1. Basic Information

1.1. Title: Strengthening the struggle against money laundering, financial sources of crime and the financing of terrorism.
1.2. Sector: Justice and Home Affairs
1.3. Location: Ministry of Interior – Turkish National Police

2. Objectives

2.1. Overall Objective:

To strengthen the capacity of the anti-money laundering institutional system in Turkey in line with the EU Acquis and practices in its Member States.

2.2. Project purpose:

Turkish National Police capable of:
- tracing the financial sources of crime,
- carrying out complex financial investigations,
- implementing seizure and confiscation of the proceeds of crime, and
- co-operating with national and international institutions involved in the fight against money laundering, terrorism financing and other financial crimes.

2.3. Accession Partnership and NPAA priority

The Accession Partnership short-term priorities:

- Continue to strengthen the fight against organised crime, drugs, trafficking in persons, fraud, corruption and money-laundering, particularly through legislative alignment, improved administrative capacity and enhanced co-operation between different law enforcement bodies, in line with EU standards.
- Further develop and strengthen all relevant institutions, with a view in particular to ensuring the accountability of the police. Improve co-operation between all law enforcement institutions, including the judiciary.
- Strengthen efforts to develop information and awareness programmes on the legislation and best practices in the European Union in the field of JHA.

The Accession Partnership medium-term priorities:

- Strengthen efforts to develop sustainable training programmes on the acquis and its implementation in the field of JHA also with a view to increasing administrative capacity and improving inter-agency co-operation.
- Adopt and implement the acquis in the fields of criminal law protection of the euro and of the Community’s financial interests, corruption, fight against drugs, organised crime, money laundering and judicial co-operation in criminal and civil matters; further increase administrative capacity, co-operation between the different law enforcement bodies and intensify international co-operation in these fields.
The NPAA identifies the following medium term priorities for institution building and assimilation of the Acquis into Turkish Law:

- The capacity to fight against organized crime, the illicit use, production of and trafficking in drugs, fraud and corruption, money laundering, and police and judicial cooperation will be enhanced.

- In addition to the Ministry of Justice, the Ministry of the Interior and the Ministry of Finance are competent institutions in the fight against bribery, money laundering, organized crime and terrorism, and the search, seizure and confiscation of the proceeds of crime.

- EU acquis on the illicit use, production of and trafficking in drugs, organized crime, fraud and corruption, money laundering and judicial cooperation in civil and criminal matters will begin to be adopted in 2001, and international cooperation in these areas will be intensified.

- The capacity for cooperation between the judicial, financial, police and gendarmerie units in the fight against organized crime, fraud and corruption, the illicit use, production of and trafficking in drugs, and money laundering will be strengthened.

The NPAA also highlights the following priorities:

- Implementation of Council of Europe’s Directive on prevention of the use of the financial system for the purpose of money laundering (91/308/EEC, as amended by Directive 2001/97/EC),
- Council of Europe’s Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime,
- Implementation of the Forty Recommendations of the Financial Action Task Force on money laundering,
- Implementation of Financial Action Task Force special recommendations against the financing of terrorism,
- Adoption of implementation of the corresponding measures to make anti money laundering procedures more effective.

3. Description

3.1. Background and justification

In the recent past Turkey has made progress in the struggle against organised crime and financial crimes including money laundering; and created a legal and institutional framework for particularly fighting against money laundering at domestic and international level. To this end, the Law no.4208/1996 on Prevention of Money Laundering was adopted in November 1996 and the Financial Crimes Investigation Board (FCIB) - the Financial Intelligence Unit of Turkey MASAK – was established in 1997.

As regards money laundering, Turkey has been a member of the OECD Financial Action Task Force on Money Laundering (FATF) since 1991. Turkey has not yet ratified the 1990 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime.
In the same way, Turkey has made significant progress to combat organized crimes since the adoption of the Law No. 4422 on Prevention of Benefit – Oriented Criminal Organizations in August 1999. With the existing complex banking systems and commercial procedures and methods, it proves difficult to fight against organized crime without preventing financial sources of criminal groups and confiscating their illegal gains. It is considered that an amendment to Law 4422 to provide for the use of investigation procedures (tapping or intercepting telecommunications, surveillance, reviewing records and data, employing secret agents) for money laundering crimes, will increase the efficiency of the fight against money laundering. Other relevant legal instruments for combating financial crimes in Turkey are:

- Regulation on the Implementation of The Law No.4422 on Prevention of Benefit – Oriented Criminal Organizations
- Law No.1918 on Interdiction and Pursuit of Smuggling.
- Turkish Penal Code No. 765
- Anti-Terrorism Law No. 3713
- Law No: 1567 on The Protection of The Value of Turkish Currency.

The above-mentioned laws regulate the Turkey’s confiscation and seizure procedures, but must be revised for the adoption of 1990 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime.

Within the Turkish National Police (TNP), the Department of Anti Smuggling and Organised Crime, deals with serious offences related to organised crime such as: drug trafficking, counterfeiting, forgery, illicit trafficking of cultural and natural assets, smuggling of organs and tissues, human trafficking, cyber crimes, illicit profit-oriented criminal organisations, smuggling of arms, ammunition and nuclear substances and financial crimes including money laundering and corruption. In addition to that the Financial Crimes Division of the Anti Smuggling and Organised Crime Department deals with not only financial sources of the above mentioned offences, but specifically with serious fraud and large cases of corruption/corruption related crimes, such as forgery for bank credit, tricky bankruptcy and violation of the Law No. 1918 on Interdiction and Pursuit of Smuggling.

