

## Security program

In 2014, the Security Program's activities were focused on five key areas for the security sector reform in Bulgaria:

- **Enhancing the efficiency of anti-corruption efforts.** In order to support the work of the Bulgarian and Romanian internal police directorates, the Security Program developed a manual for corruption investigations. CSD experts contributed to the preparation of a manual presenting best practices for CSOs' involvement in drafting, implementing and monitoring anti-corruption policies in cooperation with government institutions.
- **Widening the scope of serious and organised crime threat assessment.** The Security Program contributed to the development of a draft Investigation manual on the financing of organised crime activities. A study of the effectiveness of specific criminal law measures targeting organised crime was finalised.
- **Enhancing border security policies** The Security Program was involved in the assessment of the main operational capability-based vulnerabilities in conducting border checks and in evaluating the implementation of the action financed under Schengen Facility II.
- **Management and disposal of seized and confiscated criminal assets in EU countries.** The Security Program organised a series of events dedicated to the social re-use of confiscated criminal assets. A study of the laws and practices for disposal of confiscated criminal assets compared the state of play in the 28 Member States and contributed to the process of developing common European standards for social re-use of confiscated assets.
- **Advocating policy evaluation practices in Bulgaria.** In its capacity of a founder of the cluster Bulgarian Association for Policy Evaluation CSD organised a series of events dedicated to the enhancement of the policy evaluation market in the country.

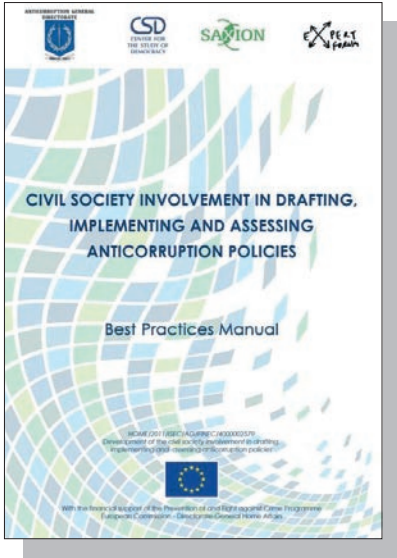
### I. Enhancing the efficiency of anti-corruption efforts

Corruption among police officers has been viewed with an increasing concern by the authorities and the public in many European states. During the last decade, several European countries developed multi-institutional systems for police integrity. On EU level, platforms like the European Partners against Corruption

(EPAC) were introduced, enabling specialised anti-corruption institutions to cooperate and share experience. In addition, Europol, Interpol and the UN developed and shared the blueprints of common standards and good practices in preventing police corruption.

In Bulgaria, the General Anti-Corruption Directorate of the Ministry of Interior (MoI) and the National Anti-Corruption

Directorate of the Prosecutor's Office are trying to make an impact on police corruption in agencies such as the Border Police and the Traffic Police, where corruption had been endemic.



In 2014, the Security Program continued its efforts to enhance the capacity of the internal security units of the Bulgarian and Romanian ministries of interior. To that end, the experts at CSD prepared

a manual for corruption investigations. Its purpose was to provide new officers a way of introducing investigative approaches to a variety of cases. Instead of presenting a standard investigative approach (e.g. the preparation of an investigative plan), the manual tried to explain the specifics in which investigative tools and procedures must be kept in mind. CSD also developed tools for preparing a situation analysis of the state of corruption within the Local Police Departments and the Regional MoI Directorates, which were subsequently formally adopted and implemented for regular use by the Ministry of Interior.

In 2014, the Security Program continued its work on an initiative focused on civil society involvement in drafting, implementing and assessing anti-corruption policies. CSD experts contributed to the preparation of a manual presenting promising examples of CSOs involvement in drafting, implementing and monitoring anti-corruption policies in cooperation with government institutions. The manual is specifically aimed at strengthening the cooperation between civil society organisations (CSOs) and public institutions with regard to

“When discussing a complex problem such as corruption, the parties involved might have very different viewpoints, which can lead to a polarisation of the discourse. CSOs, public institutions, academia, businesses and journalists often discuss corruption and their vision on how to curb it. In the meantime, they often become narrow-minded and fail to consider outside opinions. The psychology behind such a behaviour suggests that people are inclined to think that propositions by others have already been tried in the past or are not applicable in the given context. Consequently, individuals (and the organisation they represent) tend to become isolated by holding on tightly to their beliefs, identities and truths. When discussing corruption and potential approaches to solve it, organisations often consider taking a step back, studying it objectively and controlling it mechanically. This attitude further limits their ability to assess the situation realistically.”

