Support to the creation of National Monitoring Centre of the Criminal Proceeds

Standard Summary Project Fiche for the Transition Facility

1. **Basic Information**
   1.1 CRIS Number: 2006/18111.06.02.
   
      Twinning: EE/2006-IB/JH/02
   
   1.2 Title: **Support to the creation of National Monitoring Centre of the Criminal Proceeds**
   
   1.3 Sector: Home Affairs
   
   1.4 Location: Estonia

2. **Objectives**

   2.1 Overall Objective(s):
   Establishment of relevant legislation and bodies for combating against organized crime through attacking their financial interests

   2.2 Project purpose:
   Creation and effective action of a national centre for identification of criminal proceeds as well as relevant other arrangements

   2.3 Justification

   Estonia has harmonized its legislation with the **Council Framework Decision on Confiscation of Crime-Related Proceeds, Instrumentalities and Property** and the Council Framework Decision on the execution in the European Union of orders freezing property or evidence, three money laundering directives and **Strasbourg 1990 Convention**.

   Furthermore, it is necessary that close cooperation takes place between the relevant authorities of the Member States involved in depriving criminals of their illicit profits and that provision be made for direct communication between those authorities.

   Member States must organise their Asset Recovery Offices in such a way as to ensure that information is exchanged within a reasonable space of time (Initiative of the Republic of Austria, Belgium and Finland with a view to the adoption of a Council Decision concerning arrangements for cooperation between Asset Recovery Offices of the Member States. *(5278/06 CRIMORG4)*

   Estonia supports an initiative of the Republic of Austria, Belgium and Finland with a view to the adoption of a Council Decision concerning arrangements for cooperation between Asset Recovery Offices of the Member States.

   Referring to the **Communication from the Commission to the Council and the European Parliament – The Hague Programme**: Ten Priorities for the next five years - and its proposal to strengthen tools to address financial aspects of organised crime inter alia by promoting the establishment of criminal asset intelligence units in EU Member States -point 3.3.r *(9778/2/05/JAI 207).*
Support to the creation of National Monitoring Centre of the Criminal Proceeds

Each Member State shall set up or designate a national Asset Recovery Office mandated or being charged with the facilitation of tracing and identification of proceeds of crime with a view to their subsequent freezing, seizure or confiscation by the competent judicial authority. (Article 1 5278/06 CRIMORG4).

In 2003 Estonia adopted National Action Plan (Development Strategies) on Criminal Policy until 2010. Point 25 of this strategy provides that competent authorities must act more operatively in depriving proceeds of crime. Estonia should take more effective steps in this matter. In August 2005 Minister of Justice and Minister of Interior concluded agreement (Laulasmaa Agreement) on priorities of fight against crimes for 2006. One of the priorities is the fight against organized crime: drugs, human trafficking and money laundering, deprivation of proceeds of crime.

- Commission Comprehensive monitoring report on Estonia’s preparations for membership 2003
In the area of police co-operation and combating organised crime, preparations are broadly satisfactory. Police training is also in good order, but a decision still needs to be made on the funding of the new training system that will start in 2004. The strengthening of the International Criminal Intelligence Department's administrative capacity in connection with the establishment the Supplementary Information Request at the National Entries Bureau should be stepped up. Inter-agency co-operation is being reinforced. Estonia has signed, but not yet ratified the three protocols to the UN Convention against trans-national organised crime. Estonia still needs to complete its legislative alignment with the most recent acquis on money laundering. A Financial Intelligence Unit is in place, but its resources and capacities should be reinforced
In the area of judicial co-operation in civil and criminal matters legislative alignment, where still necessary, is ongoing and Estonia should be ready upon accession to apply it and accede to the relevant conventions. The administrative structures for direct contacts between competent judicial authorities are in place but need to be further strengthened.

Conclusion
Estonia is partially meeting the commitments and requirements for membership in relation to the data protection, fight against fraud and corruption and money laundering. Overall, inter-agency co-operation needs to be improved and co-ordination structures strengthened.

3. Description

3.1 Background and justification:
The main motive for cross border organized crime is financial gain. In order to combat organized crime effectively, information that can lead to the tracing and seizure of proceeds from crime has to be exchanged rapidly between the Member States of the European Union.

3.1.1 Establishment of National Monitoring Centre of the Criminal Proceeds.
At this moment, there is no central unit in Estonia for monitoring the criminal proceeds. Establishment of such unit is necessary and the main goal of its activity will be the international co-operation with the similar agencies of EU member-states and assistance in the framework of ongoing criminal investigations to establish the proceeds of criminal activity abroad. After the national legislation is improved concerning asset forfeiture in Estonia at the end of year 2006 and possible adoption of revised burden of proof and civil confiscation in 2007, it will be efficient to widen the duties of the Unit in order to conduct civil confiscation and therefore to increase its staff.

The minimum need for the establishment of the Unit will be 5 employees what also is the precondition of starting the project activities.