At present, 3500 personnel are working within the Anti-Smuggling and Organised Crime Department and in its local units across the country. More than 300 staff are located in the headquarters and 50 of them personnel are working at the Financial Crimes Division. All personnel working in the central unit and local units have completed a basic two-week raining programme including financial crimes. Further to that, there are some specific training programmes such as money laundering investigation techniques, counterfeiting, forgery, serious fraud, operational techniques for drug trafficking, surveillance and observation, use of undercover agents and etc. for those who completed the basic course. However, it cannot be said that this specific training is sufficient nor that each staff member receives a specific training course.

Within the Department of Anti-Smuggling and Organised Crime, the Turkish International Academy Against Drugs and Organized Crime (TADOC) has been set up on 26 June 2000 with the initiatives of the United Nations and within the framework of Turkey-UNDCP collaboration and in connection with the TNP, to provide training in the field of combating drug related, financial and organised crimes. TADOC has already provided training programs in the field of combat against illegal production, abuse and smuggling of drugs, financial crimes and organised crime to the personnel of the national law enforcement agencies (TNP, Gendarmerie, Coast Guard and Customs) and to members of foreign agencies.
During recent years several significant corruption investigations were conducted by the Department of Anti-Smuggling and Organized Crime, which were mainly cases of serious fraud, forgery and false reports of exports. A total of 23 major investigations carried out since the beginning of 2000 had a financial magnitude much of 4,8 billion US Dollars. After all, while a total number of 346 offenders were sentenced to imprisonment, confiscation of assets/proceeds of crime as well as the identification of money laundering processes did not meet the expectations. Among others, one reason for this as far as police agencies are concerned is lack of know-how money laundering/financial investigations, confiscation measures and practices as well as general awareness of these issues.

The other problem is the complexity of investigation of money laundering. The cases need extremely large analysis of financial records, flows of money, flows of events, structures of organisations included into fraud and money laundering schemes, background and connections of all included persons etc. To work on such cases without adequate analytical tools, without sufficient technical possibilities to collect, proceed and transmit relevant data or without computer equipment is nowadays practically impossible.

In short, the main problems currently preventing the Turkish National Police in combating financial crimes and money laundering more effectively are:

- The lack of specific expertise in the financial issues related to money laundering and the financial source of crimes,
- The definition of money laundering offences is not entirely in line with the EU acquis and there is need for making all serious crimes into predicate offences and providing for a clear legal definition-of the offence,
- The weakness of current seizure and confiscation measures of the proceeds of crime provided by domestic law,
- Insufficient co-operation among the institutions involved in the field of fight against money laundering and organised crime,
- Inadequate technological support,
- Turkish legislation does not bring all criminal acts within present money laundering legislation,
- Lack of experience in carrying out complex financial investigations,
- Lack of clear implementation procedures on asset forfeiture and confiscation,
- Long duration of investigations carried out by the Police as well as MASAK, mainly due to lack know-how and of technological support - receiving, analysing and assessing of paper-based data take longer time than those for electronic-based data.

Thus, through this project it is aimed to improve capacity and efficiency of the Turkish Police to fight money laundering with particular accent on strengthening investigation capacity and confiscation and seizure of proceeds of crime; and strengthening the entire anti-money laundering system taking into account the other institutions involved in the analysis, identification, investigation, prosecution and trial of money laundering activities.

In the existing anti-money laundering system in Turkey, other important actors are the Financial Crimes Investigation Board (MASAK), the Gendarmerie, the Customs and the Judiciary. While the Gendarmerie and the Customs both use criminal investigative powers (search, arrest, seizure, custody, taking testimony, etc.) and convey the investigation results to the prosecutor, being a Financial Intelligence Unit MASAK has no authority or powers in criminal investigation of predicate offences or the money laundering offence itself. MASAK
is mainly in charge of collection, processing, evaluation and analysis of data concerning the suspicious transactions related to money laundering investigations.

The Financial Crimes Coordination Board, established after the adoption of Law 4208 to ensure co-ordination and co-operation among the relevant government institutions, which are mainly MASAK, law enforcement agencies and the Ministry of Justice, has been meeting regularly. However, the Board has not been very effective in terms of providing an operational structure for inter-agency co-operation.

Apart from financial crimes and money laundering in particular, this project also focuses on the financing of terrorism. In order to comply with FATF 8 Special Recommendations adopted at the Extraordinary Plenary on the Financing of Terrorism of 29-30 October 2001 in Washington, which could be used as guidelines for implementing the combating terrorism related part of the project; the following measures have been initiated in Turkey:

- With regard to the fight against terrorism, in January 2002 Turkey ratified the UN Convention for the Suppression of the Financing of Terrorism as well as the UN Convention for the Suppression of Terrorist Bombings.

- Within the adoption of UN Resolution, signed on 27 September 2001, on the suppression of financing of terrorism, Turkish Government adopted a decree in December 2001 on the implementation of this UN Resolution. The decree lists all terror organisations, individuals and institutions whose finances and properties must be taken over or be frozen in Turkey. The decree has been updated regularly since then.

- Also in the context of the implementation of the Turkish Law on Prevention of Money Laundering, in February 2002 Turkey included predicate offences related to terrorism in the list of suspicious transactions that need to be reported to the authorities.

One of the difficulties met in the identification of financing of terrorism is that contrary to money laundering, funds and assets used here do not always originate from illegal activities. Therefore, it is sometimes very difficult to determine and prove the crime. This needs expertise, technical knowledge and international co-operation because of the nature of terrorism.

Yet the following measures need to be taken as regards the fight against terrorism:

- Overcome the legal and practical difficulties in freezing and confiscation of terrorist assets;
- Provide the widest possible range of assistance to other countries’ law enforcement and regulatory authorities for terrorist financing investigations;
- Ensure that entities, in particular non-profit organisations, cannot be misused to finance terrorism.