**Source:** *Best Practices Manual: Civil Society Involvement in Drafting, Implementing and Assessing Anti-Corruption Policies.*

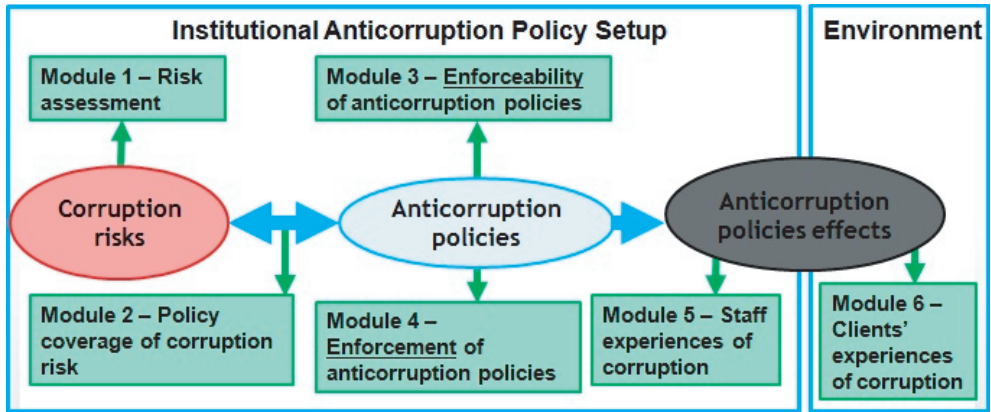
preventing and fighting corruption. Strengthening the role of CSOs in anti-corruption means thinking in systemic terms – how a corruption system can be broken and how it is possible to develop and improve national and local integrity systems.

The Manual describes good practices of cooperation which can be found in Romania, Bulgaria, the Netherlands and other EU and non-EU countries. The selected best practices are all good examples of the practical implementation of five characteristics that improve the role of CSOs in the integrity system and lead to a better cooperation between CSOs and public institutions: capacity building; advocacy campaigns and coalition building; watchdog and monitoring activities; raising public awareness of corruption; regional activities and local integrity.

The anti-corruption efforts of the Security Program also addressed the question of how anti-corruption enforcement monitoring can be best implemented in Europe. To that end, CSD experts started developing an Integrated Anti-Corruption Enforcement Monitoring Toolkit (IACEMT), a comprehensive set of tools for monitoring the delivery of national level anti-corruption enforcement and the dynamics of the incidence of corruption. The main objective of IACEMT is to measure the degree to which specific institutional settings have implemented the main anti-corruption principles. As a first step in the tool development process, a *Mapping Report* on the existing instruments for measuring corruption and monitoring anti-corruption policies' enforcement in EU Member States was drafted. It attempted to account for policy responses to corruption behaviour and measure both the level of prevalence of corruption behaviour and the level of control of such types of behaviour. The report

makes a distinction between assessment of anti-corruption policies and the measurement of corruption practices, regardless of their kind. It considers that actual corruption practices are easier to assess with quantitative measures than anti-corruption policies, but the general problem of the hidden nature of the corruption phenomenon has led to a great variety of tools and approaches – from directly asking people if they have participated in bribery to analysing complex economic indicators to assess indirectly corruption's scale in a particular field, or even measuring people's perception of corruption. This difficulty in defining and measuring the different corruption phenomena at different levels and in different fields has led to a staggering number of tools. CSD Mapping Report tries to unify some of the best practices in corruption assessment into a general standardised method that can be used in a wider variety of situations for a more in-depth analysis of corruption.

On 29-30 July, an Integrated Anti-Corruption Enforcement Monitoring Toolkit Workshop was held in Trento. During the event, Security Program experts presented the IACEMT methodology. They pointed out that the tool consists of six modules which should be applied successively in a given institution in order to explore its AC setup. Modules 1 and 2 aim to show whether the particular institution identified all anti-corruption risks and whether the institution developed any measures to neutralise them. Modules 3 and 4 measure to what extent the anti-corruption setup is being actually applied. Modules 5 and 6 aim to assess the effects of the functioning of the anti-corruption setup. In the ensuing discussion on the proposed methodology a number of useful recommendations were expressed. Prof. Alberto Vanucci from the University of Pisa noted that the methodology requires the specification of a feasible



framework using a well-circumscribed set of indicators and sources of information, where proxies have to be used to verify to what extent desirable results can be obtained with the tool.

