Standard Summary Project Fiche

1. Basic Information

1.1 Désirée Number: RO-2002/000-586.04.18

1.2 Title: Integrated programme to strengthen the capacity of Romanian institutions involved in the fight against money laundering, the combat against the financing of terrorism and related organised crime.

1.3 Sector: Justice and Home Affairs

Twinning component:

RO/2002/IB-JH-09 - "Strengthening the capacity of the National Office for Prevention and Control of Money Laundering (NOPCML) to collect, store, process, investigate and analyse large amounts of data", Budget 1.00: MEURO

1.4 Location: Romania

2. Objectives

2.1 Overall Objective:

The overall objective is to strengthen the capacity of the anti-money laundering institutional system (in line with the EU’s Second Money Laundering Directive and special recommendations against the financing of terrorism of the Financial Action Task Force set up by OECD members).

2.2 Project purposes:

- Improved capacity and efficiency of all institutions co-operating in the identification, investigation, prosecution and trial of money laundering activities;
- Support the creation of interconnecting specialised databases in all the institutions involved in the fight against money laundering.

2.3 Accession Partnership and NPAA priority

This project proposal addresses the areas defined in the Accession Partnership (AP) and the National Programme for Adoption of the Acquis (NPAA) as short/medium-term priority for Romania’s accession to the EU, as follows:

Accession Partnership Agreement

Short-term priorities

AP priorities: Continue alignment to the relevant acquis in the field of money laundering, strengthen the administrative capacity of the National Office for Prevention and Control of Money Laundering.

National Plan for Adoption of the Acquis

Through the 2001 NPAA, Romania assumed the obligation to completely harmonize until the accession date, its internal legislation to the acquis communautaire in the field.

In the same time, within the position documents issued for the negotiations of the Chapter 4 “Free Movement of Capitals” and Chapter 24 “Justice and Home Affairs”, the Romanian authorities have established a calendar to harmonize the internal legislation with the new acquis in the field of money laundering.
2.4. Contribution to National Development Plan

Not applicable

2.5. Cross Border Impact

Not applicable

3. Description

3.1 Background and justification:

Romania created a legal and institutional framework for fighting against money laundering at domestic and international level. To this end, the Law no.21/1999 on the Prevention and Sanctioning of Money Laundering was adopted in January 1999, and came into force on April 22, 1999.

The Law established the National Office for the Prevention and Control of Money Laundering, as a specialized unit, subordinated to the Government, acting as a filter between the entities with reporting obligations under the Act and the investigative institutions.

Since 1999, NOPCML is the beneficiary of a Twinning Project financed by UE Phare Programme, having as senior partner Ufficio Italiano dei Cambi, and, as junior partner, the National Bank of Austria.

The implementation of the project has started in June 2001, when the Pre-Accession Adviser has come at the Office. The project is now under development according to the calendar established trough the Twinning Covenant.

According to the positive assessments expressed by the European Commission Delegation within the Steering Committee, on the approval of the first quarterly report, we can say that the Office has demonstrated a good capacity of implementing the project.

The project proposed within the programming exercise Phare 2002 is designed for strengthening the results, which are going to be obtained through the present twinning program.

The need to follow-up and expand the 1999 Phare programme can be sustained by the following arguments:

- the legal framework at international and European level is changing; FATF has started a process of reviewing its Recommendations, which will be completed this year; In this context there is a clear need to update the Romanian legislation;
- not all the improvements proposed in the study on the National Office IT system could be implemented within the 1999 Phare programme; mainly the acquisition of a financial investigation software (this means a package software-training for the use of about 30 financial analysts and 3 IT specialists);
- there still is a need to improve the capacity of receiving, processing and analysing information within the National Office, with a special focus on enforcing the reporting system concerning non-banking sectors;
- the necessity of enforcing the reporting system concerning professions with a high risk of being used in money laundering and terrorist financing, like lawyers, notaries, accountants, real state agents.

According to the “Executive summary of expert's fact findings” included in the draft report drawn up by the EC second assessment mission in the field of Justice and Home Affairs in Romania (19-23 November 2001):

- there is a general demand to enhance co-ordination;
- relevant structures involved in the fight against fraud, economic crime and corruption need to be strengthened;
- as regards the role of judiciary in the anti-money laundering policy, there is a general lack of specialisation in the prosecution to deal with complex issues.
The proposed project will be complementary with the Phare Regional Anti-Money Laundering project.

The regional project has important objectives, but it will cover only few important objectives, but it will cover only few selected target groups from the 10 Central and Eastern European Candidate Countries; according to the input per modules distributed by the project co-ordinators:

- 1 national contract point – for all activities;
- 1 FIU policy maker per country – for the mechanism for international information exchange;
- 1 legal advise per country – for legal and policy development;
- 2 representatives per country – for monitoring compliance and feedback;
- 2-4 bank employees per country – for bankers course;
- 1 trainer per country – for template course;
- 1 public prosecutor, 1 FIU analyst and 1 law enforcement investigator per country – for analyst course/completer based training;
- 1 public prosecutor and 1 judge per country – for specialised training.

The project proposed for the Phare 2002 programming exercise is designed to provide training for a larger number of persons, covering a real need in this field:

- about 40 specialist in the Romanian FIU;
- 20-30 specialists working in each institution involved in the fight against money laundering and terrorism financing (Ministry of Justice, Ministry of Finance, Ministry of Interior, Public Ministry);
- 1-2 compliance officers, employees of reporting entities; we have to underline that the number of legal and natural persons with reporting obligations under the law is quite high.

The 2002 Ministry of Public Finances project does not include any references to the anti-money laundering activities.

The project represents a continuation of the activities initiated under the Phare 1999 twinning project, with a particular focus on preventing the financing of terrorist activities and corresponds the Accession partnership priority alignment of Romanian legislation with the Second Directive against money laundering.