Thus, there is still much work that needs to be done to improve the capability and capacity to effectively prevent and detect these types of crime, especially through specialised and sophisticated training granted to police officers at central and local level and through an effective enhancing of co-operation between all the institutions involved in the fight against money laundering, financial sources of organized crime, financing of terrorism and confiscation of proceeds of crime. This is valid especially as far as co-operation between the Police and the Financial Crimes Investigation Board in the investigation of money laundering cases is concerned. This co-operation should include day-to-day practical and be
placed into a more operational structure. Altogether an interactive approach and coherence among the different investigators play a key role in the success of financial investigators.

International co-operation is also seen as crucial to ensure that all resources can be concentrated against transnational and international criminal groups. The development of a National Strategy, the training and professional development of policy makers and senior personnel are seen as important factors in achieving success against organised crime and those involved in money laundering and terrorism financing.

The project proposed shall contribute to sustaining the Republic of Turkey’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.

3.2. Linked activities

- **TR02-JH-05 Strengthening the Fight against Money Laundering**: This project aims to develop efficient legal, institutional and technical framework for combating money laundering in line with EU legislation and practice. The beneficiary is the Financial Crimes Investigation Board. The project foresees the following:
  - Drafting of legislative amendments and implementation procedures improving the conditions for investigation and prosecution of money laundering,
  - Drafting of legislative amendments and implementation procedures allowing the efficient seizure and confiscation of the proceeds from crime,
  - Improved FCIB staff skills, in particular in the analytical and investigative fields for investigators and prosecutors and in the policy-making area for headquarters staff,
  - Strengthening criminal data collection and their analysis, standards established for technical co-operation, exchange of information and financial data between relevant financial institutions and law enforcement bodies in Turkey and globally,
  - Implementation of the Action Plan for Financial Services extending the coverage of the current Directive 91/308/EEC,
  - Financial Crimes Investigation Board, in charge of collection, processing, evaluation and analysis of data concerning the investigation of money laundering, able to transmit encrypted data to domestic and international institutions and bodies
  - Inter-ministerial, inter-agency co-ordination, co-operation and reporting structures and procedures reviewed and reinforced,

- **TR02-JH-06 Strengthening the Fight against Organised Crime**: This project aims to strengthen the capacity of law enforcement institutions in the combating organised crime and foresees the following results:
  - Current strategy on organised crime assessed and national strategy on organised crime developed, complemented by sectoral strategies and action plans in particular regarding the illicit use, production of and trafficking in drugs, high-tech crimes, international co-operation, criminal analysis and anti-corruption;
  - Government institutions’ efforts and capabilities in fight against organised crime co-ordinated and reinforced and the co-operation between the Ministry of the Interior, National Police and Gendarmerie in dealing with organised crime improved;
  - An intensification in international contacts and understanding in respect of Member State successful strategies against organised crime and the capability of the Turkish National Police in participating EUROPOL increased;
- Police anti-corruption investigation introduced into the Turkish National Police;
- Improved application of the principles of the Pre-accession pact on Organised Crime.

• Training programmes on money laundering investigation techniques have been supported by the MATRA Programme of the Netherlands.

3.3. Results

• Legislation for alignment with the Second Money Laundering Directive of the EU, the Forty Recommendations and Special Recommendations against the financing of terrorism of the OECD Financial Action Task Force,
• Legislation and implementation procedures developed and implemented on asset forfeiture and confiscation and seizing of proceeds from crime,
• Strategic medium term strategy and plan to combat financial crimes, money laundering, terrorist financing and financial sources of organised crime developed and endorsed,
• Unit within the Anti Smuggling and Organised Crime Department specialised and in charge of tasks related to combating money laundering, financial crimes investigation and tracing the financial sources of organized crime.
• Training programmes and curriculum developed and implemented for police officers involved in financial criminal intelligence and financial investigations,
• Higher standards of financial investigations through improved criminal data collection and their analysis,
• Standards for technical co-operation, exchange of information and financial data between relevant financial institutions and law enforcement bodies in Turkey and outside, specifically with EU Member States, agreed and installed,
• Guidelines for joint investigation practices on money laundering cases and other financial crimes as well as seizure of proceeds from crime drafted and endorsed.

3.4. Activities/Inputs

In order to meet the project purpose and to produce the results indicated in section 3.3, the project activities will address four main areas. These are:

3.4.1. Harmonisation of the Turkish legislation with the Acquis

As far as alignment with the EU acquis is concerned, this project shall specifically take into consideration the Special FAFT Recommendations on fighting terrorism financing and the 1990 Strasbourg Convention (which are not mentioned in TR02-JH-05). As far as the Directive 2001/97/EC and the FATF 40 Recommendations are concerned, this project will consider the results achieved in the TR02-JH-05 and take into consideration the aspects, which eventually that project should not be able to achieve.

The module should therefore have an assessment element; a training element and a communication/co-operative element and will provide for:

• Evaluation and assessment of the current national legislation regarding money laundering and persecution of financial crimes,
• Establishment of working groups to study the primary and secondary Turkish legislation in the relevant fields,
• Specific delivery of training for 200 staff on in the field of money laundering, persecution of financial crimes, freezing, seizure and confiscation of the proceeds of crime,
3.4.2. Development of the Turkish Government's policy on fighting money laundering, financial sources of crimes and terrorism financing

Currently, Turkish national policy on fighting money laundering and other financial crimes is gradually evolving. However, a horizontal approach bringing together all relevant institutions both at the policy level and at the operational level is necessary to achieve success. An efficient policy in the field requires the correct identification of the problems, the participation of all relevant institutions and good channels of communication between them.

