

Norwegian Financial Mechanism 2009 - 2014
Programme "Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups"

Project: Fighting cross-border economic criminality at the future Schengen border

Cod: RO21-MAI-IGPR-PDP-5

Project Application

1. Project Summary

When it will be part of the Schengen area, Romania will manage the second largest Schengen border, measuring 2070 km. In doing so, it will be confronted with a wide variety of crimes (trafficking in drugs, human beings and cultural objects, economic and environmental crimes) and criminal groups (Asian, Russian, Moldavian). For a better management of the border area, the police forces need to strengthen both, the internal capacity for preventing and fighting crime, as well as the cooperation with the neighbouring countries, especially at the Eastern border with Republic of Moldova.

Project title: Fighting cross-border economic criminality at the future Schengen border

Program area No. 30

Project promoter: General Inspectorate of the Romanian Police

Project objectives

The **general objective** of the project is to improve the operational capacity of the law enforcement authorities in preventing and fighting cross-border economic criminality at the Schengen border. It corresponds to the expected outcome: development and improvement of structures, systems and technical equipment in order to improve the implementation of the Schengen acquis.

The objective will be met by means of two **specific objectives**:

1. Exchange of best practices and improvement of the national and international cooperation with the stakeholders involved in fighting cross-border economic crimes.
2. Increasing the operational capacity of the police forces in the border area to fight cross-border economic crimes by improving their knowledge and endowment and preparing them to use state of the art techniques and equipment.

Project activities:

1. Acquisition of equipment and specialized transport means to be used by the police in preventing and fighting cross-border economic crimes.
2. Press conferences for launching the project.
3. Study visit of the representatives from Republic of Moldova to Romania.
4. Exchange of best practices seminars for the experts of the Romanian and foreign authorities involved in the project.
5. Training sessions for the experts of the Romanian and foreign authorities involved in the project.
6. Press conferences for closing the project.

Project budget: 800.000 EUR

Partners:
- **foreign:** General Inspectorate of the Police from Republic of Moldova
- **national:** Prosecutor's Office, National Customs Authority, Border Police

Duration: 18 months

2. Project Promoter Information

2.1 Name and Contact Details:

Full Legal Name: General Inspectorate of the Romanian Police

Address: nr.4-5 Mihai Voda str., Bucharest, district 5

Contact Person: Dan CRISTEA

Job Title: Head of the Project Implementation Unit

Telephone: 021.316 51 75 / int. 26313

Mobile:

Fax: 021.316 53 65

Email: postaderare@politiaromana.ro

2.2 Description of the PP

The Romanian Police (RP) represents a public specialized institution which exerts responsibilities regarding the protection of the fundamental rights and liberties of the individual, the protection of private and public property, prevention and identification of crime and observance of public order and safety, pursuant to the law. (Law 218/2002, Art.1).

General Inspectorate of RP (GIRP) is the central unit of Police, a legal entity with general territorial competence, which manages, guides, supports and controls the activity of the subordinated police units, investigates and analyses crimes related to organized crime, economic, financial or banking criminality, or to other crimes which make the object of the criminal cases investigated by the Prosecutor's Office of the Supreme Court of Justice.

The Fraud Investigation Directorate (FID) operates as a specialised unit in the field, within the General Inspectorate of Romanian Police and assures the unitary enforcement of the law, having as main objective crime prevention and fight in the financial – economic field under the management and control of the designated prosecutors, according to the provisions of the law.

The Fraud Investigation Directorate has the following organizational structure:

- Service 1 – ECONOMIC INFRASTRUCTURE;
- Service 2 – CORRUPTION;
- Service 3 – INTELLECTUAL PROPERTY;
- Service 4 – BUSINESS CRIMINALITY;
- Service 5 – FINANCIAL CRIMINALITY.

GIRP has 42 territorial structures, known as County Police Inspectorates corresponding to the 41 Counties in Romania and Bucharest. Each County Police Inspectorate has similar competencies and a scaled down structure with GIRP.

The counties that will be beneficiaries of the project are near or on the future Schengen border i.e.: Tulcea, Galati, Vaslui, Iasi, Botosani, Suceava, Maramures, Satu-Mare.

2.3 Project Partners

-Police structures from Republic of Moldova.

-Law enforcement authorities from Romania, and namely: Prosecutor's Office, National Customs Authority and Border Police.