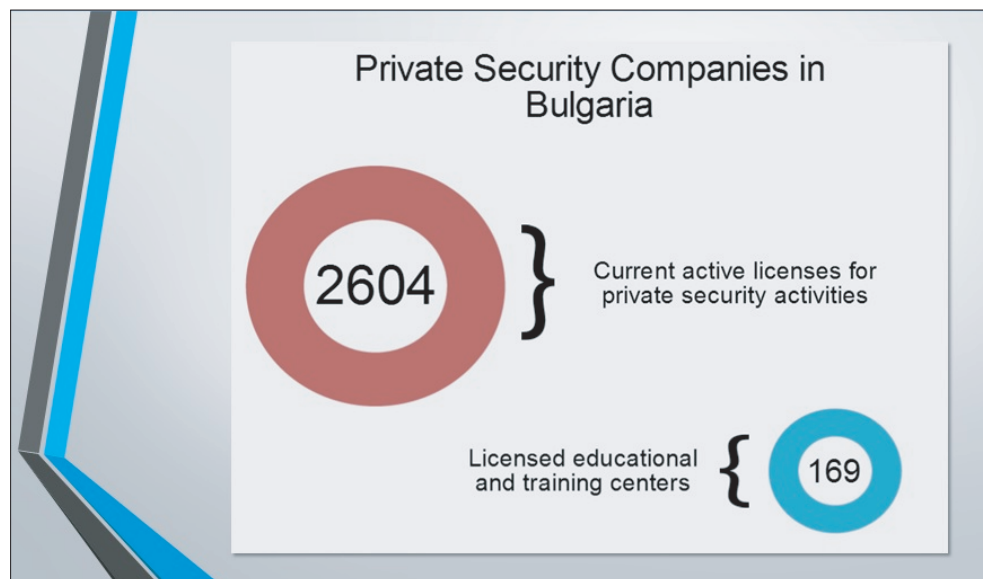
The Bulgarian experience in pilot testing of the tool was also presented to the participants in the workshop. CSD experts approached two Bulgarian institutions – the Border Police and Sofia Municipality. In both institutions a detailed list of activities and functions was compiled. On the basis of these lists experts from both organisations had to assess the corruption risk in the execution of each activity. A major difficulty encountered in the practical implementation of the tool at the Border Police Directorate was the arbitrary risk assessments provided by the different experts at the institutions and their unwillingness to go into details regarding particular mechanisms.

In 2014, CSD undertook another initiative targeting two critical aspects of the fight against corruption and organised crime: policy effectiveness and capacity building. The efforts are focused on assisting the government in reinvigorating its anti-corruption policies and increasing its capacity to counter the threat of organised crime, in particular complex economic crime. CSD will assess the present level of implementation of gov-

ernment policies and will propose policy measures and tools that will increase the government's capacity to counter these threats.

As private security companies (PSCs) grow in size and take over more and more security services that were previously provided by state actors, their impact on a national security, democracy, the rule of law, and human rights becomes increasingly significant. Especially in transition countries in Eastern Europe, PSCs can both alleviate and create insecurity and their activities can infringe on citizens' rights. In most Eastern European countries, regulatory frameworks have been introduced. However, there is a need to examine how well they function, how tailored they are to the country's specific challenges and how they are being implemented.

In 2014, CSD together with the Geneva Centre for the Democratic Control of Armed Forces (DCAF), Te Institute for Democracy and Mediation (IDM), the Kosovar Center for Security Studies (KCSS) and the Belgrade Centre for Security Policy (BCSP) initiated a study on private security companies in the Western Balkans. The aim is to facilitate an informed discussion on improving PSC regulation by proposing an exhaustive study into its state of play in three



*Presentation by Mr. Anton Kojouharov on "Private Security Companies in Bulgaria"*

Western Balkan countries and Bulgaria, as well as targeted policy recommendations based on international standards and best practices. By comparing the situation in post-conflict and post-authoritarian countries with little regulation (Albania) to those with recent regulatory developments (Serbia and Kosovo), to a new EU member which has not undergone conflict, but also suffers from organised crime and is a developing country in transition (Bulgaria), the project aims to identify a range of challenges specific to the Western Balkan region and adapt best practice in private security regulation from Eastern and Western Europe to the target countries.