Thus, this module should have an assessment element; a training element and a communication/co-operative element and will provide:

- Evaluation and assessment of the current national strategies being followed in the fight against money laundering, identification of financial sources of crime including terrorism financing, and persecution of financial crimes,
- The identification of training needs and the delivery of specific training and development activities to equip the key policy makers and police officers (200 staff) with the necessary skills and understanding to develop future policies and strategies,
- Assistance in the development of a Turkish national strategy for combating financial crimes and money laundering and for prevention of terrorist financing and financial sources of crime (such as cyber crime, corruption, counterfeiting, drug trafficking and other serious crime) developed and adopted,
- Establishment of an inter-ministerial working group(s) to identify deficits, priorities and actions to be taken in the medium term, both at policy and operational level.

3.4.3. Strengthening the capacity of Turkish Police to fight against money laundering, financial sources of crime and terrorist financing and to effectively implement the seizure and confiscation of the proceeds of crime

Currently, the Turkish National Police is considering the expansion of its Department of Anti-Smuggling and Organised Crime with the aim of creating highly specialised police officers to be able to conduct complex financial investigations and trace financial sources of crime. This module should assist among others in determining the direction for the future development of a unit specifically responsible for financial investigations and money laundering.

In order to be able to trace financial sources of crime, the ability to gather and process/analyse financial criminal intelligence is one of the most important factors in being able to focus the resources of the police against the more important elements involved in organised criminal activity. The development of an 'intelligence-led' philosophy is seen as the most effective way to produce tangible results. This module is also designed to assess current Turkish practice and procedures regarding financial criminal intelligence capability and to make recommendations and adaptations for future development.

Finally, the capacity of the law enforcement officials in effectively implementing the seizure and confiscation of the proceeds of crime is of prime significance – not only through the
development of legislative framework as proposed in 3.4.1., but also through the creation of the necessary mechanisms and skills.

Thus, this module will have an assessment element; a training element; study visits to MS; a modest investment package for both essential software and hardware and will provide for the following:

- An assessment of the current systems, procedures, networks and processes involved in financial investigations and the collation and analysis of financial criminal intelligence and development of recommendations for improvements where necessary and future developments, including a specialised unit responsible for financial investigations and money laundering,
- Assistance in developing training programmes including curriculum for police officers involved in financial criminal intelligence and financial investigations, including an “Anti-money laundering training manual” to be developed and disseminated within all institutions involved in the fight against money laundering at central and local level,
- Assistance in the development of measures and procedures for the seizure, freezing and confiscation of the proceeds of crime,
- Organisation and delivery of more general training to staff of the Anti-Smuggling and Organised Crime Department for identification of the financial aspects of their daily work,
- Organisation and delivery of specialised training focusing on financial investigation for 150 staff of the Department of Anti-Smuggling and Organized Crime, and its local units (istanbul, izmir, ankara, etc.), 20 officers of the Department of Anti-Terrorism and totally 50 specialists from other relevant institutions,
- Organisation and delivery of specialised multi-disciplinary training programs – possibly in Turkish International Academy against Drug and Organised Crime (TADOC) - with the involvement of Member State experts with academic and practical background/experience in banking, financial institutions and insurance companies, offshore companies, stock exchange, capital market, border trade, tax evasion, smuggling, free zone, customs procedure, company law, valuable papers, bankruptcy law, etc.
- Study visits organised to Member States’ Financial Crime Intelligence units and police departments to see best practices.
- Provision of equipment.

It is essential that training on the above matters is also provided to the judiciary and to the Financial Intelligence Unit of Turkey, which is MASAK, and to other law enforcement agencies (Gendarmerie, customs officers) with a view to strengthen co-operation among the institutions and to bring them to the same level of knowledge on money laundering trends and developments regarding investigations of financial crimes.

Training activities should be conceived with a three-level training approach for law enforcement financial investigators, with TADOC as the main actor in the training area.

At Level One all personnel in the central Anti-Smuggling and Organized Crime Department will be provided with the basic skills needed to identify the financial aspects of their normal work.

Level Two will be targeting more specific issues of training and trainees. Trainers can include academicians, judges, experts from the financial sector and Member State experts. The main goal of this level is to enable investigators in charge of combating financial crimes to actively take part in money laundering investigations and operations for tracing financial source of crimes. Indicative topics for the specialised training are: measures to fight against
money laundering, financial crimes and terrorism financing such as: suspicious transaction analysis, money-laundering typologies and trends, internet, alternative remittance systems, crime analysis and investigation techniques used in combating money-laundering and tracing financial sources of crimes and seizure, freezing and confiscation of the proceeds of crime. Those officers working within the specialised unit mentioned above, will then act as trainers for training staff at local level in order to assure a “multiplier effect” of training.

Experts from Member States will provide Level Three training to team leaders and special investigators, who have been through Level Two. A multi-disciplinary approach will be followed at this level. The investigators should be able to interact with people from the financial sector and judiciary during training and at the end of the training, it is aimed that participants will be able to manage and realize full-dressed financial investigations.

The key inputs to be provided through the investment package directly linked to the specific activities are as follows:

**Investment component**

It is essential that Institution Building support be complemented by investment in integrated and coherent information technology and analytical tools. Therefore, an investment support in the form of specialised hardware and software is needed.

This investment support should first of all create the standards for technical co-operation and exchanging of information between the financial institutions and the law enforcement bodies in Turkey and abroad; via implementation of standard analytical software on all included levels (system I2, recommended by Interpol, Europol and Eurojust).

It should also equip the Anti-Smuggling and Organised Crime Department and local units for collecting, processing, evaluation and analysis of data concerning suspicious financial operations through the supply of hardware and software. (For further information about equipment see “Annex V: Analysis of Equipment Needs”).