The role of the partners from Republic of Moldova and Romania will be to provide specialists for the exchange of best practices seminars – they will exchange best practices and expertise and will find ways to improve their operational cooperation. An informal network of specialist in fighting cross-border economic criminality will thus be created.

The partner expenses related to the experts per diem, expert fees and other associated costs will be fully covered by the project budget.

3. Relevance

When it will be part of the Schengen area, Romania will manage the second largest Schengen border, measuring 2070 km. In doing so, it will be confronted with a wide variety of crimes (trafficking in drugs, human beings and cultural objects, economic and environmental crimes) and criminal groups (Asian, Russian, Ukrainian). For a better management of the border area police forces need to strengthen both internal capacity for preventing and fighting crime and the cooperation with the neighbors, one of which being the Republic of Moldova. This country represents an important source for tobacco, petroleum and counterfeit products smuggling into the European Union.

While fighting trafficking in drugs and human beings at the border area has been a subject to increased attention from the international cooperation perspective, fighting economic crimes has been in the shadow of the above mentioned crimes which have a similar social impact. However, due to the increasing threat they pose to the society in Romania and the rest of Europe, increased efforts are required for preventing and fighting them.

Police forces in the border area need to strengthen their operational capacity to fight **cross-border economic crimes** (smuggling of tobacco, petroleum and counterfeit products, tax evasion and fraud).

The need to improve the efforts committed to fighting these crimes has been underlined in several European strategies, communications and studies; we will mention just the following:

- According to Europol's 2011 **EU Organised Crime Threat Assessment (OCTA)** criminals are increasingly active in cigarette smuggling, seen as an attractive alternative to drug trafficking

because of its lower penalties and large profits. The majority of these cigarettes are produced in the Russian Federation, Belarus, Ukraine and the Republic of Moldova. The proximity to the producers makes Romania a preferred choice for trafficking cigarettes into the EU.

Illicit waste trafficking is a problem identified in the OCTA as toxic waste is trafficked from the Southern hub to South East Europe and the Western Balkans (Romania, Hungary and Albania) and also to other Member States. These countries may be used as transit routes to Asia.

Trafficking in counterfeited commodities is identified as a serious concern for the law enforcement authorities. In recent years, the range of counterfeits has widened by including items, such as toys, medicines, deodorants, toothpaste, condoms, washing products, electrical items, food and beverages. In addition to the economic threat, these items pose a potential danger to health and safety of EU citizens. Romania is both a transit and a beneficiary of these counterfeited goods.

- The **EU Internal Security Strategy in Action: Five steps towards a more secure Europe**¹, Objective 4: Strengthen security through border management, Action 4: Improve interagency cooperation at national level encourages joint risk analysis, joint investigations, joint operations and exchanging intelligence between the institutions involved in fighting crime.

The project shall encourage and enhance a better cooperation and lead towards an increased capacity of the law enforcement authorities to fight cross-border economic, cultural and environmental crimes at the future Schengen border. It will be achieved by means of:

- 150 experts from the police authorities from Romania and Republic Moldova other experts from Romanian authorities involved in fighting cross-border economic, cultural and environmental crimes at the future Schengen border better prepared, with increased knowledge of the newest strategies and best practices and with better inter-institutional cooperation potential
- Modern equipment and transport means purchased for the use of the police forces involved in fighting these crimes
- Increased awareness of the local population, business environment and officials towards the dangers posed to the society by the proliferation of economic, cultural and environmental crimes: 100 participants attending the two conferences and media exposure
- An informal network of specialists that get to meet, make contacts and create a fertile ground for future cooperation in fighting cross-border economic, cultural and environmental crimes

4. Project Content

4.1. Project objectives

The **general objective** of the project is to improve the operational capacity of the law enforcement authorities in preventing and fighting cross-border economic criminality at the future Schengen border.

The objective will be met by means of two **specific objectives**:

1. Exchange of best practices and improvement of the national and international cooperation with the stakeholders involved in fighting cross-border economic crimes.
2. Increasing the operational capacity of the police forces in the border area to fight cross-border economic crimes by improving their knowledge and endowment and preparing them to use state of the art techniques and equipment.

