port is a notorious shipping point for counterfeit and cheap white cigarettes. Employees in warehouses at the port, which are in the hands of private companies, allegedly collude with corrupt port authorities to smuggle cigarettes.⁶⁸ Currently, Montenegrin prosecutors are investigating a case in which cigarettes with a value of more than €500 000 were stolen from hangars at this port at the beginning of July 2021.⁶⁹

Furthermore, Deputy Prime Minister Abazović announced intensified customs supervision in the free zone of Novi Duvanski Kombinat, a Montenegrin tobacco purchase and production company that was established by the government in 2011.⁷⁰ Most of the cigarette trade takes place through these two free zones.⁷¹ In a social media post, Abazović said: 'With these decisive actions, we are restoring the image of Montenegro and protecting the state's best interests! Montenegro will no longer be recognized for cigarette smuggling and organized crime, but by peace and development.'⁷²

On 16 August 2021, police in Mojkovac arrested the director of the private Montenegro Tobacco Company, Željko Bulatović, and charged him with forging a document.⁷³ During a search of the factory, police found a large quantity of excise stamps.⁷⁴ After the search, Abazović wrote on Twitter: 'We entered a facility that was inaccessible to state authorities for years. Justice is the best response to crime, nationalism and mafia provocations by individuals.'⁷⁵

This is not the first time that the country's only private cigarette factory has been raided. Montenegrin police entered the Mojkovac tobacco factory in February 2011,⁷⁶ when there were rumours that the factory was linked to cigarette smuggling. The Administration for the Prevention of Money Laundering publicly announced that there were millions of suspicious transactions related to the factory.⁷⁷ There were also suggestions that the factory and its illicit business enjoyed protection from senior state officials. When investigating the issue, a journalist from the daily newspaper *Vijesti*, Olivera Lakić, was threatened and physically attacked.⁷⁸

Considering that the smuggling of cigarettes through Montenegro was once described as a 'state enterprise', dismantling it will be difficult. There are a number of vested interests that have made good money from the trade – not only criminal groups, but state officials who protected and profited from the process, cigarette companies, security sector officials and those handling the goods in ports and free zones.

The mere demonstration of the political will necessary to take on the issue is a courageous step. Foreign governments and organizations that have complained about cigarette smuggling in Montenegro in the past should now throw their weight behind the government's efforts, as the UK Prime Minister, Boris Johnson, did in July 2021.⁷⁹

A key step will be to track down and close illegal factories across the country that are believed to produce counterfeit cigarettes. The prosecution service and law enforcement agencies will need domestic and foreign backing to also improve security and integrity in the free zones and ports and to enhance intelligence-led policing. The creation of special legal initiatives and task forces, again with foreign assistance, could also increase the chances of success, not least for convictions of those involved behind the scenes in the business.

Tackling the transnational crime of cigarette smuggling will necessitate strengthening partnerships among law enforcement agencies in the region as well as with counterparts in Western Europe, Africa and Asia. It will also require stronger ties to agencies like OLAF and others that can identify and dismantle the illicit

financial flows associated with this big business. In addition, closer cooperation will be needed with the private sector, including cigarette companies, tobacco distributors and transportation and logistics companies, as well as private security companies and companies involved in public-private partnerships.

A public information campaign involving civil society and the media should explain the dangers of cigarette smuggling, and lay out more broadly the benefits of strengthening integrity.

A more open Balkans, stimulating trade and connectivity, will create new opportunities for Montenegro's Adriatic ports. The Montenegrin government has a tough fight on its hands if it is to kick the habit of cigarette smuggling. But in the process, it has an opportunity to demonstrate its resolve to enhance the integrity and security of its ports and the professionalism of its justice system. This is an initiative that deserves support in order to reduce the impact of organized crime and corruption.

The GI-TOC does not accept funding or contributions from the tobacco or cigarette industry.

6. Reducing vulnerability to loan sharking in Serbia.

Loan sharking, the practice of lending money with unrealistically high interest rates taking advantage of the debtor's recklessness or difficult economic situation, has a long history in Serbia. The practice, sometimes also referred to as usury, is not new. Back in 1927, the Serbian daily newspaper *Politika* wrote that people blame loan sharks for poverty because they lend money at draconian annual interest rates of as much as 48% to 96%. At the same time, these lenders earned vast amounts of money and became politically influential in the country without paying taxes.