The provision of the following within the investment package are foreseen:

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<tr>
<th>Item</th>
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<tr>
<td>Financial Crime Follow-Up System Software</td>
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<td>Laptops for operational facilities</td>
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<td></td>
<td><strong>1,109,000 EURO</strong></td>
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3.4.4. Development of co-operation, at national and at international level

The need to maintain close national and international contacts and co-operation is one of the fundamentally important factors in securing success against money laundering and prevention of the use of the financial system for the purpose of money laundering as well as fighting the financial sources of crime. It is also useful for providing the new ideas and strategies that have proved to be successful in other areas and countries.

This module will not only work on joint investigations practices, implementation procedures on asset forfeiture and confiscation, and creating conditions for seizing of proceeds from crime, originated both from Turkey and foreign countries, but also on establishing regular communication channels and exchange of information on these issues with other law-enforcement authorities and the judiciary in Turkey as well as abroad.

This module is designed to broaden and deepen the national and international co-operation generally and to develop tools for its day-to-day implementation.

There will be an analysis and assessment component; study visits to MS; a training and professional development element.

- Assessment of the structure and policies of the Turkish National Police responsible for national and international co-operation,
- Development of recommendations for national and international co-operation, exchange of information and financial data between relevant financial institutions and law enforcement bodies in Turkey and outside, specifically with EU Member States,
- Establishment of working groups consisting of the Police, Financial Intelligence Unit, the judiciary and other relevant institutions such as the Gendarmerie, to analyse how to best implement joint investigation practices on money laundering cases and other financial crimes at national and international level as well as to create conditions for seizing of proceeds from crime, originated both from Turkey and foreign countries, and assistance in developing related guidelines,
- Establishment of a working group consisting of the above relevant institutions on how to best implement the fight against terrorist financing and assistance in developing guidelines,
- Assistance in the development of protocols/memoranda of understanding for co-operation between relevant institutions at national and international level,
- Study visits to Europol and Member States in order to determine ‘best practices’ in organisation and operating procedures for national and international co-operation,
- The delivery of a joint training course for 200 staff of Police, Financial Intelligence Unit, Gendarmerie, Customs and prosecutors on terrorist financing, money laundering trends, best practices in tracing financial sources of crime and confiscation measures for proceeds of crime, etc.
- The delivery of a training course to 100 staff involved with international co-operation matters.
3.5. Lessons learned

This is the first time such activity has been financed by the EC in Turkey and no Turkey-specific lessons can therefore be drawn from previous annual programmes.

The design of this project has been greatly assisted by a long-term pre-accession adviser currently posted in another candidate country. The lessons learned in tackling money laundering and organised crime, in particular through institution building based on twinning, and other JHA issues in other candidate countries under the Phare programme, have been incorporated into the design of this project. These lessons underline the importance of combating organised crime including money laundering by way of improved quality of co-operation (including common training) and information exchange between law enforcement agencies. They also indicate at the importance of providing a support in the implementation of the Government policy against organised crime and money laundering, provision of software equipment and training with the help of a twin. In many other candidate countries, projects tackling with strengthening institutions in their fight against organised crime and money laundering has focused on development of the national policy, improvement of analytical methodology of investigation, improved criminal analysis capacity and reinforced international cooperation.

As mentioned before, in the last years Turkey has made some progress in the fight against money laundering and organised crime in general. However there is a need to strengthen the capacities of the institutions, which are in the "front line". In particular, the Police should be granted a more efficient legislative framework as far as the seizure and confiscation of the proceeds of crime is concerned and specialised training in line with the evolution of the money laundering techniques.

In this respect a stronger co-operation with the Financial Intelligence Unit could help for a more efficient fight against these type of crimes, bearing in mind that, in general, a strong co-operation is needed among all the institutions involved in the fight against money laundering (from the suspicious transaction report reported by a bank, to the financial analysis conducted by the Financial Intelligence Unit, to the investigation performed by the Police and the prosecutor to the final trial of the offender).

4. Institutional Framework

The main beneficiary of the project is the Turkish National Police through its Anti-Smuggling and Organised Crime Department.

The following are also identified as further target groups for this project:

- Department of Anti-Terrorism within Turkish National Police
- Other law enforcement agencies (Gendarmerie and Customs)
- Financial Crime Investigation Board (MASAK)
- Judiciary (Ministry of Justice)

The project proposed for the 2003 programming exercise is designed to provide training for a large number of persons, covering a real need in this field: about at least 150 specialists from Turkish National Police (Department of Anti-Smuggling and Organized Crime, Department of Anti-Terrorism and local police units), and about at least 50 specialists from other relevant institutions (Gendarmerie, Customs, MASAK, Ministry of Justice).
The target groups reflect the need to strengthen the cooperation among the judicial, financial, and law enforcement authorities in the fight against money laundering. The development of co-operation through training and the professional development of law enforcement authorities and policy makers are seen as important factors in achieving success in the fight against money laundering and other financial crimes.

The Turkish National Police will be responsible for the provision of the necessary resources to enable the PAA to function properly. The beneficiary will support the implementation of the proposed project by assuring the necessary organisational environment, making available the necessary personnel and covering the related running and administrative costs. The Police will also arrange the nomination of module co-ordinators.

The National Police will be the owner of all equipment purchased as part of the project upon its completion.