The competence of the Agency is still unclear. Estonia considers that our national authority could be FIU (Financial Intelligence Unit) of the Central Criminal Police. The creation of a separate agency is not necessary.
According to the statute of the Central Criminal Police it is one of its duties to participate in surveillance activities as a part of international co-operation, arranging the co-operation of criminal police via the Interpol, Europol and other international channels, to act as a central unit of executing the international agreements in criminal police, organizing the execution of requests of legal aid, gathering criminal intelligence, saving and dissemination of information concerning cross-border organized crime.

It is not enough just to nominate the Unit responsible of monitoring criminal assets. There is also need for having the special information at its disposal and ability to react rapidly. There is no need for Unit with duties just as post-office and no competence for actions.

3.1.2 Drafting the National Strategy Plan for Asset Forfeiture

At this moment, there is no national strategy for asset forfeiture in Estonia. This strategic plan should specify the work of related institutions in the field of asset forfeiture and co-ordinate the activities of other relevant agencies as well. While analysing the situation in a respective country, attention should be paid to its geographical location, cash flows from and to different countries, analysis of major crimes and their profitability. As a part of the national strategy there should be also a comprehensive analysis of the asset forfeiture legislation and the possibilities in Estonia so far, the gap-analysis of the current system and the recommendations of improvement. Comparison of the international standards and legislation concerning asset forfeiture and the best practices of other Member States is also the part of the strategic plan.

Drafting the National Strategy Plan for Asset Forfeiture will be done by RTA with the help of short term expert who will carry out an analysis of Estonian system and legislation on the asset forfeiture with regard to implementation and compliance with international standards and requirements of the EU as a part of the national strategy.

3.1.3 Training for employees of new Monitoring Centre of the Criminal Proceeds
Support to the creation of National Monitoring Centre of the Criminal Proceeds

As the central unit will just be established, there are no trained and competent employees to work there. It will be more effective for the new employees of the National Monitoring Centre to be trained within the already established and working unit located in the EU Member State. It will enable the new employees to learn from the practical experience and every-day work of the Unit. The value of such practical experience can be evaluated more highly as compared to the know-how obtained via the format of seminars and lectures taking place in Estonia. The best solution for training the employees of the new Monitoring Centre will be to second the new staff of the above-mentioned unit (5 persons) to a Member State for comprehensive a week long training within the similar central unit of the MS in order to gain the knowledge and the practical examples of working within such unit. One 2-day training seminar for the employees of the Monitoring Centre will be organized by the end of the project, in the course of which the real cases of their own work carried out so far can be discussed as well as the difficulties arisen. The employees of the National Monitoring Centre can obtain advice and case-solutions from the experts. The necessary contacts and training itself will be organized by RTA.

3.1.4 Training for other law enforcement authorities

Several training seminars for different law enforcement authorities will be organized. The RTA is responsible of organizing the trainings and inviting the necessary trainers, experts and lecturers.

The subject of the trainings for the financial investigators of several Police Prefectures, Central Criminal Police and the investigators of Tax and Customs Board will be tracing the criminal proceeds and asset forfeiture. The training should include theoretical basis and the practical examples and case studies as well in this area. After having conducted the training in Estonia, the study visits for the representatives of every institution mentioned above will be organized in order to obtain practical experience of real work in the similar institutions in MS. Those experiences gained can be shared within their institution afterwards while assisting their colleagues concerning asset forfeiture.

Altogether 50 investigators will be trained by the end of the project. A study visit for the 11 investigators for 1 week of different Police Prefectures (East-South-, North- and West Prefecture) and the Central Criminal Police to EU Member State as a part of the professional training concerning asset forfeiture will be conducted.

The subject of training seminar for prosecutors is seizure and confiscation of criminal proceeds; it should include the best practices and case studies together with theoretical knowledge. Altogether 20 prosecutors will be trained by the end of the project. After the training, a study visit for 5 prosecutors for one week to Member State will be organized, in order to familiarize with the prosecution of financial crimes and asset forfeiture.

Training seminar for 12 judges of the issue of asset forfeiture and confiscation will be organized by the end of the project. After the training, a study visit for 4 judges for one week to the Member State will be organized.
Support to the creation of National Monitoring Centre of the Criminal Proceeds

In addition to training seminars, awareness raising meetings will be organized to the higher level of state officials (persons from ministries, law enforcement officials, prosecution and judicial services) what is necessary for developing a common approach.

3.1.5 Handbook of Asset Forfeiture

Handbook consisting all the relevant legislative background and training materials for the investigators composing methodical and practical guidelines for helping to track the criminal proceeds and asset forfeiture mechanisms during the criminal investigation will be published by the end of the project. The printing of the handbook will be financed by using TF contribution as well the co-financing contribution Handbook will be compiled by RTA with the assistance and knowledge of all the related institutions (Ministry of Justice, Prosecutors’ Office, investigative bodies).

The activities in the framework of the current project are not eligible from the Schengen Facility (SF) as the SF is fully programmed and the beneficiary submitted the project proposal on the support to the creation of the National Monitoring Centre of the Criminal Proceeds only at the end of 2005.