Loan sharking flourished in the 1990s. As a rule, loan sharks were dangerous characters from the criminal underworld or men returning from the war. They often extorted people and threatened them with violence or kidnapping if the borrowed money was not returned. There is a well-known example of former military serviceman who gained his initial capital by reselling foreign currency in the 1990s, and later lent money to people by concluding an agreement in which the debtor's real estate was used as collateral. As a result, he became the owner of many shops, houses and apartments before he was shot dead in 2009. In another case, a man was arrested (and is now serving jail time) when one of his victims tried to kill himself because the loan of €9 000 that he had taken out jumped to €42 600 in a year and a half.

Today, money is loaned quite openly in Serbia at an unrealistically high interest rates. A billboard of a company that offers citizens cheque cashing and quick loans in euros has been standing in a Belgrade mall for several years. Next to it is a pawn shop that offers similar services. At several bus stops in Belgrade, there have been advertisements offering loans with an interest rate of 6.5% for employees and 10% for pensioners. One reason that seniors are targeted is that it hard for people over 60 to get bank loans.

It is challenging for criminal justice institutions to prove loan sharking, because victims seldom file criminal charges due to embarrassment and fear. Even when institutions initiate criminal proceedings, it is not easy to prove loan sharking because the deals are usually prepared and made behind closed doors. There are no witnesses or evidence of financial transactions.



Milan Stefanović, executive director of the Centre for Civil Society Development PROTECTA.

Prosecutors generally learn about loan sharking when investigating other serious crimes, such as extortion, kidnapping, murder or rape.

We talk with Milan Stefanović, executive director of the Centre for Civil Society Development PROTECTA, which is a civil society organization from Nis. PROTECTA has been active for more than 20 years in its community to identify social problems and guide young people to positive social action. Stefanović explains their motives to fight loan sharking, the different forms of loan sharking in Nis and Serbia and what happens to the victims, as well as what the organization is doing to address these issues.

What is loan sharking?

It is a social problem that destroys entire families and causes economic, social and psychological damage to the victims, their family and friends. It is not just a crime. Individuals borrow money from loan sharks to solve a minor problem, hoping to return money easily and quickly and believe that the interest rate will not be too high. But loan sharks have an interest in loans not being paid back quickly: the longer they wait, the more they earn, and they may even confiscate the victim's property. At the start, loan sharks are usually kind and act as allies who want to help. But they soon show their true colours. They become predators and, as such, want to make as much profit as possible. What starts out as a minor problem can ruin someone's life.

What motivated PROTECTA to fight loan sharking?

First, a close friend fell victim to a loan shark. In just a few months, he lost his job and his family. In the end, he fled from Serbia. Then, at a conference, I heard how civil society organizations in Bulgaria, Romania and Italy are fighting loan sharking. Given the modest experience of civil society in Serbia, we decided that PROTECTA could be a civil society pioneer in the fight against loan sharking.

How widespread is loan sharking in Nis?

There is no accurate data. It is difficult to calculate because loan sharking, like corruption, takes place in private. The victims and their families are often ashamed and hide that they even borrowed money. However, last year I began asking people if they knew anyone who had borrowed money from loan sharks. Unfortunately, everyone knew of a victim. For me, that was enough to conclude that the problem is widespread. And the problem may get worse because of the pandemic. This type of crime always flourishes in times of crisis. People lose their jobs, especially in the service industries. Chances to travel abroad and find temporary work are limited – all of this leads to borrowing money from loan sharks.

Is loan sharking more present in Nis than in other parts of Serbia?

The problem exists in poor communities, such as the south of Serbia, because poverty creates a need for loan sharking. It is also a problem in places where there is an active property market. People who are building a house or seeking to rent an apartment are more likely to take money from loan sharks. It is important to note that some national minorities, especially Roma, borrow quickly and easily from loan sharks. After borrowing, they often get involved in criminal activities for loan sharks to pay off the debt. They even go abroad to steal.

What is the profile of people who borrow money from loan sharks?

There are generally three groups – business people, drug users and people on the margins of society.

Business people in the construction business are sometimes looking for fast and easy money. There was a case in Nis where the company's owner committed suicide because he could not repay the debt. Drug users are vulnerable if they need money to pay for gambling debts or to buy drugs. People on the margins of society are vulnerable if they need to borrow money to buy medicine, send family members for treatment or pay for electricity.

Why do people turn to loan sharks instead of banks?

In some cases, people have already taken out a loan from a bank or are not creditworthy. In other cases, people are self-confident and believe that borrowing money from loan sharks can enable them to make a quick profit. They think they will repay the debt quickly, but don't realize how rapidly the debt will increase because of high interest rates. There are also cases where people sell their property, take money from loan sharks and invest in building construction. But because of the pandemic or lack of a building permit, construction stopped for several months and the debt increased. In the end, the property speculation failed, and they ended up with an economic loss rather than a profit.