On 10-11 June, a workshop to discuss the methodology of the study on private security companies was held in Geneva. Mr. Anton Kojouharov, analyst at CSD, presented the current state of affairs in the regulation of private security companies in Bulgaria by focusing on the statistics on the topic and outlining the main conflict areas. Ms. Nelleke van

Amstel, Project Coordinator at DCAF, presented the different approaches and standards for PSC regulation, their advantages and disadvantages. Dr. Alan Bryden, Assistant Director at DCAF, made a comprehensive overview of the study on the PSC market in Switzerland as an exemplary approach to researching PSCs in the Western Balkans.

A second workshop on PSCs was held in Tirana on September 23-24, 2014. CSD experts participated in the discussions on the common challenges and issues related to legislative developments in the Western Balkan countries and a methodology for a mapping study of PSC.

## **II. Widening the scope of serious and organised crime threat assessment**

The mechanisms and sources of financing for organised crime are often neglected in threat assessments, as more often than not they examine the pro-

ceeds derived from criminal activities instead of the funding that organised crime receives. Understanding this issue can provide critical insights of how organised criminal networks operate. There are many illicit markets (such as illicit excisable goods, trafficking in human beings, foreign currency counterfeiting, credit card fraud, and trafficking in stolen vehicles) where no systematic research has been undertaken in regards to the financial flows that enable criminal networks to enter certain markets and to fund their ongoing activities.

For the past two years CSD has been engaged in examining the various forms of financing and the criminal structures behind this financing in EU Member States. The efforts have also been targeted at exchanging best practices in investigating, analysing, and tackling financing of organised crime. In this regard, on 2 September CSD experts participated in a workshop on financing of organised crime activities with a specific focus on cocaine trafficking, illicit tobacco trade and organised VAT fraud. The workshop was hosted by the University of Trento and gathered representatives of tax and police authorities of eight EU Member States and experts from CSD and Teesside University (UK). Dr. Atanas Rusev, Senior Fellow at CSD, presented the specific case of organised VAT Fraud, underlining the distinct ways it affects Eastern and South-Eastern Europe as opposed to Western Europe. He also elaborated on the sources of financing, the settlements of payments between different actors, the costs needed to complete a fraudulent cycle and the profits of VAT fraud rings.


A draft version of an *Investigation Manual on the Financing of Organised Crime Activities* was presented at the

workshop. The manual sets out a methodical approach to financial investigation based on the existing EU law and practice and the related research carried out by CSD, the University of Teesside and the University of Trento. It catalogues good practices for conducting money laundering investigations and is designed for criminal justice staff at all levels.

The preliminary results of the CSD study on financing of organised crime groups were also presented at the 14th Annual Conference of the European Society of Criminology Eurocrime held on 10-13 September in Prague. Dr. Rusev made a short introduction into the methodology of the study, which included a survey among experts in the EU-27, follow-up interviews and 11 country case studies. The data gathered so far shows that both criminal and legitimate sources play important role in the financing of organised crime activities. Furthermore, most organised crime activities are to a large extent embedded in the legitimate economy, and are dependant on the legitimate financial institutions for their financial transactions.

In 2014, CSD continued its work on a study about possible future policy initiatives in the fight against organised crime, focusing on the effectiveness of specific criminal law measures targeting organised crime. The study is an evaluation of the practical application of legal and investigative tools in the fight against organised crime stemming from Council Framework Decision on the Fight Against Organised Crime,<sup>1</sup> other EU regulations and national legislation. It draws lessons on strengths, weaknesses, legal and implementation constraints, and EU added value of the Framework Decision transposition and of other national legal tools in the fight

<sup>1</sup> Council Framework Decision 2008/841/JHA, O.J. L 300/42.

CENTER FOR THE STUDY OF DEMOCRACY 

## What is the source of financing?

Large-scale fraud	Small-scale fraud
Money from previous cycles of VAT fraud	Money from previous cycles of VAT fraud
Money from the legitimate business	Credit from the importer
Personal savings of the ring leader	Advanced payment from end customer
Bank loan	Loan from a legitimate businessman
	Loan from criminal entrepreneur
	Pooling resources with other criminal entrepreneurs

[www.csd.bg](http://www.csd.bg)

*Presentation of Dr. Atanas Rusev on Investing in Illicit Markets: Sources and Mechanisms of Financing for Organised Crime Groups at Eurocrime 2014*

against organised crime. CSD research focused on the assessment of the practical application and impact of special investigative techniques in the fight against organised crime. It also aimed to identify good practices in EU/national investigative tools and the limits in their application as well as in the role of national specialised law enforcement agencies and international law enforcement agencies in implementing criminal law and investigative tools.