A Project Steering Committee (PSC) will be set up comprising of senior representatives of the Turkish National Police represented by all relevant departments, the Ministry of Interior, the Financial Crimes Investigation Board, General Command of Gendarmerie, Undersecretariat of Customs, the Ministry of Justice and the Member State(s) providing the technical assistance foreseen in the institution-building package. The PSC will monitor, supervise and co-ordinate the overall progress and implementation of the project. The PSC will provide guidance for the different components of the project, will define priorities, approve and monitor budgets and approve the results. The PSC will be chaired by the Senior Programme Officer (SPO), who will have the overall responsibility for all issues concerning the management and monitoring of the project.

5. Detailed Budget

<table>
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<tr>
<th>Project Components</th>
<th>Investment</th>
<th>Institution Building</th>
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<th>National Co-financing</th>
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<tr>
<td><strong>TOTAL</strong></td>
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</tbody>
</table>

Turkey’s contribution to the institution building component not indicated here will cover provision of office equipment and space for the PAA, organisational costs of trainings (rental fees, accommodation, catering as well as local and international travel of trainees) and other costs non-eligible for pre-accession funding, as specified in the “Reference Manual on Twinning Projects”.

13
6. Implementation Arrangements

6.1. Implementing Agency

The CFCU is the Implementing Agency responsible for tendering, contracting and accounting. The PAO is Erkan Tortop of the CFCU.

Project leader:
Mr. Sebati Buyuran
Deputy Undersecretary
Ministry of Interior – Bakanliklar - Ankara
Tel: +90-312-425 72 14
Fax: +90-312-418 17 95

PAA counterpart:
Mr. Yasar Yaman
Department of Anti-Smuggling and Organised Crime
Directorate General of Security
Konur Sokak No. 40
06440 Bakanliklar - Ankara
Tel: +90-312-412 71 03
Fax: +90-312-417 06 21

6.2. Beneficiary

The beneficiary is the Anti-Smuggling and Organised Crime Department of the Turkish National Police.

6.3. Twinning

Twinning is foreseen with an agency or a consortium of agencies in one or several EU Member States, for the ‘Institutional Building’ part of the project. All the above components will be implemented through twinning arrangements

Resource Requirements

The key Inputs to be provided through twinning phase of the project include:

- A 2 year Pre-Accession Adviser, to be hosted within the Turkish Ministry of the Interior,
- A series of short-term experts for each of the specific 7 components outlined above.
- A proven track record and practical experience in delivery of similar projects

The PAA should have the following qualifications and skills:

- At least 5 years experience in combating money laundering in a Member State or at least 3 years experience in investigating money laundering cases in law enforcement agency in a member state;
- Have sound knowledge of relevant regulations and policies of the European Union;
- Previous experience of working in a multi-disciplinary and multi-national team;
- Project related experience and good managerial skills;
• Knowledge of EU procurement;
• Sound communication skills and training/advisory capabilities;
• Good knowledge of English.

6.4. Non-standard aspects
N.A.

6.5. Contracts
This project will be implemented through:
a) Twinning Covenant
b) Supply Contract.

The **twinning covenant** is in the focus of the project (estimated value is Euro 1,225,000).

One **supply contract** is envisaged which covers the equipment inputs (estimated value is Euro 1,109,000).

7. Implementation Schedule

<table>
<thead>
<tr>
<th>Activity</th>
<th>Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start of twinning selection</td>
<td>4 Quarter / 03</td>
</tr>
<tr>
<td>Start of twinning activity</td>
<td>3 Quarter / 04</td>
</tr>
<tr>
<td>Tendering of equipment</td>
<td>3 Quarter/04</td>
</tr>
<tr>
<td>Contracting of equipment</td>
<td>1 Quarter/05</td>
</tr>
<tr>
<td>Project completion</td>
<td>3 Quarter /06</td>
</tr>
</tbody>
</table>

8. Equal Opportunity

The share of female staff is around 5% within the Turkish National Police, but the trend is rising. Thus, whilst considering the share of women to men employed in the police service, the beneficiary will pay special attention to assure the highest possible participation of women in the project. All periodical progress review reports and other interim reports will include a specific explanation on measures and policies taken with respect to participation of women and equal opportunity for women and men and will provide measurements of achievement of this goal.

9. Conditionality and sequencing

There is no pre-condition for the start of the project. However, The Turkish National Police Organisation will commit itself to adopt new curriculum, training methods and standards developed during the programme and disseminate them through further training and awareness-raising activities, especially through the use of trainers trained in the programme.

The Police Organisation will also publish the newly developed standards and strategies and communicate them to the public.

Projects to be implemented through twinning require the full commitment and participation of the senior management of the beneficiary institution. In addition to providing the twinning
partner with adequate staff and other resources to operate effectively, the senior management must be involved in the development and implementation of policies and institutional change required to deliver the project results.