On September 21, 2001, in an extraordinary meeting, the European Council adopted an action plan as a consequence of the terrorist attacks on USA, which includes the following measures in order to eliminate financing of the terrorism:

- ECOFIN and the Justice and Home Affair Council shall take all the necessary measures to combat any financing of the terrorism, especially by adopting, in the following weeks, the amendments to the Directive on Money laundering and of the Decision on assets freezing;
- The Member States shall urgently sign and approve the UNO Convention on eradication of the financing the terrorism. They shall take measures against the non-cooperative countries and territories identified by FATF.

In these circumstances, the project proposed shall contribute to sustaining the Romania’s efforts, as a candidate country, to align to the legislative measures took by EU in the purpose of eradicate the structures of organized crime financing.
The following are identified as target groups for this project:

- the National Office for the Prevention and Control of Money Laundering
- Public Ministry and its related prosecutors.
- Courts
- Police units and other law enforcement agencies.
- Supervisory authorities, including Central Banks.
- FIUs.

Reporting institutions/professionals - Credit and financial institutions as well as non-financial institutions which must disclose unusual or suspicious transactions to the FIU. Moreover the professionals which are obliged to report by the amended Money Laundering Directive and bankers’ associations and other professional associations linked to disclosing institutions.

The Strategy of the Ministry of Public Finances for the period 2002 – 2006 provides the strengthening of the Financial Guard, fiscal control and customs functions and role on activity related to combating the fraud over the state budget; Financial Guard has through its organizational law special attributions and competences against other financial-fiscal institutions, that recommend it as the main component of the Ministry of Public Finances within the activities of identification and financial-fiscal control of the money laundering cases. Also, the Strategy of the Ministry of Public Finances for the period 2002 – 2006 encloses as a strategic objective organizing training courses for the priority domains settled within the Strategy of the Ministry of Public Finances: financial control, audit, fiscal and customs policy, etc.

Given that the Ministry of the Interior is a legally empowered body responsible for detecting and documenting money laundering facts, a co-operation protocol was concluded in February 2000 between the General Inspectorate of Police and the National Office for the Prevention and Control of Money Laundering. Through this protocol, the Parties commit to exchange permanently data and information with confidential or secret nature.

The General Directorate for Countering Organised Crime and Anti-drugs within the General Inspectorate of Police and the Directorate for Economic - Financial Police within the General Inspectorate of Police have specialised officers for issues related to money laundering. They elaborated a specific Methodology for documenting, verifying and investigating the information received from the National Office for the Prevention and Control of Money Laundering. According to the above mentioned protocol and methodology, the Directorate for Economic - Financial Police received 265 information from the National Office for the Prevention and Control of Money Laundering, through the Prosecutor with the Supreme Justice Court, in order to verify operations suspect to be related to the provisions of Law no. 21/1999. A specialised unit for preventing and countering money laundering was created on 15.02.2002, having as main tasks the investigation of these information.

The Directorate for Intelligence and Internal Protection within the Ministry of Interior is also involved in countering money laundering, having as main tasks in the field: identifying money laundering activities, analysis of phenomena and status, specific measures of intelligence and documentation.

In respect with the money laundering, training activities will include judges, prosecutors, police, etc. The further investments which the National Office for the Prevention and Control of Money Laundering will need for itself for the IT network system amounts to 200,000 EURO. This IT system needs to be connected with other institutions. An IT-system will be established for the institutions involved in the 1999 anti-corruption programme. This anti-corruption system should be connected to the Money Laundering Office’s IT – system. A feasibility study should be financed within the 2002 project for analysing how other institutions can be connected to the IT-
system of the Money Laundering Office. Total budget: 2,0 M (1,00 twinning, 0,80 TA, 0,20 investment).

In order to comply with FATF 8 Special Recommendations adopted at the Extraordinary plenary on the Financing of Terrorism of 29/30 October 2001 at Washington, which could be used as guidelines for implementing the combating terrorism related part of the project, the following measures have already and still have to be initiated:

- take immediate steps to ratify and implement the relevant UN instruments;
- criminalise the financing of terrorism, terrorist acts and terrorist organisations;
- freeze and confiscate terrorist assets;
- report suspicious transactions linked to terrorism;
- provide the widest possible range of assistance to other countries' law enforcement and regulatory authorities for terrorist financing investigations;
- impose anti-money laundering requirements on alternative remittance systems;
- strengthen customer identification measures in international and domestic wire transfers;
- ensure that entities, in particular non-profit organisations, cannot be misused to finance terrorism.

3.2 Linked activities:

- The 1999 Phare Project “Strengthening the capacity of the Romanian institutions involved in the prevention and control of money-laundering”;
- The 1999 Phare Project "Integrated programme to strengthen the capacity of the State institutions of Romania in the fight against public corruption and related organised crime involving national officials in relation to both active corruption and passive corruption";
- The Project of the European Council on assessing the measures for combating money-laundering, co-financed by the Phare Program;
- The Phare Program Octopus II on combating the corruption and organized crime, continued by the PACO Program;
- PNUCID – phase II: A joint assistance program of the competent authorities from Romania, Bulgaria and Macedonia, in the fight against drugs trafficking;
- The Phare 2000 Multi-beneficiary drugs programme which has a project entitled : Phare Regional Money Laundering Project;
- The 1998 Phare National project "Police co-operation, policing and fight against organised crime", which focuses on institution building of the Ministry of Interior and on the National Police featuring legislation, structural and organisational development, management etc., which is being implemented through a general twinning arrangement between the Romanian Ministry of Interior and the British Ministry of Interior, with France and Spain as partners. The twinning project started in March 2000, will end in May 2002, and it has a money laundering component within which an evaluation visit, a seminar and a study visit on this subject took place;
- Project AEPC (police training curriculum).