In 2014, Security Program experts conducted research on online trade of fake medicines in Bulgaria and the efforts of the authorities to fight this crime. Although not a cybercrime in its narrow definition, the online trade of counterfeit medicines is an the Internet-facilitated offense and contains some of the fea-

tures of cybercrime. The growing presence of the Internet-enabled criminality presents law-enforcement and prevention efforts with several challenges, including the speed of transactions and the multiple jurisdictions involved. In addition, hi-tech crime requires a hi-tech response, or at minimum specialised staff with the necessary skills to counter it. Many agencies tasked with tackling the Internet-facilitated crime lack expertise, staff and technical resources to maintain IT capability and keep up with new technologies. Another problem is that many jurisdictions, particularly in the EU, have strict privacy regulations that make investigation of online crime cumbersome and time-consuming. Increasingly, investigations of the Internet-facilitated crimes possess a cross-border dimension, which further

complicates enforcement efforts. These factors, exacerbated by potent social and financial motivators driving consumer behaviour, have assisted in making the online distribution of counterfeit medicines a growing issue with an alarming prevalence and turnover. The country report focuses on the legal framework in Bulgaria and the results of the virtual ethnography, which was employed as a main research method. The report also examines the profile of the consumer of counterfeit medicine and the main risk factors.

Another initiative undertaken by the Security Program in 2014 is aimed at developing and testing more reliable tools for measuring the extent of extortion racketeering in vulnerable industries and societal groups. Extortion racketeering has long been identified as one of the most effective tools used by organised crime in the accumulation of financial resources and the penetration of the legal economy. Recent media reports indicate that the economic downturn has brought a revival of these practices in a number of Member States like Bulgaria, Italy, and Spain, as many businesses have been struggling and have consequently been turning to illegal money lenders or stepping into the grey economy. This is why CSD will aim to promote and transfer victim-focused, pro-active approaches for the prevention and investigation of extortion racketeering thorough civil society involvement.

### III. Enhancing border security policies

The increased migratory pressure on European borders following the Syrian conflict raised questions concerning the reliability of local border-enforcement efforts. In this regard, the early detection in the first-line of border checks (FLBCs)

has been considered of paramount importance. It ensures efficient border controls, the internal security of the Union, and reliable data capture, risk analysis and planning of future operations.

CSD was commissioned by Frontex to assist EU Member States in their efforts to assess their respective capacities to face upcoming challenges in FLBCs and to close the gap and demonstrate the need and impact of capacity-building measures based on metrics of security performance. The study aims to set the groundwork for a harmonised assessment of the main operational capability-based vulnerabilities in conducting border checks. In addition, it is intended to contribute towards the development of a common approach towards assessing potential countermeasures to mitigate or remove such vulnerabilities.

The research efforts of CSD were also focused on the specific case of Bulgaria and Romania. From 2007 to 2009 the two states implemented *Schengen Facility Indicative Programmes* designed to strengthen and upgrade their external border control. It is indispensable for Bulgaria and Romania to have, at the time of their accession to the Schengen Area, external border control systems in place which are up to the standard of the Schengen Area members. In addition, in a recent report, Frontex stated that the migratory pressure at the Turkish-Bulgarian border has increased since Greece enhanced surveillance at its border with Turkey.

CSD experts took part in the evaluation of the implementation of the action financed under Schengen Facility II, conducted in line with Article 21(3) of Commission Regulation (EC, Euratom) No 2342/2002. The implementation of the Schengen Facility II was assessed across six evaluation themes: relevance,



effectiveness, efficiency, complementarity and coherence, sustainability and impact. The analysis took into account economic, social, cultural and psychological factors which might have influenced the implementation and impact of the Schengen Facility. CSD team carried out on-site visits at various facilities in Bulgaria and Romania where investments have been made in order to assess the availability as well as the usage and management of the purchased systems. The research was analysed through a number of case studies (5 for Bulgaria and 7 for Romania). The selected case studies for Bulgaria cover 79 % of all expenses eligible under the Schengen Facility for Bulgaria. They cover a variety of objectives and measures set out in the Bulgarian Indicative Programme: acquisition of new technical equipment for surveillance and control, upgrading of the national communications system (TETRA), and implementation of the national component of SIS II.

#### IV. Management and disposal of seized and confiscated criminal assets in EU countries

The confiscation of assets acquired from criminal activities has been a topical issue in recent years. According to contemporary theory and practice, the confiscation of proceeds of crimes is indispensable if the fight against serious criminality is to be effective. Moreover, the objective behind asset confiscation extends beyond depriving criminal enterprises of their ill-gotten gains. Being increasingly aware of the full array of considerations behind asset confiscation, EU Member States have turned their attention to compensating victims – individual victims and deprived communities alike – and to maintaining public confidence in the justice system.