**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)
4. Indicative budget breakdown for twinning component
5. Analysis of equipment needs
<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR</th>
<th>Contracting period expires</th>
<th>Execution period expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVERALL OBJECTIVE</td>
<td>OBJECTIVE.ly VERIFIABLE INDICATORS</td>
<td>SOURCES OF VERIFICATION</td>
</tr>
<tr>
<td>To strengthen the capacity of the anti-money laundering institutional system in Turkey in line with the EU Acquis and practices in its Member States</td>
<td>- Legislative and institutional improvements on fight against money laundering in line with the EU Directives and special recommendations of FATF</td>
<td>- Evaluation of the EU Regular Report on Turkey’s progress towards accession - Evaluation of the progress in the implementation of the Turkish National Programme for the adoption of the Acquis</td>
</tr>
<tr>
<td>PROJECT PURPOSE</td>
<td>OBJECTIVE.ly VERIFIABLE INDICATORS</td>
<td>SOURCES OF VERIFICATION</td>
</tr>
<tr>
<td>Turkish National Police capable of: - tracing the financial sources of crime, - carrying out big financial investigations, - implementing seizure and confiscation of the proceeds of crime, and - co-operating with national and international institutions involved in the fight against money laundering, terrorism financing and other financial crimes.</td>
<td>- 20% increase in number of the successful police operations on money laundering, financial sources of organized crimes and terrorism financing at project end compared to 2003 - 20% increase in number of the files conveyed to the court relevant to money laundering and financial crimes at project end compared to 2003 - Number of convictions for money laundering and other financial crimes cases conveyed to the court during project period - Highest value (in Euro) of the confiscated properties and other assets compared to previous years - 10% increase in the number of international co-operation cases at project end compared with 2003</td>
<td>- Police statistics and reports on money laundering and organized crimes - Other relevant institutions statistics and reports on money laundering - Published court decisions relevant with money laundering - Evaluation and expert mission reports</td>
</tr>
</tbody>
</table>
### RESULTS
- Legislation for alignment with the EU acquis drafted,
- Legislation and implementation procedures developed and implemented on asset forfeiture and confiscation and seizing of proceeds from crime,
- Strategic medium term strategy on combating financial crimes developed and endorsed,
- Unit within the Anti Smuggling and Organised Crime Department specialised and in charge of tasks related to combating money laundering, financial crimes investigation and tracing the financial sources of organized crime.
- Training programmes and curriculum developed and implemented for police officers involved in financial criminal intelligence and financial investigations,
- Higher standards of financial investigations through improved criminal data collection and their analysis
- Standards for technical co-operation, exchange of information and financial data between relevant financial institutions and law enforcement bodies in Turkey and outside, specifically with EU Member States, agreed and installed,
- Guidelines for joint investigation practices on money laundering cases and other financial crimes as well as seizure of proceeds from crime drafted and endorsed.

### OBJECTIVELY VERIFIABLE INDICATORS
- New legislation in line with the EU acquis adopted by September 2006
- Implementation procedures adopted by mid 2006
- New strategy adopted by the end of 2005
- Dissemination of national strategy through seminars and training completed by mid 2006
- Number of staff trained by mid 2006
- Money-laundering manual disseminated by end of project
- 20% rise in the number of big police investigations undertaken at project end compared to 2003
- 10% rise in the number of seizures and confiscations at project end compared to 2003
- Installation and operation of technical equipment by 2006
- Standards adopted and implemented by 2006
- Protocols for co-operation adopted and implemented by end of project
- Guidelines adopted and implemented by 2006
- 20% increase in number of successful joint investigations at project end compared to 2003
- Increased number of Turkish participants in international police networks

### SOURCES OF VERIFICATION
- Evaluation of relevant reports
- On-going evaluation of the Project
- Twinning report

### ASSUMPTIONS AND RISKS
- Insufficient, inadequate or poor co-ordination of law enforcement agencies
- Insufficient or inadequate co-ordination of effort within the judicial process
- Inadequate training opportunities for staff
- Poor co-operation with FCIB
- Sufficient financial and human resources are allocated by the Turkish government

### ACTIVITIES
- Harmonisation of the Turkish legislation with the Acquis
  - Evaluation and assessment of the current

### MEANS
- Twinning Contract
- Supply Contract
- Current legislation

### COSTS
- Full commitment of the involved authorities
<table>
<thead>
<tr>
<th>National Legislation</th>
<th>EU Legislation</th>
<th>Twinning Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of working groups to study the primary and secondary Turkish legislation in the relevant fields</td>
<td>Delivery of training</td>
<td>from an appropriate agency/ies in EU Member State/s</td>
</tr>
<tr>
<td>Specific delivery of training on EU acquis</td>
<td>The reports of the evaluation and assessment and the outputs of the assistance</td>
<td>Effective monitoring of project implementation</td>
</tr>
<tr>
<td>Assistance in the development/ drafting of corresponding legislation and implementation procedures</td>
<td></td>
<td>Timely availability of adequate resources</td>
</tr>
<tr>
<td>3.4.2. Development of the Turkish Government's policy on fighting money laundering, financial sources of crimes and terrorism financing</td>
<td></td>
<td>Staff will be released for training</td>
</tr>
<tr>
<td>Evaluation and assessment of the current national strategy</td>
<td></td>
<td>Staff will be able to absorb the training</td>
</tr>
<tr>
<td>Identification of training needs and the delivery of specific training for key policy makers and police officers regarding policy</td>
<td></td>
<td></td>
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<tr>
<td>Assistance in the development of a national strategy</td>
<td></td>
<td></td>
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<tr>
<td>Establishment of an inter-ministerial working group(s) to identify deficits, priorities and actions to be taken</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.3. Strengthening the capacity of Turkish Police to fight against money laundering, financial sources of crime and terrorist financing and to effectively implement the seizure and confiscation of the proceeds of crime</td>
<td></td>
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<tr>
<td>An assessment of the current systems, procedures, networks and processes involved in financial investigations and the collation and analysis of financial criminal intelligence and development of recommendations for improvements where necessary and future developments, including a special unit responsible for financial investigations and money laundering</td>
<td></td>
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<tr>
<td>Training list and curriculum which will be obtained from the identification of training needs, the reports of the evaluation and assessment and the outputs of the assistance</td>
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<td></td>
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<tr>
<td>Organisation and delivery of training for trainers, including study tours</td>
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<tr>
<td>Equipment provided</td>
<td></td>
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</tr>
<tr>
<td>Beneficiary’s own resources allocated for training</td>
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</tbody>
</table>
- Assistance in developing training & curriculum for police officers involved in financial criminal intelligence and financial investigations, including an “Anti-money laundering training manual”
- Assistance in the development of measures and procedures for the seizure, freezing and confiscation of the proceeds of crime
- General training to staff
- Specialised training to staff
- Specialised multi-disciplinary training programmes related to the financial sector
- Study visits to Member States
- Provision of equipment