This project is also complementary to the twinning proposal RO02/IB/JH-08 „Further development of MoI anti-corruption mechanisms” presented within the MoI project fiche titled "Further strengthening of the demilitarisation and law enforcement capabilities of the Romanian Ministry of the Interior", proposed for financing under PHARE 2002 Programme, which deals with other internal corruption-related issues.
Ministry of Public Finance was not the beneficiary of any Phare assistance or from other international institutions in anti-money laundering field.

3.3 **Results:**

3.3.1. Strengthening the capacity of NOPCML of collecting and processing high volume of data and information in order to combat money-laundering phenomenon - twinning

The following results will be achieved by common work of the Romanian and Member State experts:

- implementation of the acquis communautaire in the field of combating money laundering and terrorism financing according to the European Union’ s decisions, in reply to the September events in the United States of America;
- strengthened IT system of NOPCML;
- implementation of financial investigations and documents management programs (software);
- design and implementation of an inter-institutional co-operation program between all the competent authorities in the field of preventing and combating money laundering. Program for interconnecting the databases of the institutions involved;
- enhanced training of the NOPCML’ s personnel, according to the new evolution of the money-laundering phenomenon at international level;
- development of the international co-operation;
- correlated Action Plan between the activities of all the institutions involved in combating the money laundering phenomenon.

3.3.2. Strengthening the capacity of all the institutions involved in identification, analysis, investigation, prosecution and trial of money laundering activities:

This TA component will have the following results:

- Proposals ready to be approved for changes in legislation in order to reach a full implementation of the EU Acquis and other international conventions and recommendations. This also includes the implementation of the amended Money Laundering Directive (EF99ECOFIN 272 Crimorg 109 Codec1023).
- Secondary legislation and internal procedures adopted and standardised (including standardised procedures of investigation developed), as a follow-up to the primary legislation developed through the 99 Twinning Project.
- Specialised public prosecutors and judges will be capable of giving a proper follow-up to the investigation results of the FIU and law enforcement investigations.
- An institutional and organisational system will be reviewed and, where needed, recommendations will be prepared for modifications. Necessary legislative amendments in this context will be prepared.
- Premises set for creating an operational system at national level, working at EU standards, with competences in collecting financial intelligence, investigating and prosecuting cases.
- Enhanced techniques of investigation for tracking and combating money laundering, in the law enforcement and judicial institutions, in line with the best practice in EU Member States established.
- Trained staff within all organisations, institutions and professions that are part of the anti-money laundering chain, specialised in using modern methods, techniques and informative - operational measures in the investigation and research of money laundering deeds and related organised crime
• Trained staff within all organisations, institutions and professions that are part of the anti-money laundering chain, familiar with money laundering techniques regarding the non-financial institutions and professionals covered by the amended Money Laundering Directive and able to further disseminate know-how and organise follow-up activities.

• Training manual for prosecutors and judges.

In particular, there should be a strong “train the trainer” component allowing Romanians to set up an endogenous training capacity to reach out to banks and their employees; as concerns the FATF special recommendations there is scope for special TA on legislative review.

3.3.3. Feasibility study on the necessity

The feasibility study will be completed under the TA component.

The a.m. feasibility study on the investment necessities of all institutions that are part of the anti-money laundering chain, elaborated and approved by the beneficiaries. The feasibility study will evaluate the investments needs in order to create specialised databases and an interconnected network between the relevant institutions.

3.3.4. Strengthening the information and communications system

This investment component will have the following results:

• A strengthened information and communication system within the chain of institutions involved in the fight against money laundering, ready to be implemented.

• An enhanced system and techniques of investigation, tracking and combating money laundering.

• Procurement of financial investigation and documents management software.

3.4 Activities:

I. Twinning component (Total budget: 1,00 mil. EURO)

The following activities will be implemented through common work of the Member State and Romania experts.

The twinning component will result in identification of the specific measures required in Romania in line with the amendments to the EC Directive on Money Laundering and other recent EU policy decisions on preventing the financing of terrorist activities.

3.4.1. "Strengthening the capacity of the National Office for Prevention and Control of Money Laundering to collect, store, process, investigate and analyse large amounts of data."

This sub-project will be implemented through a twinning covenant, comprising the following main activities:

• **Review and improve the legal framework** for the prevention and fight against money laundering and related organised crime in order to strengthen the capacity of the authorized institutions through:
  - an evaluation of the secondary legislation in force;
  - an evaluation of the draft legislation at the different stages in the legislative process;
  - modification and improvement of the existing anti-money laundering legislation in order to make it coherent at the national level and in line with European legislation and best practice in the field.

  The Romanian institutional and organisational system will be reviewed, and, where needed, recommendations will be prepared for modifications.
Necessary legislative amendments in this context will be proposed. Required secondary legislation and internal procedures, including standardised procedures of investigation, will be drafted.

Traineeships hold by the PAA to National Office staff and by MS Experts to the reporting entities and to the institutions involved in the fight against money laundering, on the relevant European and International legislation concerning money laundering and judicial co-operation, law enforcement, the 40 FATF Recommendation, and the legislation of MS. Taking into account the aquis communitaire, the PC-REV Report of the Council of Europe, and also the issues raised during the above seminars, a draft of amendments to Law 21/1999, prepared by an ad-hoc working group, was submitted to the Government in order to be approved and, subsequently, enacted by the Parliament.

- **Professional training of the reporting entities and the Office’s personnel**
  Namely, seminars on:
  - identifying and reporting the suspicious transactions within the banking and non-banking system ways and means to detect and to report them, efforts to improve reporting by entities concerned especially the non-banking sector, will be pursued;
  - methodologies and procedures of strategic and tactical analysis of the money laundering activities as well as on internet banking hold by MS analysts of the Office and to the compliance Officers of the banks;
  - analysis of concrete suspicious transaction reports received by the Office with MS Experts and the financial analysts of the Office.