4.2. Expected results

The main result of the project will be the increased capacity of the law enforcement authorities to fight cross-border economic crimes at the future Schengen border. It will be achieved by means of:

- 150 participants from the police authorities from Romania and the Republic of Moldova, involved in fighting cross-border economic crimes at the future Schengen border better prepared, with increased knowledge of the newest strategies and best practices and with better inter-institutional cooperation potential;

¹ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL, COM(2010) 673 final, Brussels, 22.11.2010

- Increased operational capacity of the police forces at the border area to fight cross-border economic crimes by improving their endowment with modern equipment and transport means;
- Increased awareness of the local population, business environment and officials towards the dangers posed to the society by the proliferation of economic crimes: 55 participants attending each of the two conferences and media exposure;
- An informal network of specialists that get to meet, make contacts and create a fertile ground for future cooperation in fighting cross-border economic, cultural and environmental crimes.

4.3. Project activities

The project will consist of the following activities:

1. Acquisition of equipment and specialised transport means to be used by the police in preventing and fighting cross-border economic crimes. State of the art equipment will be purchased to allow police forces to catch up with the modern endowment used by the criminals in cross-border illegal operations.

2. Press conferences for launching and closing the project. The aim of the conference is to provide visibility of the project and to raise awareness of the local people, business community and officials towards the need to prevent and fight cross-border economic crimes. The conferences will be held in one of the border counties that will be among the beneficiaries of the project. At the press conference will be invited to participate media and representatives from all the Romanian, Europol and the Republic of Moldova authorities, involved in the project.

3. Study visits to the Republic of Moldova. Representatives from the Romanian authorities will take part in a study visit to the Republic of Moldova aimed at familiarising with the organization and functioning of the partner organizations.

4. Exchange of best practices seminars for the experts of the Romanian and foreign authorities involved in the project. The seminars will be focused on economic crimes, which will include smuggling of tobacco, petroleum and counterfeit products, tax evasion and fraud. 150 participants will attend, divided into six seminars – in order to achieve maximum results and to allow participants to interact and express their ideas. 25 participants will take part in each seminar. The experts will be representatives of the police structures in the border area, representatives of other authorities involved in fighting crimes and representatives of the Europol and Republic of Moldova Police. Each seminar will last for 2 days.

The participants in the seminars will be required to share their knowledge and best practices gathered with their colleagues in order to achieve an even wider information dissemination effect.

4.4. The beneficiaries of the project are:

- Police structures specialized in fighting economic crime from the counties near or on the future Schengen border: Tulcea, Galati, Vaslui, Iasi, Botosani, Suceava, Maramures, Satu-Mare.
- Police structures from the Republic of Moldova central units and border regions of Edinet, Balti, Ungheni, Lapusna and Cahul.
- Other law enforcement authorities from Romania: Prosecutor's Office, National Customs Authority and Border Police.

4.5 The target group is represented by the personnel from the Romanian and foreign authorities responsible with preventing and fighting economic crimes.

4.6 Risks and Risk management			
Description of Risks	Likelihood	Impact	Risk Mitigation Plan
Institutional reorganization	Low	High	Communication and correction of implementation plan with relevant stakeholders
Contestations of the process of public procurement	Low	Medium	Logistics department will monitor the process and will swiftly submit to the authorities entitled to analyze the contestation all the documentation in order to avoid any further delays

4.7 Sustainability of the Project: after its completion will be ensured by the National Budget. The efforts to prevent and fight economic crimes at the future Schengen Border will be continued by the national

authorities as part of their permanent responsibilities, with the added value of the methods and best practices shared in the project, as well as the equipment and transport means acquired.

5. Project Justification

Romania is seriously preoccupied with fighting transnational crimes, which bring serious prejudices to the state budget. Illegal smuggling is one of the most important catalysts of the underground economy. It is very diversified and includes: undervaluation of goods, use of falsified transit declarations, imports carried out by „ghost firms”, use of forged documents, selling new products as „second – hand” ones, hiding and not declaring goods that support high taxes thus impacting on the state and Community budget.

These criminal activities not only prejudice the state budget, but also disturb the normal functioning of the legal commercial activities by the use of dumping prices on untaxed goods. There is also the risk of the unchecked quality of smuggled goods, especially for food.

Smuggled goods produce „black money” which is the main financial source for corruption and investments in logistics and training of the criminal networks. These criminal groups make serious efforts in order to bribe public servants who are responsible with financial and fiscal supervision and control and can allow or protect the illegal actions.

Criminal activities are carried out mainly in the border points with high traffic but also in the ports where crossborder activity is smaller.