3.2 Linked activities:

In July 2005 the EU Twinning project “Integrated programme to strengthen the capacity of the Estonian anti money laundering institutions” (2004/006-270.04.03) was launched with the objective to increase in the administrative capacity of the relevant authorities to fight money laundering in Estonia.

One of the findings of several experts who visited Estonia was that the legislation and the current system of asset forfeiture in Estonia are not working effectively. This will also be mentioned in the final report of the Project and one of the upcoming goals of the National Strategy (created in the framework of the Project). On the basis of the Phare Interim Evaluation of the Home Affairs Sector, the Transition Facility project (2004/006-270.04.03) “Integrated programme to strengthen the capacity of the Estonian anti money laundering institutions” several shortcomings from the Estonian existing system and legislation concerning money-laundering and hiding the criminal profit/proceeds were highlighted as follows:

“During the course of this project several shortcomings have come alight, especially with regard to the existing Money Laundering legislation in relation with a very recent verdict of the High Court of Estonia ruling that the use of criminal money without the intent of identity hiding was not punishable.

This verdict seems to contradict the intention of the article in the Money Laundering Legislation up to the extent that it might prevent in future to get any convictions for Money Laundering as described in Par. 2 of The Money laundering and Terrorist financing Prevention Act.

“Money laundering is the acquisition, possession, use, conversion or transfer of, or the performance of transactions or operations with, property acquired as a result of a criminal offence or in return for participation in such an offence, the purpose or consequence of which is the concealment of the actual owner and the illicit origin of the property.
Support to the creation of National Monitoring Centre of the Criminal Proceeds

The legislative problem, as explained by the High Court seems to be located in the word AND in the article of Par.2 of the Money Laundering and Terrorist Financing Prevention Act.
In this particular case (shortly explained) the owner of property derived from criminal funds was acquitted from the charge of “Money laundering” for not having the purpose of concealment of his criminal funds.
This verdict of the High Court therefore might also shed a different light on the topic of “Self laundering” as far as convictions for this particularly offence are concerned. This problem should be repaired before the next Council of Europe evaluation in 2007.
The project is making an inventory of possible topics in the Money laundering approach that should be repaired, if possible before the next Moneyval evaluation. Especially as the first two evaluations have brought alight a number of shortcomings in the Estonian Money laundering prevention legislation as well as in the Estonian operational approach to this problem. Merely regulating the reported problems in legislation is only part of the solution. The operational approach should also be supported in the form of personnel or means supplied.”

3.3 Results¹:

3.3.1. Draft National asset forfeiture strategy composed, including:
   3.3.1.1 General analysis and gap-analysis of the effectiveness of the current system of monitoring criminal proceeds and asset forfeiture system;
   3.3.1.2 Analysis of the asset forfeiture legislation and its compliance with international standards, recommendations and requirements of the EU;
   3.3.1.3 Recommendations and action plan on implementation of the national asset forfeiture strategy.

3.3.2 The National Monitoring Centre of the Criminal Proceeds is established and the supporting regulations have been worked out.

3.3.3. Staff in the Monitoring Centre of the Criminal Proceeds and other involved institutions qualified
   3.3.3.1 New personnel of Monitoring Centre of the Criminal Proceeds (5 persons), investigators of financial crimes (50 persons), prosecutors (20 persons), judges (12 persons) have received training of monitoring criminal proceeds and asset forfeiture;
   3.3.3.2 Analysis of further training needs and recommendations on a further consistent training plan for involved authorities;
   3.3.3.3 Handbook and training materials for the investigators composing methodical and practical guidelines for helping to monitor the criminal proceeds and asset forfeiture systems.

3.3.4. Increased awareness of higher state officials in the area of asset forfeiture.

¹ The indicators of the results are confirmed to be quantified and measurable. For indicators please see Annex 1 - logframe.
3.4 Activities:

3.4.1 Contract 1: Twinning for 12 months, (442 000 EUR of which 380 000 EUR TF, 48 000 EUR national co-financing)

The project will be implemented through a Twinning package, which will include the following components:

1. One long-term Resident Twinning Advisor (RTA) for 12 consecutive months, 180 000 EUR (result 3.3.1)

RTA’s tasks will be:
1. To develop a draft national asset forfeiture strategy in co-operation with STE 1 (result 3.3.1)
   1.1 Conduct general and gap analysis of the current monitoring of criminal proceeds and asset forfeiture system and its effectiveness (result 3.3.1.1);
   1.2 To compose a draft strategy paper consisting analysis of the Estonian system of monitoring criminal proceeds and recommendations for improvement (preventive and practical aspects, national priorities, co-operation among authorities) including examples of good practice of EU MS’s where asset forfeiture has regulated effectively (result 3.3.1.3).