  A draft of the new suspicious transactions guidelines aimed to cover the most relevant typologies of suspicious transactions for all the reporting entities (banks, financial institutions, insurance companies, casino, etc) has been prepared by an ad-hoc working group.

  In order to improve the financial investigative skills of the financial analysts of the Office study visits in Italy and Austria have been organized.

- **IT system**
  The twinning will support the design and implementation by NOPCML of specialized information:
  - systems for financial investigations;
  - inter-institutional co-operation between all competent authorities in the field of preventing and combating money laundering will be developed, through measures including the interconnection of the databases of the institutions involved, and development of an overall Action Plan correlating the activities of the different institutions;
  - equipment and software acquisition, necessary for developing the local network (equipments of date transmission-reception, video-audio processing equipments, network printer, UPS for the working stations, software management local network for Smart Switch Router, RACK frame for Server Compaq Proliant 1600, Microsoft Visual Studio, Microsoft Office, Software for developing the relational databases);
  - specialized training for operating the above-mentioned systems and equipments;
  - a study of the improvements of the National Office’s IT system in order to enhance its capacity for collecting, processing and analysing the data received, has been prepared by MS experts and is going to be (partially) implemented using PHARE funds;
  - traineeship on cash flow analysis and on the use of software programs to process large quantities of data with a selected group of financial analysts of the National Office.

  Feasibility studies relating to investment requirements for information and communications systems could also be carried out through technical assistance.

  Procurement of informatics and communications equipment to support the immediate requirements of NOPCML and other relevant institutions will be financed.

- **Development of international co-operation relationships**
  Signing MoUs with FIUs from the UE Member States, from the candidate countries and from the European area. In this respect a MoU has been signed between the National Office and
Ufficio Italiano dei Cambi, which has increased the volume of the exchange of information between the two institutions, but also with other similar institutions.

Advice will be provided to NOPCML on strengthening its participation in international co-operation in the field.

- **Evaluating the role and responsibilities of the institutions involved in the fight against money laundering** and recommend actions to strengthen their activities through:
  - an institutional audit of the existing analysis assistance in the organisation and functioning of the institutions and structures involved in fighting money laundering;
  - strengthening of inter-institutional co-ordination in fighting the phenomenon.
  - drawing up a correlated Action Plan between the activities of all the institutions involved in combating the money laundering phenomenon;
  - setting up a working group for elaborate the institutional co-operation program, with the participation of the representatives of the institutions involved un combating money laundering;
  - drawing up of a draft Program of inter-institutional co-operation;
  - implementing the co-operation program.

The Pre-Accession Adviser must meet the following requirements:

**Tasks:**
- The PAA will commence his/her work at the NOPCML and will continuously accompany the implementation of the project, together with the project team.
- S/he, together with the MS Project Leader, will co-ordinate the activity of short-term experts assigned to the project.

**PAA Profile:**
- S/he should have at least 10 years experience in combating money laundering in a member state and should have worked in a central anti-money laundering structure with investigative competencies for at least 1 year.
- S/he should be able to quickly adapt to local environment and understand the constraints and opportunities of it.
- S/he should have computer skills.
- S/he should have sound knowledge of relevant regulations and policies of the European Union;
- S/he should have sound communication skills and previous experience of working in a multi-disciplinary and multi-national team;
- S/he should have previous experience as project co-coordinator/project manager;
- S/he should have sound knowledge of English. Knowledge of French is an advantage.

The PAA is expected to ensure a presence in Romania for 18 months along the project implementation period, according to the final discussions between the leader MS and the Romanian Project Leader.

**II. TA component (Total budget : 0,80 mil. EURO)**

3.4.2. Strengthening the capacity of all the institutions involved in identification, analysis, investigation, prosecution and trial of money laundering activities (**budget: 0,60 mil. EURO**):

Within this TA component, the activity will focus on:
- analysis of training needs;
- developing and provisioning of professional training for the selected staff of the law enforcement and judicial institutions in techniques of investigation for tracking and combating
money laundering in line with the best practice in EU Member States, including training-of-trainers in order to ensure the dissemination of skills within the institutions and structures involved in fighting money laundering, namely:

- developing specialized courses in this area for the Financial Guard staff and for the Methodological Guidance, Fiscal Control General Directorate and Romanian General Customs Administration staff;
- training of trainers in this field of Financial Guard (20 experts), Methodological Guidance, Fiscal Control General Directorate (15 experts) and Romanian General Customs Administration;
- providing exchange of experience with similar structures from the Member States for the problems regarding the money laundering combating;
- setting up of a Guide including the methodologies, methods and means of identification the suspicious transactions of money laundering, specific to the activities developed by the Financial Guard, Methodological Guidance and Fiscal Control General Directorate and Romanian General Customs Administration, within the Ministry of Public Finance;
- providing technical assistance regarding the control methodologies for determining the prejudices due to the money laundering cases regarding the competences of the Financial Guard;
- providing technical assistance for identifying and detecting methods and means of the money laundering phenomenon in line with the fiscal evasion phenomenon;
- training the judges, according to their competencies, with a special view on: (i) attending thematic seminars regarding new techniques of combating money laundering; (ii) training on the European relevant legislation and international co-operation within this area; (iii) drawing up of a manual and related materials for judges.

Areas to be covered in the training include modern investigation techniques, and interdisciplinary training for selected staff from the above institutions.

The twinning will also advise NOPCML on the design and implementation of specialised training programmes to be delivered under the technical assistance component of the project.

The training component of the project may be delivered through a technical assistance. Specialised training will be provided for staff of NOPCML and other relevant institutions taking account of recent international development in the field of money laundering.

The training courses will have the following subjects:

- investigation types and tactics, as well as informative - operational measures in the field of making "black money" and their laundering throughout State institutions.
- curricula developing and provisioning of professional inter-disciplinary training for the selected staff of the above mentioned institutions;
- upgrading of investigation and tracking techniques including international issues related;
- main legal framework in force in EU Member States related to money laundering and institutions involved in related investigation cases.