A more efficient prevention and fight of the illegal smuggling is a priority with the authorities responsible with law enforcement in Romania. Crossborder criminality affects the state budget; this is why it is important to protect the honest taxpayers by eliminating the illegal competition of those who do not commercialize smuggled goods.

The price difference of produces on the internal market and on the markets of the Republic of Moldova is very large for some products (e.g. the price of a pack of cigarettes in the Republic of Moldova is 1/4 and 1/5 of the price in Romania), not to mention the difference with the price in other countries in Europe. These price differences and the potential profits that can be made provide a serious encouragement for illegal smuggling.

The analysis carried out by the Romanian authorities indicates a high level of specific crossborder criminality on the future Schengen border with the Republic of Moldova.

6. Project Organisation

The project organization will integrate with the present structure of the Romanian Police in order to make use of the existing formal communication channels in order to ensure proper and timely implementation of the activities.

The formal communication channels starts with the territorial units which report directly to the directorates in the headquarters. The directorates gather the information, synthesize it and send it to the project management team. The project team will make use of the directorates' capabilities to ensure proper communication and prompt feedback on requests in order to obtain the project results.

The following roles have been established:

The project leader is the General Inspector of Romanian Police, police principal quaestor Petre Toba. The project leader role is to ensure the overall steering and co-ordination of the project. He will also ensure high level representation and liaison with other national or European stakeholders and also will facilitate additional external support for the project objectives.

The project manager is the Director of the Fraud Investigation Directorate. He will closely coordinate the project activities and will employ resources in order to obtain the project results. He will also ensure the proper coordination with the support departments – logistics, financial, legal support.

The project implementation officer will be one of the officers from the Project Implementation Unit/GIRP. He will implement and organize project activities according to the project agreement. He/she will take proper measures to organize in due time the project activities in accordance within the approved budget.

The project monitoring officer will be one of the officers from the Project Implementation Unit/GIRP. He/she will monitor the project activities and will report on the project completion degree and possible risks in attaining the project results.

The Project Implementation Unit will also report to the Program Operator.

The financial officer and the procurement officer will be nominated by the Financial Department and the Logistics Department, correspondingly, and will have specialized responsibilities for support activities of the project. The Logistics Department will be responsible with the acquisition procedures.

The experts will be police officers from the Fraud Investigation Directorate, but also from other units who can contribute with their expertise to the project activities.

7. Detailed Implementation Schedule

7.1. Activities and Schedule

	month	year	Total Expense (EURO)	800.000,00
Target start date*	June	2014	Planned duration (months)	18

#	Activity Name	Schedule and Cost	
1	Acquisition of equipment	Start month	1
		Duration (months)	3
		Expenses (EURO)	636.374,00
2	Press conferences for launching the project	Start month	2
		Duration (months)	1
		Expenses (EURO)	9.763,00
3	Study visits of the representatives from Republic of Moldova to Romania	Start month	4
		Duration (months)	1
		Expenses (EURO)	8,550,00
4	Exchange of best practices seminars for the experts of the Romanian and foreign authorities involved in the project.	Start month	5
		Duration (months)	12
		Expenses (EURO)	112.800,00
5	Press conference for closing the project	Start month	18
		Duration (months)	1
		Expenses (EURO)	9.763,00
6	Project management	Start month	1
		Duration (months)	18
		Expenses (EURO)	22.750,00

7.2 Major Milestones and Monitoring of Progress

1. M2 – press conference for launching the project
2. M4 – visit to the Republic of Moldova
3. M3 – equipment purchased
4. M16 – 6 seminars organised
5. M18 - press conference for closing the project

* This date could be brought forward depending on the date of approval of the Project

The project will be periodically monitored through quarterly reports in order to ensure timely completion of activities and achievement of project results.

In order to ensure the usage of the purchased equipment for the purpose of the project specific monitoring (on the spot missions, internal regulations and reporting) will be set and implemented. The monitoring will continue after the end of the project to ensure that the purchased equipment will be primarily used to support the police cooperation between Norway and Romania.