2. Assisting establishment of the National Monitoring Centre of the Criminal Proceeds (result 3.3.2)
3. Co-ordination and guidance of the work of short-term external experts (different STEs for trainings), validation of their work
4. Organizing trainings and study visits, inviting appropriate experts/lecturers for carrying out trainings and necessary training facilities abroad (result 3.3.3).
5. Organising the awareness raising meetings amongst the state officials in higher positions (persons from ministries, law enforcement officials, prosecution and judicial services) (result 3.3.4).
6. Collection of materials for a handbook on monitoring criminal proceeds and asset forfeiture, organizing the editing of the handbook (result 3.3.3.3)

RTA’s profile:
- Higher police or legal education
- Excellent knowledge of the field of financial crimes, the newest developments and international institutions involved in the fight against financial crime
- Excellent knowledge of international legislation and regulations regarding combating financial crime
- Previous work experience in the field of financial crime and asset forfeiture, at least 5 years
- Preferably previous experience in participating in the projects related to financial crimes and asset forfeiture
- Experience in strategic analysis and planning
- Good computer skills
- Command of the English language
Support to the creation of National Monitoring Centre of the Criminal Proceeds

RTA Assistant for 12 consecutive months, 18 000 EUR

Tasks:
Provision of full time assistance for purposes of translation and interpretation, organisation of meetings and office duties on a daily basis.

RTA Assistant’s profile:
- Higher education
- Previous work experience in the area of EU funded projects at least 2 years
- Good computer skills
- Good command of English

2. MS Project Leader 15 man–days over 12 calendar months, 10 000 EUR

Tasks:
- General co–ordination of the project
- Supervision of the budget
- Making conclusions

Profile:
- Knowledge in the area of financial crimes and asset forfeiture
- Excellent knowledge of management,
- Experience in risk assessment and program evaluation
- Experience in international co – operation projects
- Good command of the English language.
- Computer literacy

3. One short-term expert (STE 1) for 1 working month over 3 calendar months, 20 000 EUR

STE 1 tasks will be:
3.1 Carry out an analysis of Estonian legislation on the asset forfeiture regard to implementation and compliance with international standards and requirements of the EU as a part of the national strategy (result 3.3.1.2);

Profile for STE 1:
- Higher police or legal education
- Excellent theoretical and practical knowledge of the financial investigation, experience in area of asset forfeiture and work of related institutions
- Previous working experience in unit of investigating financial crimes or asset forfeiture
- Good overview of international legislation in the field of asset forfeiture
- Competence in the English language

1 Trainings (result 3.3.3)
Concerning the training component in the framework of the current project, the priority will be given to training the personnel of the National Monitoring Centre as for the personnel it is vital to obtain experience in paying visit to the already established and working unit in the MS. At the same time it is also important to train the representatives
Support to the creation of National Monitoring Centre of the Criminal Proceeds

of the other agencies involved. The target audience to be trained in Estonia will be 50 investigators, out of which 16 investigators will take part in the study visit organised to the EU MS for the purpose to get familiarized with the work of counterparts.

1.2 Training seminars

1.2.1 Training seminar (one week) about Monitoring of Criminal Proceeds and Asset Forfeiture for the financial investigators of 4 regional Prefectures, Central Criminal Police and Tax- and Customs Board, altogether 50 persons. 36 000 EUR (25 000 costs of different experts; 11 000 training costs, including translation costs)

1.2.2 Training seminar (three days) about Monitoring of Criminal Proceeds and Asset Forfeiture for 20 prosecutors 12 000 EUR (9 000 costs of experts; 3 000 training costs, including translation costs)

1.2.3 Training seminar (three days) about Monitoring of Criminal Proceeds and Asset Forfeiture for 12 judges 12 000 EUR (9 000 costs of experts; 3 000 training costs, including translation costs)

1.2.4 Training seminar for the personnel of National Monitoring Centre of the Criminal Proceeds 10 000 EUR (9 000 costs of different experts, 1000 training costs)

1.3 Study visits (TF 40 000; Co-fin 10 000) (result 3.3.3)

In connection with the creation of the national Monitoring Centre a study visit is of vital importance for 16 investigators, including all members of the staff of the National Monitoring Centre to EU MS in order to familiarize with the work of this Unit. All 16 investigators and their agencies involved are implicitly connected with the work of the Unit. Although it is important firstly to train the staff of the Unit, secondly the representatives of all agencies involved as well. In this sense “train the trainer” approach is used as the representatives of all the agencies will convey the know-how obtained within their organisations.

1.3.1 Study visit for the new employees (5 persons) of National Monitoring Centre of the Criminal Proceeds for 1 week 15 500 EUR (per diems 13 000; airplane tickets 2 500)

1.3.2 Study visit for financial investigators of North Police Prefecture (3 persons) and the Central Criminal Police (2 persons) for 1 week. 8 500 EUR (per diems 6 000; airplane tickets 2 500)

1.3.3 Study visit for financial investigators (6 persons) of East, West and South Prefectures for 1 week 10 200 EUR (per diems 7 200; airplane tickets 3 000)

1.3.4 Study visit for 5 prosecutors for 1 week 8 500 EUR (per diems 6 000; airplane tickets 2 500)

1.3.5 Study visit for 4 judges for 1 week 6 800 EUR (per diems 4 800, airplane tickets 2000)

Contract 2 Supply (Co-fin 14 000)

In the framework of the supply the following IT and means of communications: 5 computers, 1 server, 1 firewall, 1 switch, 5 mobile phones/communicators and 5 desktop phones are purchased. The items procured under supply are necessary for the functioning of the National Monitoring Centre of Criminal Proceeds within the structure of the FIU.
3.5 Lessons learned:
Four Phare projects are currently being implemented under Ministry of Interior:

- Enhancing border control and development of border surveillance at Estonian Eastern border;
- Extension of Estonian Automated Fingerprint Identification system;
- Improving investigation involving digital evidence and
- Support to the creation of witness protection system.