3.4.3. Feasibility study on the necessity to create specialised databases and an interconnected network. Assessment of related investments (budget: 0.20 mil. EURO)

- Feasibility study on:

  - assessing the investment needs (equipment, software and related training), focused on creating and interconnecting specialised databases in all the institutions involved in the fight against money laundering.
  - developing of an adequate infrastructure of NOPCML in order to sustain the activities of combating money laundering and related organised crime through:

    • the development of an adequate computerised infrastructure
    • the development of communication software
• the collection and processing of data, in conformity with the acquis relating to the protection of personal data.

The a.m. infrastructure will allow NOPCML to connect with the network under construction between the institutions involved in the Phare Project against corruption (Ministry of Justice, Public Ministry, Ministry of Interior, Customs).

Recommendations will be prepared on a programme of investment supporting the activities of the institutions involved in the fight against money laundering.

3.4.4. Strengthening the information and communications system (budget: 0.20 mil. EURO)

This investment component will create the premises for developing an adequate infrastructure in order to sustain the activities of combating money laundering and related organised crime through:

• purchase of an adequate IT equipment, software and related training for the National Office, as per Annex 4.

3.5 Lessons learned:

As far as a need for a new project is concerned, the PAA involved in the current twinning (RO 99 IB-JH 02) has raised the following issues to be taken into consideration:

1. the NOPCML. needs to fully implement the study of the improvements to its IT system realised by the MS experts, as only part of it can be implemented during the existing twinning project. The study is quite ambitious as it foresees the possibility to have all the reports received from the system in an electronic version.

2. In connection to this we have started a specific training concerning the use of some software for the processing, with anti-money laundering purposes, of large amounts of data (i.e. the cash transaction reports the N.O. receives). There is a need to carry on in this specific training.

3. The FIU seems to have a good international co-operation. Still this issue should be enhanced, promoting the signing of Memoranda of Understanding with other FIUs.

4. There is a need to improve the existing professional skills of some of the institutions involved in the fight of money laundering – the Police and the General Prosecutor Office as the most ‘operative’ ones on the issue – in order to have specific sections within the institutions specialised in anti money laundering. Also there is a need of strengthening the judicial follow-up and the law enforcement.

5. A more general need arises from the necessity to strengthen the cooperation between all the institutions. This is a generic issue to be further specified (for instance: all these institutions should have efficient databases which should be electronically or on line searched and interconnected; the authorities with surveillance competence should be trained in this tasks)

6. While the compliance officers of the banks have proved to be prepared on the issue of recognizing/reporting the suspicious transactions and to have developed a specific competence (also in terms of organisational issues), the same cannot be said about the other reporting entities (casinos, insurance, lawyers: the non banking sector), which seem not too sensible on the risks of money laundering or, if they are, they have not yet developed the necessary experience (in terms of need of internal controls and training).

4. Institutional Framework

The main beneficiary of the project is the National Office for Prevention and Control of Money Laundering (NOPCML), which will also be the Implementing Authority of the project. Other institutions benefiting from this project are:

• Ministry of Justice
• Public Ministry,
• Ministry of Interior
- Ministry of Finance- Financial Guard, Methodology and Fiscal Control General Directorate and Romanian General Customs Administration.

The project beneficiaries will support the implementation of the proposed project by assuring the necessary organisational environment, making available the necessary personnel and covering the cost of the national experts, the necessary building infrastructure, and the related running and administrative costs.

An Inter-Ministerial Task Force will be created, comprising representatives of all the project beneficiaries, which will work closely with the training team. The Task Force will co-operate on a daily basis with the team of MS experts and provide them with their expertise and all additional information in their field of competence.

Task Force members shall have the following skills:

- fluent in English; fluency in French would be an asset;
- good knowledge of issues related to the money laundering activity field, as appropriate
- abilities for negotiation with various institutions;
- experience of working in project teams (preferably multi-national project teams);
- access to all staff, premises, reports, and records from their institutions, necessary for the effective delivery of the inputs of this projects.
Detailed Budget

Strictly follow the following format.

<table>
<thead>
<tr>
<th>Component</th>
<th>Phare Support</th>
<th>MEURO</th>
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<tbody>
<tr>
<td>Investme nt Support</td>
<td>Institution Building</td>
<td>Total Phare (=I+IB)</td>
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<tr>
<td>Twinning Covenant</td>
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<td>1.00</td>
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<tr>
<td>Technical Assistance Contract</td>
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<td>Supply Contract</td>
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<tr>
<td>Total</td>
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<td>1.80</td>
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* In cases of co-financing only

Note: expenditure for equipment should be put under Investment

5.1. Detailed twinning budget (EURO)

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>PHARE SUPPORT</th>
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</thead>
<tbody>
<tr>
<td>&quot;Strengthening the capacity of all institutions co-operating in the identification, investigation, prosecution and trial of money laundering activities&quot;, (classical twinning)</td>
<td>1,000,000</td>
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<tr>
<td>Long-term assistance and overall twinning project management (PAA)</td>
<td>250,000</td>
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<td>Medium-term assistance</td>
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<tr>
<td>Short-term assistance</td>
<td>125,000</td>
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<tr>
<td>- seminars, workshops and study visits</td>
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<tr>
<td>TOTAL</td>
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6. Implementation Arrangements

6.1. Implementing Agency

The Central Finance and Contracting Unit within the Ministry of Public Finances is the Implementing Agency, having responsibilities for procedural aspects of tendering, contracting and payments.

Contact detail: PAO- Mrs. Jeana Buzduga, General Director, CFCU, 36-38 Mendeleev street, 4th floor, room no.157, sector 1, Bucharest, phone no. 401/313.66.30, fax no. 401/315.35.36

6.2. Implementing Authority

The National Office for Prevention and Control of Money Laundering is the Implementing Authority for this project.