On average, how much money do people borrow from loan sharks, and what is the interest rate?

In Serbia, people usually borrow between €1 000 and €10 000, while business people tend to borrow from €100 000 to half a million euros. Debt can grow up to ten times.

When the debt is not repaid on time, what happens?

Most often, loan sharks confiscate the victim's property. Apartments, shops and cars – victims are sometimes surprised since they have not read the fine print before signing the contracts. Loan sharks are well connected with lawyers and notaries, so the arrangements are proper and certified. In that way, the entire property of the debtor is legally taken. That said, there is also extortion or violence. The media usually report on such cases.

Why do debtors seldom press charges against loan sharks?

Mainly because of fear. They do not feel enough support or protection from the state institutions if they decide to report loan sharks. Indeed, they think the situation will worsen. They usually report it only when they fear physical violence.

Who are the loan sharks? How do people who need money contact them?

Police claim that, in the 1990s, loan sharks were people from the criminal underworld or returnees from the war who secured their loans using intimidation and violence. Today, the situation is different. Loan sharks are individuals who have money and want to make even more, and quickly. They are often known to the police, but not because of serious crimes. The rule from the 1990s that loan sharks had direct ties to organized crime no longer always applies. There are also examples

where ordinary people who are not known to the police lend money. People often find loan sharks based on a recommendation or information from a neighbour, a cafe owner or a betting shop. It is easy to get information on who is loaning money because loan sharks do not only advertise their services by putting fliers in mailboxes, but they also advertise in the media.

Would you say loan sharks work as an organized group?

Loan sharks generally work as solo players. One or two operate in each part of the city. It seems they have divided up the territory, but that is not enough proof that they are organized. You could say that they are organized in the sense that they have a good overview of the local situation. Instead of waiting for clients, there have been cases where loan sharks have intentionally targeted people who have houses, apartments and shops in good locations in order to trap them into debt and confiscate their assets at a later stage.



With the support of the GI-TOC's Resilience Fund, civil society organization PROTECTA raises awareness of the dangers and consequences of borrowing from loan sharks.

PROTECTA provides free legal assistance to people who have problems with loan sharking. How would you describe the profile of your clients?

About 70 people have contacted us since 2020. They are mostly men between the ages of 30 and 40, addicted to gambling and other dependencies, as well as individuals who have borrowed money due to poverty. Most of the time, family members call us to check that we are competent and how we can help them.

Why is it important to raise the profile of this issue?

It is too late if we are only dealing with the consequences of loan sharking, as the prosecution or the police are currently doing. By that point there has already been violence, heavy debts, the victim's property was taken and all the stresses that come with this. Prevention is vital to keep people out of this trap. By getting involved at an early stage, we can enhance prevention and work with young and socially vulnerable people to warn them of the dangers and help them, for example with the contracts.

Why are you focusing on high schools in Nis?

We received information from the clinic for addiction diseases in Nis about cases where young people aged 18 and 19 were borrowing from loan sharks because of

gambling. In addition, we already knew that young people easily enter into such arrangements because they do not think about the consequences. We do not hide the facts from young people. We are talking about violence and murder, as well as suicide. We are trying to warn them in time to prevent them from becoming victims of loan sharks.

What are the next steps for PROTECTA?

We want to fight loan sharking at the national level because we have received requests for legal assistance from people all over the country. The first step is to strengthen similar civil society organizations in other parts of Serbia. The second step is to set up a centre that will provide psychological support to individuals and their families due to problems with loan sharking. The mental issues that victims face are just as strong as the economic ones. Debt bondage creates mental-health problems that destroy entire families. Partners are divorcing and parents are giving up their children. Psychotherapy allows the family to stay together and prevents re-borrowing.

Without the Resilience Fund, we would not have been able to provide free legal aid to victims, which is essential. The GI-TOC has enabled us to recognize the problem in our community, raise awareness and make people more resilient to loan sharking through training and advice.

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- 56 The SPO shall consist of a minimum of 10 prosecutors, who shall be appointed by the High Prosecutorial Council for a 9-year term, without the right of re-appointment (Article 148/dh, paragraph 2 of the Constitution of Albania) and Law 98/2016 'On the organization of the judicial power in the Republic of Albania'. As of September 2021, 15 special prosecutors have been appointed.
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