All projects cover different fields of home affairs.

The Estonian Police has direct experiences from three finished Phare projects and three ongoing Transition Facility projects:

*Phare projects*
- Development of Criminalistics and Forensic Science,
- Police Training and Education System and
- Support to Development and Implementation of the National Drug Strategies and Programme.

*Transition Facility projects*
- Enhancement of Administrative Capacity of the Estonian Police on Fight Against Drug related Crimes;
- Integrated programme to Strengthen the Capacity of the Estonian Anti Money Laundering Institutions;

While programming the current project the following recommendations were considered: precise definition of the expert’s profile and tasks, realistic and measurable outcomes of the project, communication and co-ordination between involved parties, problems in timing of different activities. Representatives of stakeholders were involved in drafting of all aspects of the project fiche - there is better understanding of expectations of different institutions.

The Ministry of the Interior has experienced different problems in implementing Phare projects: low interest from RTA (RTA will be asked to be replaced if necessary), difficulties finding leading member state or project manager, co-financing difficulties (relevant sums are apled from state budget). In terms of ensuring sustainability this project addresses all involved parties - FIU, investigators, prosecutors, judges.

3 Institutional Framework

*Project Beneficiary*

The Estonian Police Board is under the jurisdiction of the Ministry of Interior. It is the central and supervisory authority for the Estonian police services. The Police Board supervises the following national organisations: the Central Criminal Police, the Central Law Enforcement Police, the Forensic Service Centre, and the 4 Police Prefectures, which are territorial police agencies. The activities of the Police Board include development of strategies and activities of the Police; analysis of the rule of law in the state; compilation of development plans and strategies for the police and
Support to the creation of National Monitoring Centre of the Criminal Proceeds

supervision over the implementation of the latter; analysis, guidance and supervision over the activities of police institutions and the Police School and co-ordination of the cooperation between the institutions. The Police Board is also responsible for the development of new working methods, technological support and international cooperation.

The direct beneficiary of the project is the Central Criminal Police, more precisely the Financial Intelligence Unit (structural unit of the Central Criminal Police) which will also be the implementing authority of the project.

The present tasks of the FIU are:

- To collect, register, process and analyse information
- To freeze or seize proceeds with suspicion of criminal origin
- To forward important information concerning money laundering to pre-trial investigation authorities
- To co-operate with credit and financial institutions and other police authorities in the prevention of money laundering
- To organise foreign relations and the exchange of information with FIUs of other countries.

Other institutions benefiting from this project are:
- The Ministry of Justice;
- The Ministry of Interior;
- The State Prosecutor’s Office;
- Law Enforcement Authorities (police prefectures, Tax and Customs Board)
4 Detailed Budget

<table>
<thead>
<tr>
<th>€M</th>
<th>Transition Facility support</th>
<th>Co-financing</th>
<th>Total cost (TF plus co-financing)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
<td>Total Transition Facility (=I+IB)</td>
</tr>
<tr>
<td>Contract 1: Twinning</td>
<td>380 000 €</td>
<td>48 000 €</td>
<td>48 000 €</td>
</tr>
<tr>
<td>1.1. Twinning covenant preparation</td>
<td>20 000</td>
<td>20 000</td>
<td></td>
</tr>
<tr>
<td>1.2 RTA for 12 months</td>
<td>180 000</td>
<td>180 000</td>
<td></td>
</tr>
<tr>
<td>1.3 RTA Assistant</td>
<td>18 000</td>
<td>18 000</td>
<td></td>
</tr>
<tr>
<td>1.4 MS Project Leader</td>
<td>10 000</td>
<td>10 000</td>
<td></td>
</tr>
<tr>
<td>1.5 BC Project Leader</td>
<td>6 000</td>
<td>6 000</td>
<td>6 000</td>
</tr>
<tr>
<td>1.6 Project Manager</td>
<td>6 000</td>
<td>6 000</td>
<td>6 000</td>
</tr>
<tr>
<td>1.7 Project Management team</td>
<td>6 000</td>
<td>6 000</td>
<td>6 000</td>
</tr>
<tr>
<td>STE 1</td>
<td>20 000</td>
<td>20 000</td>
<td></td>
</tr>
<tr>
<td>STEs (different trainings)</td>
<td>54 000</td>
<td>54 000</td>
<td></td>
</tr>
<tr>
<td>Training related costs (venue) including translation costs</td>
<td>23 000</td>
<td>23 000</td>
<td></td>
</tr>
<tr>
<td>Handbook</td>
<td>20 000</td>
<td>20 000</td>
<td>20 000</td>
</tr>
<tr>
<td>Study visits</td>
<td>40 000</td>
<td>40 000</td>
<td>10 000</td>
</tr>
<tr>
<td>Audit</td>
<td>5 000</td>
<td>5 000</td>
<td></td>
</tr>
<tr>
<td>Reserve</td>
<td>10 000</td>
<td>10 000</td>
<td></td>
</tr>
<tr>
<td>Contract 2 Supply</td>
<td>14 000</td>
<td>14 000</td>
<td>14 000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>380 000</td>
<td>380 000</td>
<td>62 000</td>
</tr>
</tbody>
</table>