A Project Steering Committee comprising senior representatives of all beneficiary institutions will be set up for the project management. The PSC will monitor, supervise and co-ordinate the overall progress and implementation of the project and will provide guidance for the different sub-components of the project, will approve the results and will define priorities.

A Programme Implementation Unit (PIU) will be created within the National Office for Prevention and Control of Money Laundering, in order to carry out the day-to-day management of the project. The role of the PIU will be to manage and solve, according to the Decentralised Implementation System (DIS) procedures, all issues concerning the management of the project, including planning and identification of tasks, reporting, preparation of project documentation, participation in tendering, monitoring and evaluation of activities. The PIU will report to the PSC.

The beneficiary institutions will provide all the necessary internal resources (staff and premises) for the implementation of the project.
6.3. Twinning

The National Office for Prevention and Control of Money Laundering is the Implementing Authority for this component.

Commitment:

The Romanian beneficiary institution will provide:

- Adequate human resources to implement the twinning project together with the twinning partner, in accordance with the agreed Twinning Covenant;
- Facilities necessary for the implementation of the twinning (offices, computers, printers, telephones, access to internet);
- Funds to cover the travel costs of the Romanian personnel in the context of training or seminars in the country.

6.4. Non-standard aspects

The project will be managed according to the Practical Guide to PHARE, ISPA & SAPARD contract procedures.

6.5. Contracts

This project will be implemented through:

a Twinning Covenant;
b Technical Assistance Contract/Contracts;
c Supply Contract/Contracts

7. Implementation Schedule

7.1. Start of tendering/call for proposals - March 2003

7.2. Start of project activity – September 2003

7.3. Project completion – not later than the expiry of the disbursement period pursuant to the Financing Memorandum 2002.

8. Equal opportunity

The Implementing Authority is an equal opportunity employer. Equal participation in the project by women and men will be assured and women’s participation will be enforced at the start of the project. All periodical progress review reports and other interim reports will include a specific explanation on measures and policies taken with respect to this equal opportunity for women and men and will provide measurements of achievement of this goal.

9. Environment

N/A

10. Rates of return

N/A

11. Investment criteria

11.1. Catalytic effect:

The investment will generate an increased capacity and efficiency of all institutions co-operating in the identification, investigation, prosecution and trial of money laundering activities. It should help to comply with the accession priority related to fighting against organised crime in this field. This priority cannot be complied without:

- continuing the investments in strengthening the Government's capacity to better comply with the European standards attached to the EU accession conditions;
- further development of the Romanian law-enforcement structures and their related skills and competencies, increased flexibility and transparency.

Although the Romanian Government allocates from its own funds resources for modernisation and reform, these resources are very limited. The Phare contribution will accelerate the process.

11.2 Co-financing
Co-financing will be properly covered by the beneficiaries, according to the budget.

11.3 Additionality
This project is complementary to the programmes listed under item 3.2. PHARE. Grants shall not displace other financiers, especially from the private sector or IFIs.

11.4 Project readiness and size
The components of this project will only be financed by Phare if they are ready for contracting and when all necessary technical studies have been completed. Investment projects are complying with minimum project size requirements.

11.5 Sustainability
The Implementing Authority will take responsibility to include the running costs and related maintenance costs in its own budget starting from 2003.

The investments will be sustainable in the long term, i.e. beyond the date of accession and will comply with EU norms and standards. They have no adverse effects on the environment.

12. Conditionality and sequencing
Legal framework (amendments to the Law 21/1999) enforced before project start.

* * * * * * * *

ANNEXES TO PROJECT FICHE
1. Logical framework matrix in standard format (compulsory)
2. Detailed implementation chart (compulsory)
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period) (compulsory)
4. Reference to feasibility / pre-feasibility studies. For all investment projects, the executive summary of the economic and financial appraisals, and the environmental impact assessment should be attached (compulsory)
5. List of relevant Laws and Regulations (optional)
6. Reference to relevant Government Strategic plans and studies (may include Institution Development Plan, Business plans, Sector studies etc) (optional)
## LOGFRAME PLANNING MATRIX

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>To strengthen the capacity of the entire anti-money laundering system.</td>
<td>Law enforcement structures modernised and in line with the accession requirements in the money laundering field.</td>
<td>Commission’ Regular Reports. Regular Operational Capacity Reports. Governmental Reports</td>
<td>The relevant domestic legislation, compliant with EU legislation and best practices, enacted. Close and comprehensive co-ordination of the principal actors involved. Successful implementation of other previous and ongoing related projects.</td>
</tr>
</tbody>
</table>

### Project purpose

- improved capacity and efficiency of all institutions co-operating in the identification, investigation, prosecution and trial of money laundering activities;
- support the creation of interconnecting specialised databases in all the institutions involved in the fight against money laundering.