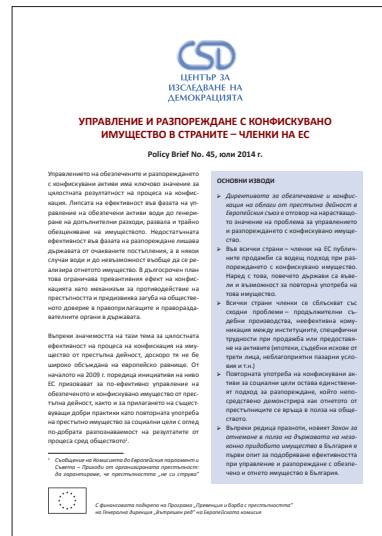
In 2014, the Center for the Study of Democracy continued its efforts to improve the management and disposal of



*Public discussion: Management and disposal of seized and confiscated criminal assets in EU countries, Sofia*

seized and confiscated criminal assets in EU Member States. To that end a series of events took place to disseminate information on the laws and practices in social re-use of confiscated criminal assets. On 11 July 2014, CSD hosted a public discussion on *Management and Disposal of Seized and Confiscated Criminal assets in EU Countries*. The aim of the event was to review the state of play, the significance and the recent developments in this field. Representatives of the Commission for Illegal Assets Forfeiture, the Supreme Court of Cassation and the National Revenue Agency took part in the discussion. Dr. Atanas Rusev, Research Fellow, made recommendations for improvement of the process of administration and utilisation of confiscated property in Bulgaria. Ms. Alessia Ceresa, researcher at the University of Palermo, presented best practices for application of the two main approaches in the re-use of confiscated property for social purposes – the direct re-use of confiscated assets, and

the use of the proceeds from the sale of confiscated property.



The policy brief *The Management and Disposal of Confiscated Criminal Assets in*



*Presentation on social re-use of confiscated assets, Bucharest*

**Table 1.**

<b>Policy proposals on EU level</b>	<b>Policy proposals on national level</b>
Minimal standards on funds for victim compensation	Value confiscation as a subsidiary option
Social re-use of confiscated assets – a disposal option of greater applicability	Statistically accurate data management systems on confiscated assets
Monitoring system – property is not back in the hands of organised crime	Specialised training
Establishment of central national specialised disposal authorities	Civil society role in the disposal phase
Mutual recognition of non-conviction based asset confiscation	Interagency cooperation and communication

*the EU Member States* points out that social re-use is the only form of disposal that guarantees the visibility of confiscated assets among citizens, since what stems from crime is explicitly given back to society. Still, these social purposes often conflict, in everyday life, with economic efficiency. In general, incentivisation schemes are easier to manage than social re-use schemes, since it is generally easier to handle money than property itself.

The results of the study on the practices for managing seized and confiscated property in the 28 EU Member States conducted by CSD and the University of Palermo were also presented in Bucharest, Brussels and Madrid. The events gathered experts from state institutions involved in the confiscation process, beneficiaries of programs for social re-use of confiscated assets, representatives of the judiciary and the NGO sector. The focus of each of the events was the experience of the host country in the use of confiscated assets for public and social purposes and the main difficulties encountered in this process.

The report *Disposal of Confiscated Assets in the EU Member States: Laws and Practices* reviews national confiscation legislations and notes marked differences among approaches to confiscation. It also pays special attention to the institutional dimensions of the disposal of confiscated assets and the meaning of the term ‘social re-use’. The study makes two sets of recommendations – proposals at EU level and proposals at national level. While the former argue in favour of legislative standards incorporated in the EU legal framework observing the subsidiarity principle, the latter concern the practices applied by the Member States with respect to the disposal of confiscated criminal assets.

## **V. Advocating policy evaluation practices in Bulgaria**

Security Program experts participated in the work of the Bulgarian Association for Policy Evaluation. At a round table on 24 April, CSD experts presented the approach of the Bulgarian institutions



*Working seminar on public policies evaluation*

in evaluating public policies. More specifically, with regard to internal security policies, the Bulgarian institutions have limited experience analyzing the implementation of the strategic documents

and action plans. The lack of traditions of the public administration in policy evaluation leads to poor prioritisation and low quality planning of subsequent actions.