(*) contributions form National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises  
(**) private funds, FIs loans to private entities  
National co-financing will come from the State Budget of 2007 and 2008.
Support to the creation of National Monitoring Centre of the Criminal Proceeds

The amounts for co-financing indicated in the table correspond to cash co-financing. In addition, in-kind contributions from the Estonian administration for the effective implementation of the twinning may be further detailed in the twinning covenant.

Twinning co-financing includes project management costs/fees (project leader, project manager, project management team) from the Estonian side, travel expenses for study visits totally for 16 persons and training related costs (rent of rooms for training sessions, and presentation equipment and other).

Joint co-financing is used for Contract 1.

Flow and stock data on co-finance will be submitted quarterly for steering committees and to the CFCD and on a half-yearly basis to the Sector Monitoring Working Group. The beneficiary, together with the NAO commits to sound financial management and financial control.

Estonian side will provide full support for experts as in-kind co-financing (such as office space, office costs etc).

National co-financing

<table>
<thead>
<tr>
<th>National co-financing</th>
<th>2007</th>
<th>2008</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1 Twinning</td>
<td>24 000</td>
<td>24 000</td>
<td>48 000</td>
</tr>
<tr>
<td>Contract 2 Supply</td>
<td>14 000</td>
<td></td>
<td>14 000</td>
</tr>
<tr>
<td>Total national co-financing</td>
<td>38 000</td>
<td>24 000</td>
<td>62 000</td>
</tr>
</tbody>
</table>

Under Contract 2 Supply is foreseen for purchasing necessary IT and means of communication (5 computers, 1 server, 1 firewall, 1 switch, 5 mobile phones/communicators, 5 desktop phones) for the National Monitoring Centre of the Criminal Proceeds.

Joint co-financing will be used for contracts 1 and 2. The amounts of co-financing indicated in the table correspond to cash co-financing. In addition, in kind contributions from the Estonian administration for a good implementation of the twinning may be detailed in the twinning covenant.

The co-financing expenses will be monitored by the beneficiary and the NAO. For the earmarked co-finance, a clear and verifiable set of costs will be provided (ex ante confirmation by the MoF of exact budget lines and re-confirmation before each contract within either of the two components) and ex post each project and at an aggregate level for each budget line. Flow and stock data on co-finance will be submitted quarterly for steering committees and to the CFCD and on a half-yearly base to the Sector Monitoring Sub-Committee.

5 Implementation Arrangements

5.1 Implementing Agency
The Implementing Agency is the CFCD that will be responsible for tendering and contracting. The responsibility for project preparation, implementation and control will remain in the recipient institution.
Support to the creation of National Monitoring Centre of the Criminal Proceeds

The Programming Authorising Officer/PAO is:
Mr Renaldo Mändmets
Deputy Secretary General
Ministry of Finance
Tel: (+372) 6 113 545
Fax: (+372) 6 966 810
e-mail: renaldo.mandmets@fin.ee

The Program Officer/PO is
Mr Indrek Tibar
Chief of Police Work Department
Police Board
Tel: (+372) 612 3020
Fax: (+372) 612 3080
e-mail: indrek.tibar@pol.ee

The Project Leader is:
Mr. Raul Vahtra
Chief Superintendent
FIU
Central Criminal Police
Tel: (+372) 612 3838
Fax: (+372) 612 3845
e-mail: raul.vahtra@kkp.pol.ee

The Project Manager:
Ms Inga Vaher
FIU
Central Criminal Police
Tel: (+372) 612 3832
Fax: (+372) 612 3845
e-mail: inga.vaher@kkp.pol.ee

A Project Steering Committee (PSC) will be set up to oversee the project implementation and management. The Steering Committee will meet once every 4 months and it will include representatives of every related institution in the respective area (the Ministry of Interior, the Ministry of Justice, the Police Board, the Central Criminal Police and the State Prosecutors Office).