<table>
<thead>
<tr>
<th></th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increased number of money laundering transactions/cases identified, investigated, prosecuted and trailed;</td>
<td>Commission’s regular reports Regular reports of the relevant beneficiary structures. Statistical reports Standard project implementation reports.</td>
</tr>
<tr>
<td></td>
<td>At least 10 persons trained, from each beneficiary institution Multiplication training programs carried out by the Romanian part; Equipment, software and related training delivered and operational (as per Annex 4) Feasibility study approved by the beneficiaries.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contracting period expires:</th>
<th>Disbursement period expires:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>2005</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Budget:</th>
<th>Phare contribution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.17 EURO</td>
<td>2.00 EURO</td>
</tr>
<tr>
<td>Results</td>
<td>Objectively verifiable indicators</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3.3.1. Strengthening the capacity of NOPCML of collecting and processing high volume of data and information in order to combat money-laundering phenomenon.</td>
<td></td>
</tr>
<tr>
<td>This twinning component will have the following results:</td>
<td>Positive assessment during the screening process</td>
</tr>
<tr>
<td>Implementation of the acquis communitaire in the field of combating money laundering and terrorism financing, according to the European Union’s decisions, in reply to the September events in the United States of America;</td>
<td>Operational equipment and software, as per Annex 4. At least 2-10 specialists in the NO, trained to operate the new software.</td>
</tr>
<tr>
<td>Strengthened IT system of NOPCML;</td>
<td>Draft inter-institutional co-operation program, approved by the management of all the institutions concerned.</td>
</tr>
<tr>
<td>Implementation of financial investigations and documents management programs (software).</td>
<td></td>
</tr>
<tr>
<td>Design and implementation of an inter-institutional co-operation program between all the competent authorities in the field of preventing and combating money laundering. Program for interconnecting the databases of the institutions involved;</td>
<td></td>
</tr>
<tr>
<td>Enhanced training of the NOPCML’s personnel, according to the new evolution of the money-laundering phenomenon at international level.</td>
<td>At least one person in each institution covered by the training programs, able to train other employees.</td>
</tr>
<tr>
<td>Development of the international co-operation.</td>
<td>At least 10 specialists trained.</td>
</tr>
<tr>
<td>Correlated Action Plan between the activities of all the institutions involved in combating the money laundering phenomenon.</td>
<td>At least 3 MOU signed with other FIUs</td>
</tr>
</tbody>
</table>

3.3.2. Strengthening the capacity of all the institutions involved in identification, analysis, investigation, prosecution and trial of money laundering activities:

- Proposals ready to be approved for changes in legislation in order to reach a full implementation of the EU Acquis and other international conventions and recommendations. This also includes the implementation of the amended Money Laundering Directive (EF99ECOFIN 272 Crimorg 109 Codec1023).
  
  - Secondary legislation and internal procedures adopted and standardised (including standardised procedures of investigation developed), as a
  
  - Action Plan approved by the management of all the institutions concerned.
  
  - Positive assessment during the screening process.

  - Draft legal acts submitted to the competent authorities.
<table>
<thead>
<tr>
<th>Follow-up to the primary legislation developed through the 99 Twinning Project.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Specialised public prosecutors and judges will be capable of giving a proper follow-up to the investigation results of the FIU and law enforcement investigations.</td>
</tr>
<tr>
<td>• An institutional and organisational system with a clear division in form and function designed and set up, according to the legal competences of the institutions in the anti-money laundering system;</td>
</tr>
<tr>
<td>• Premises set for creating an operational system at national level, working at EU standards, with competences in collecting financial intelligence, investigating and prosecuting cases.</td>
</tr>
<tr>
<td>• Enhanced techniques of investigation for tracking and combating money laundering, in the law enforcement and judicial institutions, in line with the best practice in EU Member States established.</td>
</tr>
<tr>
<td>• Trained staff within all beneficiary institutions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Positive assessment during the screening process.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased number of cases sent to courts.</td>
</tr>
<tr>
<td>Operational structure in place.</td>
</tr>
<tr>
<td>Legal and institutional structure operational.</td>
</tr>
<tr>
<td>At least 10 persons from each beneficiary institution trained; multiplication training programs carried out by the Romanian part.</td>
</tr>
</tbody>
</table>
organisations, institutions and professions that are part of the anti-money laundering chain, specialised in using modern methods, techniques and informative - operational measures in the investigation and research of money laundering deeds and related organised crime.

- Trained staff within all organisations, institutions and professions that are part of the anti-money laundering chain, familiar with money laundering techniques regarding the non-financial institutions and professionals covered by the amended Money Laundering Directive and able to further disseminate know-how and organise follow-up activities.

- Training manual for prosecutors and judges.

### 3.3.3. Feasibility study on the necessity to create specialised databases and an interconnected network. Assessment of related investment

A feasibility study on the investment necessities of all institutions that are part of the anti-money laundering

| At least 10 persons from each beneficiary institution trained; multiplication training programs carried out by the Romanian part |
| Feasibility study approved by the beneficiaries. Measures for follow-up investments in place. |
chain, elaborated and approved by the beneficiaries. The feasibility study will evaluate the approved by the beneficiaries. The feasibility study will evaluate the investments needs in order to create specialised databases and an interconnected network between the relevant institutions.

<table>
<thead>
<tr>
<th>3.3.4. Strengthening the information and communications system</th>
</tr>
</thead>
<tbody>
<tr>
<td>This investment component will have the following results:</td>
</tr>
<tr>
<td>A strengthened information and communication system within the chain of institutions involved in the fight against money laundering, ready to be implemented.</td>
</tr>
<tr>
<td>An enhanced system and techniques of investigation, tracking and combating money laundering.</td>
</tr>
<tr>
<td>Procurement of financial investigation and documents management software.</td>
</tr>
<tr>
<td>Operational system in place, after the implementation of the conclusions of the feasibility study.</td>
</tr>
<tr>
<td>Activities</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Strengthening the capacity of the National Office for the Prevention and</td>
</tr>
<tr>
<td>Control of Money Laundering to collect, store, process, investigate and</td>
</tr>
<tr>
<td>analyse large amount of data.</td>
</tr>
<tr>
<td>Strengthening the capacity of all institutions co-operating in the</td>
</tr>
<tr>
<td>identification, investigation, prosecution and trial of money laundering</td>
</tr>
<tr>
<td>activities</td>
</tr>
<tr>
<td>Feasibility study on the necessity to create specialised databases and</td>
</tr>
<tr>
<td>an interconnected network. Assessment of related investments.</td>
</tr>
<tr>
<td>Strengthening the information and communications system.</td>
</tr>
</tbody>
</table>

**Preconditions**

- Budgets approved and available.
- Legal framework (amendments to the Law 21/1999) enforced before project start.
**DETAILED TIME IMPLEMENTATION CHART FOR THE PROJECT**