8. Budget and Financing Plan

8.1 Summary Budget (In EURO)

Total Eligible Expenses Breakdown	2014	2015	Total	%
Labour	0.00	0.00	0.00	0.00
Travel and subsistence	13 938,00	66 288,00	80,226.00	10,02
Consumables and Supplies	3,960.00	0.00	3,960.00	0,50
Equipment	650,864.00	0.00	650,864.00	81,35
Services	2,425	50,125	52,550.00	6,56
Audit	0,00	3 000,00	3 000,00	0,38
Publicity	1,950	6,450	8,400.00	
Others:	500,00	500,00	1,000.00	1,19
Total Eligible Expenses	673 137,00	126 863,00	800.000,00	100,00
Non-eligible Expenses	0.00	0.00	0,00	0.00
Total Project Cost	673 137,00	126 863,00	800,000.00	100.00

8.2 Financial Resources – Eligible Expenses Funding (In EURO)

	2014	2015	Total	%
Grant Allocation	572 166,45	107 833,50	680,000.00	85.00
Co-financing from central, regional or local government budget	100 970,50	19 029,50	120 000,00	15.00
Other (e.g. own – co-financing)	0.00	0.00	0.00	0.00
Total Funding	673 137,00	126 863,00	800,000.00	100.00

9. Procurement

The procurement is to be made according to the Romanian legislation, Ordinance 34/2006 regarding public procurement.

All the necessary steps to ensure full transparency and fairness of the procurement are to be assured, including use of the public electronic bidding system, as requested by law. The procurement will also incorporate technical recommendations from the Norwegian experts and advisers.

The procurement documents and procedures will be stored and provided for auditing to relevant bodies.

10. Legal Issues Relevant to the Project

10.1 Compliance with EU Legislation

The project will fully comply with EU legislation regarding State aid rules and Environment.

11. Cross Cutting Issues

11.1 Good Governance

For good governance the following principles will be respected:

- Participation and inclusiveness –all relevant stakeholders involved in preventing and fighting economic crime will participate into the project
- Accountability – law enforcement institutions will be accountable for their actions
- Transparency – decisions and enforcement will be done in a manner that follows rules and regulations; information on the project activities and results will be freely available and directly accessible.
- Effectiveness and efficiency – institutions and processes produce results that meet the needs of the society – the need for protection against crime - while making the best use of resources at their disposal – mainly by means of the strict procedures for spending the resources that the Romanian Police, as a government organization needs to respect.
- Impartiality and zero tolerance to corruption in the activities of the project will ensure the proper respect of the Rule of law principle.

11.2 Sustainable Development

By fighting economic crime at the border area, the project will help improve the economic climate in the region. It will create a safer environment for people and business alike. Fighting economic crime will limit the unjustified advantages that exist only for some economic actors, and will force a part of the local businesses to come out from the underground economy into the legal economy, thus increasing the welfare of the regions and the tax contributions to the national and local budgets.

11.2.1 Environmental Considerations

Economic crimes, like smuggling, are also committed in the protected area of the Danube Delta, affecting its fragile microclimate. By discouraging these crimes the project will help protect the flora and fauna of this unique bio-system.

11.2.2 Economic Sustainability

Crimes are generally linked one to another and by reducing economic criminality at the border area, the project will help reduce other types of specific crimes, thus making the area more secure for businesses to flourish. The project will also help bring out some businesses from the underground into the legal economy.

11.2.3 Social Sustainability

The project will help build social capital and, by reducing the criminal activities in the border area, create a more secure and prosperous social environment.

11.3 Gender Equality

Both women and men will take part into the project, with no difference applied to their involvement into the project on the basis of the gender.

12. Publicity

The publicity of the project will be ensured according to a Publicity Plan:

The target groups for the publicity activities will be mainly the population from the counties near or on the border, but also at national level in Romania.

The Publicity Plan will include, at least, the following:

- (a) The target groups for the publicity activities will be mainly the population from the counties near or on the border, but also at national level in Romania;
- (b) Visibility materials both for the general public and for the specialized public will be ensured;
- (c) 2 press conferences for launching and closing the project will be organized. There will be two press releases on the successful activities in countering economic crime in which equipment purchased through the project facilitated the fight against the illegal activities;
- (d) The project activities will be promoted in the internet, either through a dedicated website or through dedicated web pages on an existing website. The information on the web shall include information about the project, its progress, achievements and results, the cooperation with Donor State entities, pictures, contact information and a clear reference to the Programme and the financial mechanism.

13. Bilateral Relations

The bilateral relations between Romania and Norway in the area of police cooperation will be significantly strengthened through the proposed project.

15. Annexes

Annex 1: Project Logical Framework

Annex 2: Project Organisation

Annex 3: Detailed Budget