6.2 Twinning
The Estonian police, more specifically the Estonian FIU (under what will be located the new Monitoring Centre of the Criminal Proceeds) is the implementing authority for this component. The Estonian counterpart for the RTA is:

Ms Inga Vaher
FIU
Central Criminal Police
Leading Police Inspector
Tel: (+372) 612 3832
Fax: (+372) 612 3845
Support to the creation of National Monitoring Centre of the Criminal Proceeds

6.3 Non-standard aspects
No non-standard aspects are foreseen.

6.4 Contracts
Contract 1. Twinning package 442 000 EUR (380 000 EUR TF)
Contract 2. Supply 14 000 EUR (0 EUR TF, 14 000 co-financing)

7 Implementation Schedule

7.2 Start of tendering/call for proposals
November 2006
7.3 Start of project activity
March/April 2007
7.3 Project Completion
March 2008

8 Sustainability
Securing the institutional structure: the positions of the persons involved in the project exist in the structures of the police and other law enforcement agencies, except for the project manager who will be employed for the period of project activities. The changes resulting from the project mostly concern the restructuring of human resources or are organisational by nature.
The task of organising further trainings for investigators in the field of asset tracing and forfeiture will be organised by the trained employees of the Monitoring Centre of the Criminal Proceeds.

9 Conditionality and sequencing

- The 5 positions within the structure of FIU are created for the stuff of new Monitoring Centre of the Criminal Proceeds before the start of the project.
The project is conditional upon recruitment of a dedicated project manager in FIU.
Upon request the commitment letters will be exchanged between the stakeholders or the MoU between stakeholders (PB, ECB, etc) will be established.

Sequencing
Analyzing the effectiveness of the current system of monitoring criminal proceeds and asset forfeiture system, recommendations
Analyzing the asset forfeiture legislation and its compliance with international standards, recommendations and requirements of the EU, recommendations
Developing an action plan on implementation of the national asset forfeiture strategy
Developing and producing a handbook and training materials on monitoring criminal proceeds and asset forfeiture.
Preparation and implementation of the training component
Preparation and implementation of the study tours
Implementation of Contract 2
Establishing the National Monitoring Centre of the Criminal Proceeds
Raising the awareness of higher state officials in the area of asset forfeiture
Support to the creation of National Monitoring Centre of the Criminal Proceeds

ANNEXES TO PROJECT FICHE
1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period).
# Support to the creation of National Monitoring Centre of the Criminal Proceeds

## ANNEX 1 to Project Fiche

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Objective</td>
<td>Objective verifiable indicators</td>
<td>Sources of Verification</td>
</tr>
<tr>
<td>Establishment of relevant legislation and bodies for combating against organized crime through attacking their financial interests</td>
<td>Relevant legislation and bodies for combating against organized crime are established by the end of the project</td>
<td>Adoption of the relevant legislative acts, The appointment of the bodies occupying with combating against organized crime through attacking its financial interests</td>
</tr>
<tr>
<td>Project Purposes</td>
<td>Objective verifiable indicators</td>
<td>Sources of Verification</td>
</tr>
<tr>
<td>Creation and effective action of a national centre for identification of criminal proceeds as well as relevant other arrangements</td>
<td>The strategy for monitoring criminal proceeds in Estonia is presented for approval to the relevant authorities</td>
<td>Project evaluation reports, Project reports</td>
</tr>
<tr>
<td>Results</td>
<td>Objective verifiable indicators</td>
<td>Sources of Verification</td>
</tr>
<tr>
<td>3.3.1. Draft National asset forfeiture strategy composed, including: 3.3.1.1 General analysis and gap-analysis of the effectiveness of the current system of monitoring criminal proceeds and asset forfeiture system; 3.3.1.2 Analysis of the asset forfeiture</td>
<td>Strategy is ready by the end of the project, Trained staff of new Monitoring Centre and involved authorities by the end of the project.</td>
<td>Government approves the strategy, Quarterly reports, Regular reports of the steering committee, Final report.</td>
</tr>
</tbody>
</table>

Total budget: **442,000**  
TF contribution: **380,000**
Support to the creation of National Monitoring Centre of the Criminal Proceeds

3.3.1.3 Recommendations and action plan on implementation of the national asset forfeiture strategy.

3.3.2 The National Monitoring Centre of the Criminal Proceeds is established and the supporting regulations have been worked out.

3.3.3. Staff in the Monitoring Centre of the Criminal Proceeds and other involved institutions qualified

3.3.3.1 New personnel of Monitoring Centre of the Criminal Proceeds (5 persons), investigators of financial crimes (50 persons), prosecutors (20 persons), judges (12 persons) of monitoring criminal proceeds and asset forfeiture;

3.3.3.2 Analysis of further training needs and recommendations on a further consistent training plan for involved authorities;

3.3.3.3 Handbook and training materials for the investigators composing methodical and practical guidelines for helping to monitor the criminal proceeds and asset forfeiture systems.

3.3.4. Increased awareness of higher state officials in the area of asset forfeiture.

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Cost (EUR)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Contract 1 Twinning RTA:</td>
<td>Twinning Covenant</td>
<td>TF 20 000</td>
<td>Commitment of the authorities involved.</td>
</tr>
</tbody>
</table>
Support to the creation of National Monitoring Centre of the Criminal Proceeds

1. To develop a draft national asset forfeiture strategy in co-operation with STE 1 (result 3.3.1)
   1.3 Conduct general and gap analysis of the current monitoring of criminal proceeds and asset forfeiture system and its effectiveness (result 3.3.1.1);
   1.4 To compose a draft strategy paper consisting analysis of the Estonian system of monitoring criminal proceeds and recommendations for improvement (preventive and practical aspects, national priorities, co-operation among authorities) including examples of good practice of EU MS’s where asset forfeiture has regulated effectively (result 3.3.1.3).