### 3.4.4. Development of co-operation, at national and at international level

- Assessment of the structure and policies of the Turkish National Police responsible for national and international co-operation,
- Development of recommendations for national and international co-operation, exchange of information and financial data between relevant institutions,
- Establishment of working groups on joint investigation practices on money laundering cases and other financial crimes at national and international level, creation of conditions for seizing of proceeds from crime, implementation of the fight against terrorist financing and assistance in developing guidelines
- Assistance in the development of protocols/memoranda of understanding for co-operation between relevant institutions at national and international level,
- Study visits to Europol & Member States
- Delivery of a joint training course for Police, Financial Intelligence Unit

- Existing local and international bilateral agreements for co-operation
- Reports of the working groups
- Organisation and delivery of training for trainers, including study tours
- Training list and curriculum which will be obtained from the identification of training needs, the reports of the evaluation and assessment and the outputs of the assistance
ANNEX II

<table>
<thead>
<tr>
<th>ANNEX II IMPLEMENTATION CHART</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tbody>
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<td>I-Twinning</td>
<td>C C C</td>
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<td>I I I I I I I I I I I I I I I I</td>
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<tr>
<td>II-Supplies</td>
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<td>D D D D C C C C</td>
<td>C I I I I</td>
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<thead>
<tr>
<th>Design</th>
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<tbody>
<tr>
<td>Tendering and contracting</td>
<td>C</td>
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<tr>
<td>Implementation and Payments</td>
<td>I</td>
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</table>
### ANNEX – III Commitment and Disbursement Schedule

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<td><strong>Twinning</strong></td>
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<td></td>
<td><strong>1.225.000</strong></td>
</tr>
<tr>
<td>Cumulated</td>
<td>1.225.000</td>
<td>1.225.000</td>
<td>1.109.000</td>
<td>2.334.000</td>
<td>2.334.000</td>
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<td><strong>2.334.000</strong></td>
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<td><strong>Disbursed</strong></td>
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<tr>
<td><strong>Twinning</strong></td>
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<td>Supply</td>
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<td></td>
<td></td>
<td></td>
<td><strong>1.225.000</strong></td>
</tr>
<tr>
<td>Cumulated</td>
<td>459.375</td>
<td>74.407</td>
<td>74.407</td>
<td>74.407</td>
<td>74.407</td>
<td>74.407</td>
<td>74.407</td>
<td>74.407</td>
<td>74.407</td>
<td>244.780</td>
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</tr>
</tbody>
</table>

|        |         |        |         |          |         |        |         |          |         |        |         |          |              |
| **Twinning** |         |        |         |          |         |        |         |          |         |        |         |          |              |
| Supply  |         |        |         |          |         |        |         |          |         |        |         |          | **1.225.000** |
| Cumulated | 459.375 | 533.782 | 1.162.688 | 1.791.595 | 1.866.001 | 1.940.408 | 2.014.814 | 2.089.221 | 2.334.000 |        |         |          | **2.334.000** |
ANNEX IV: Indicative budget breakdown for twinning component

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>Amount in Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the fight against money laundering, financial sources of</td>
<td>1,225,000</td>
</tr>
<tr>
<td>crime and the financing of terrorism</td>
<td></td>
</tr>
<tr>
<td>-Long-term assistance and overall twinning project management (PAA)</td>
<td>400,000</td>
</tr>
<tr>
<td>- Project leader costs &amp; linguistic assistant</td>
<td>50,000</td>
</tr>
<tr>
<td>-Medium-term assistance</td>
<td>125,000</td>
</tr>
<tr>
<td>- Short-term assistance</td>
<td>300,000</td>
</tr>
<tr>
<td>- Seminars, workshops and study visits</td>
<td>300,000</td>
</tr>
<tr>
<td>Contingency</td>
<td>50,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,225,000</td>
</tr>
</tbody>
</table>
ANNEX V: Analysis of Equipment Needs

The Department of Anti Smuggling and Organized Crime has a functioning database programme, linking local units in all 81 provinces, which contains information regarding organized crimes including money laundering and other financial crimes. This database is currently not linked with other institutions.

Current information registered in the database includes the general profile of the suspects of narcotic, organised and financial crimes. This structure of the database and the features of the recorded information are not suitable for carrying out efficient investigations and analysis about financial crimes and tracing the financial sources of organized crimes. New hardware and software solutions appropriate to these purposes are necessary to carry out complex financial investigations and to increase the exchange of information and cooperation with the other institutions. A financial crime follow-up system does not exist.

The Financial Crime follow-up system will consist of hardware and software solution. Hardware for system should be up-to-date and must provide best performance for online querying. It should be designed in three-tier architecture. Software part of system will consist of SQL base and application. Application development will be held in customer premises.

Software should be developed in Client/Server model but serve also to Internet/Intranet users via Web browser. It should have advanced querying techniques and facility to manipulate date from different source bases such as Sysbase, Oracle, MS Sql, Informix, custom database structures.

Other hardware is necessary for creating the the standards for technical co-operation and exchanging of information between the financial institutions and the law enforcement bodies in Turkey and abroad. The implementation of standard analytical software on all included levels (system I2, recommended by Interpol, Europol and Eurojust) is also required.

Last but not least, the local units across the country as well as operational teams working outside do not have the necessary equipment to collect, process, evaluate and analyse data concerning criminal financial activities, suspicions of legalisation of proceeds from criminal activities and money laundering. The investment package aims to address this deficit with the provision of workstations and laptops for operational purposes.