**Title:** “Integrated programme to strengthen the capacity of Romanian institutions involved in the fight against money laundering and related organised crime”

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
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<td>SOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJASOND</td>
<td>JFMAMJAS</td>
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<tr>
<td>Twinning</td>
<td>D D D D C C C C C C I I I I I I I I I I I I I R X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical assistance</td>
<td>D D D D C C C C C C I I I I I I I I I I I I I I I I I R X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>D D D D D D C C C C C C C C C C I I I I I I I I I I I I I I I I I I I I I I I I I I I I I R X</td>
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</table>

D = Design    C = Contracting    R = Review    I = Implementation    X = Closure
ANNEX 3

CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE

“INTEGRATED PROGRAMME TO STRENGTHEN THE CAPACITY OF ROMANIAN INSTITUTIONS INVOLVED IN THE FIGHT AGAINST MONEY LAUNDERING AND RELATED ORGANISED CRIME”

All figures in million EURO

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>CONTRACTED</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DISBURSED</td>
<td>-</td>
<td>-</td>
<td>0.6</td>
<td>1.0</td>
<td>1.5</td>
<td>1.8</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

NB: 1. All contracting should normally be completed within 6-12 months and **must** be completed within 24 months of signature of the FM.

2. All disbursements **must** be completed within 36 months of signature of the FM.
INVESTMENTS

<table>
<thead>
<tr>
<th>SERVERS AND RELATED EQUIPMENT</th>
<th>40.000 EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOCUMENT MANAGEMENT SYSTEM</td>
<td>40.000 EURO</td>
</tr>
<tr>
<td>TRAINING 12 SPECIALISTS</td>
<td>50.0000 EURO</td>
</tr>
</tbody>
</table>

General
NOPCML has already a LAN (1 server Windows 2000 and 50 computers Windows NT 4.0, Windows 98 and Windows 95) and a certain number of specialised applications developed in Oracle (Oracle 8). NOPCML should complete the creation of the IT environment and the use of the specific applications, through the implementation of a coherent Document Management System.

Technical and special requirements
Document Management System (50 licences):
- the system should be compatible with the existing NOPCML IT environment (system software and applications, client-server architecture);
- the system should be implemented in the existing IT environment and will implement the existing document-flow within NOPCML;
- the system will, as a minimum, include the following functions:
  - integration of various formats of documents (e.g. paper, faxes, electronic etc), with associated information (document profile);
  - storage of documents (hierarchical libraries);
  - retrieval of documents by content search (“full text indexing”) or by document profiles
  - advanced control and security mechanisms and tool (users and user groups access, including the recording of all authorised/unauthorised accesses;
  - archiving;
  - reporting (e.g. statistical reports on the activities of the users);
  - administration (e.g. management of users and user groups credentials, system audit, versions management etc).
- the system will be compatible with the standards of the domain:
  - open architecture (e.g. compatibility with all leading SQL databases, client-server operating systems and Internet technologies etc);
  - support for multiple-engine for processing text, images and workflow;
  - multi-document processing;
  - user-friendly interfaces;
  - scalability.

The Supplier should explain in detail how the implementation of the systems within NOPCML will be organised and it should make its own proposal on the training curricula to be delivered to the NOPCML users and IT specialists. The software should be supported by relevant documentation and on-line help, as well as by training materials.

Warranty: 1 year, with technical support from the Supplier, if the supplier is a local company, or from a local company authorised by the Supplier.ISO 9001 for the Manufacturer and Supplier

The Tenderer will deliver the relevant training courses to 10 NOPCML specialists. The tender will include two types of training: (i) the training of the NOPCML staff in the NOPCML premises and
(ii) the training of a core team of 3 NOPCML trainers, followed by the dissemination of the training courses to the NOPCML staff by the trained trainers.

<table>
<thead>
<tr>
<th>INVESTIGATION SOFTWARE</th>
<th>35,000 EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRAINING 12 SPECIALISTS</td>
<td>50,000 EURO</td>
</tr>
</tbody>
</table>

**General**

As all enforcement agencies world-wide NOPCML needs as much as possible automated tools for collecting and processing the enormous volume of data used in the investigation activities.

**Technical requirements**

The investigation software should be capable to explore, interpret and display complex information from a wide variety of computer-based sources, including large databases. The software should be able, as a minimum, to

- query sources of information,
- organise and analyse information,
- visualise data, in accordance with the analytical conventions and best practice,
- analyse links between data-elements from various sources, through
  - link analysis charts, referring to data-elements
  - timeline (sequence of events) analysis charts,
  - network analysis charts, referring to large data-sets
  - transaction pattern analysis (repeated sequence of events) charts;
  - case charts
- produce reports for analysis and presentation.

The software should also be able to analyse hierarchical structures (family tree charts).

The software should include charting, analysis and presentation tools that have user-friendly interfaces, e.g:

- icons, boxes, text blocks, labels’
- images, documents, video and sound clips’
- data attributes,
- charts legend,
- pre-defined views and visualisation formats,
- search facilities, including video’
- import/export of data and/or groups of data, etc.

**Special requirements**

- the software will be installed on the existing computers;
- the software should be supported by relevant documentation and on-line help, as well as by training materials;
- warranty: 1 year, with technical support from the Supplier, if the supplier is a local company, or from a local company authorised by the Supplier;
- the Tenderer will deliver the relevant training courses to 10 NOPCML specialists. The tender will include two types of training:
  1) the training of the NOPCML staff in the NOPCML premises and
  2) the training of a core team of 3 NOPCML trainers, followed by the dissemination of the training courses to the NOPCML staff by the trained trainers. The Tenderer should make its Technical and Financial Offers accordingly. NOPCML will decide on the most appropriate solution for the training of its personnel, taking account of the duration of the two types of training courses, the availability of its personnel and the budget available.