2. Assisting establishment of the National Monitoring Centre of the Criminal Proceeds (result 3.3.2)

3. Co-ordination and guidance of the work of short-term external experts (different STEs for trainings), validation of their work

4. Organizing trainings and study visits, inviting appropriate experts/lecturers for carrying out trainings and necessary training facilities abroad (result 3.3.3).

5. Organising the awareness raising meetings amongst the state officials in higher positions (persons from ministries, law enforcement officials, prosecution and judicial services) (result 3.3.4).

6. Collection of materials for a handbook on monitoring criminal proceeds and asset forfeiture, organizing the editing of the handbook (result 3.3.3.3)

STE 1
1. Carry out an analysis of Estonian legislation on the asset forfeiture regard to implementation and compliance preparation
   RTA for 12 months  RTA Assistant
   MS Project Leader 15 man – days over 12 calendar months
   BC Project Leader  BC Project Manager  BC Project Manager
   Project Management Team
   Short-term Expert (STE) 1 for 1 month over 3 months
   Different STEs for trainings
   Training related costs
   Handbook
   Study visits
   Audit
   Reserve

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation</td>
<td>180 000</td>
</tr>
<tr>
<td>RTA for 12 months</td>
<td>18 000</td>
</tr>
<tr>
<td>RTA Assistant</td>
<td>10 000</td>
</tr>
<tr>
<td>MS Project Leader</td>
<td>6 000</td>
</tr>
<tr>
<td>BC Project Leader</td>
<td>6 000</td>
</tr>
<tr>
<td>BC Project Manager</td>
<td>6 000</td>
</tr>
<tr>
<td>Project Management Team</td>
<td></td>
</tr>
<tr>
<td>Short-term Expert (STE) 1</td>
<td>20 000</td>
</tr>
<tr>
<td>1 month over 3 months</td>
<td></td>
</tr>
<tr>
<td>Different STEs for trainings</td>
<td>54 000</td>
</tr>
<tr>
<td>Training related costs</td>
<td>23 000</td>
</tr>
<tr>
<td>Handbook</td>
<td>20 000</td>
</tr>
<tr>
<td>Study visits</td>
<td>40 000</td>
</tr>
<tr>
<td>Audit</td>
<td>10 000</td>
</tr>
<tr>
<td>Reserve</td>
<td>5 000</td>
</tr>
</tbody>
</table>
Support to the creation of National Monitoring Centre of the Criminal Proceeds

<table>
<thead>
<tr>
<th>with international standards and requirements of the EU as a part of the national strategy (result 3.3.1.2)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trainings (result 3.3.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Study visits (result 3.3.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 2: Supply Purchasing the following necessary IT equipment and means of communication:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 computers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 server</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 firewall</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 switch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 mobile phones/communicators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 desktop phones</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>14 000</td>
<td></td>
</tr>
<tr>
<td>380 000………………   62 000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Preconditions

- Employing the project manager for the period of project activities.
- The vacant places for employees of Monitoring Centre are created.
- Funds for co-financing are to be allocated from within national budget
- FIU has rooms to provide to the experts as a working-place
Support to the creation of National Monitoring Centre of the Criminal Proceeds

TIME IMPLEMENTATION CHART

Project No:
Project Title: Support to the creation of National Monitoring Centre of the Criminal Proceeds

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1 twinning package</td>
<td>T T T T C I I I I I I</td>
<td>I I I I I I I I I I I I</td>
<td>I I I I I I I I I I I I</td>
</tr>
<tr>
<td>Contract 2 Supply</td>
<td>T T C I I I</td>
<td>I I I I I I I I I I I I</td>
<td>I I I I I I I I I I I I</td>
</tr>
</tbody>
</table>

ANNEX 3 A

**Cumulative Contracting Schedule**

Project Title: Support to the creation of National Monitoring Centre of the Criminal Proceeds

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.03</td>
<td>30.06</td>
<td>30.09</td>
</tr>
<tr>
<td>Contract 1 Twinning package</td>
<td>380 000</td>
<td>380 000</td>
<td>380 000</td>
</tr>
<tr>
<td>Contract 2 Supply (co-financing only)</td>
<td>380 000</td>
<td>380 000</td>
<td>380 000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Support to the creation of National Monitoring Centre of the Criminal Proceeds

ANNEX 3 B

*Cumulative Disbursement Schedule*

Project Title: Support to the creation of National Monitoring Centre of the Criminal Proceeds

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.03</td>
<td>30.06</td>
<td>30.09</td>
</tr>
<tr>
<td>Contract 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Twinning package</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply (co-fin)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>