



Project FINOCA 2.0

Financing Organised Crime Activities – focus on Trafficking in Human Beings

Project Number – HOME/2015/ISFP/AG/THBX/4000008751

TERMS of reference

1. Background

The study “Financing of Organised Crime Activities related to Trafficking in Human Beings” is part of the project FINOCA 2.0 (HOME/2015/ISFP/AG/THBX/4000008751), funded by European Commission – General Directorate Home Affairs under the ISF-Police Programme 2014-2020. The project is implemented by the Center for the Study of Democracy (co-ordinator), University of Trento (IT), Gent University (BE) and the National Institute for Advanced Studies in Security and Justice (FR). The study is also supported by the General Directorate Countering Organised Crime (BG), the Office Central pour la Répression de la Traite des Êtres Humains (FR) and the Belgium Federal Police (BE).

The broad aim of the study is to contribute to a better understanding of the financial aspects of human trafficking activities (source of capital, management of finances, profits, rationale of investments, etc.) in the EU and will formulate recommendations for smarter and more effective ways to prevent and tackle THB. The specific objectives of the study are as follows:

- 1) To contribute to a better understanding of the overall financial aspects of THB and, based on these findings, promote a more pro-active and wider use of financial investigations.
- 2) To examine how the rising use of the Internet by THB criminal entrepreneurs has changed the financial aspects of their activities and map emerging trends.
- 3) To take stock of the existing experience and good practices of EU law-enforcement authorities with regard to financial investigations of THB.

2. Geographical scope of the study.

The study would cover Bulgaria, Italy, Belgium, France, Netherlands, Romania, UK, Slovakia, Germany and Spain. The level of analysis would be national. The first 4 countries shall be covered by the partner organisations and the rest shall be covered through specifically contracted country researchers.

3. Thematic scope

The study would explore how OC groups involved in trafficking in human beings manage their criminal finances: how they access and raise capital for launching new or running their established criminal activities, how they manage financial flows into and out of their criminal enterprises, how they settle payments, how and where they invest their profits.

The study will focus particularly on two modalities of THB (namely THB for sexual and THB for labour exploitation), which will be researched in-depth and the thematic scope of the study will include the following major areas and topics:

- A. Mapping sources of capital for financing of OC activities
 - Market entry thresholds (how much money is actually needed in order to enter business)
 - The role of illicit vs. licit financing sources (e.g. revenues from legitimate companies, bank loans, etc.)
 - Own capital vs. borrowed capital
 - Reinvestment of criminal profits in the same vs other criminal activities
- B. Criminal money management
 - type and structure of costs, cost brackets
 - settlement of payments, structure of the payments, chains/networks
 - methods for payment (cash vs money transfers)
 - risk calculation (mark-ups, contingency funds)
 - access to capital in critical moments
 - investment in licit business vs investment in criminal enterprises
- C. The role of brokers and facilitators in criminal money management (e.g. legal and financial specialists, informal value transfer systems)
- D. The role of internet and new ICT technologies (social networks, instant messengers, video chats, peer-to-peer banking) and how they impacted criminal money management (impact on costs and profits, impact on financial transactions, etc.)

4. Data collection.

The general data-collection approach for this study will be based on in-depth country case studies. The country case studies will be conducted in 8-10 EU Member States with the assistance of country researchers with good track-record in conducting field research (in-depth interviews), well-established contacts with national authorities (i.e. police, prosecution, etc.) and possibly access to police/judicial files (closed/'cold' cases, databases, etc.). Each country study will be based on some or all of the following data sources:

- Desk review of relevant literature/surveys/available statistics for each country (number of registered victims, number of registered offenders, number of indictments and number of convictions); estimations about the size of the criminal market by relevant actors and organisations such as NGOs or academic circles may also be provided.
- Up to 20 in-depth face-to-face interviews with former and/or definitely convicted criminal entrepreneurs (depending on the level of access to prisons and incarceration

institutions), as well as interviews with relevant institutional actors (government, law enforcement, justice, specialized NGOs) and experts,

- Analysis of police / judicial case files ('cold cases')
- media reports (<http://emm.newsbrief.eu/NewsBrief/search/en/advanced.html>),

5. The case study interview protocol

The case study interview protocol is designed to facilitate consistency of data collection and subsequent analysis of the different aspects of criminal money management. The interview protocol is designed in 2 versions – one for criminal entrepreneurs and one for law enforcement / judicial and other experts (e.g. investigative journalists or academics who have conducted research on the issue of human trafficking). The interview protocol could also be used as an inventory to systemise data from police/judicial case files.

6. Tasks and deliverables of country researchers

The country researcher who agrees to take part in the study will be involved in the data collection phase, as well as in the analysis of the data on country level. **Each researcher shall cover at least two modalities of THB (e.g. THB for sexual and labour exploitation).** The country researchers would be expected to carry out the country study employing a combination of the following methods: desk review of relevant academic and grey literature; in-depth interviews with criminal entrepreneurs and law-enforcement experts, analysis of police and judicial files ('cold cases').

Certainly, some of these methods are dependent on obtaining official authorisation for access (e.g. access to police files, permission to conduct interviews in prison), so not all of these methods will be applicable in all countries. There are various country specifics when it comes to willingness of relevant national authorities to collaborate and provide access to police/judicial case files or provide permission to conduct interviews in prisons, as well as the different duration of the formal processes involved. Therefore in some countries there is a risk that this may result in impossibility to gain access within the time span of the study. Thus, it is expected that the desk review, media and other open sources data and most importantly the interviews will be at the core of the data collection process.

Each country researcher would be expected to organize and conduct up to 20 semi-structured interviews (the guidelines for the interviews are enlisted as Annex I to the ToR). The number of the interviews is indicative as quality of collected information is more important than sheer quantity. Below is a tentative list of respondents that could be approached (it is up to the researcher to decide, which of these stakeholders would be most relevant):

- law-enforcement officers (the following units should be covered: city/local police, THB unit and money laundering unit)
- magistrates,
- other experts (i.e. from labour inspectorate, knowledgeable investigative journalists, academics etc.)

It should also be noted that in some countries access to sources like police and judicial files might provide richer and more in-depth information than interviews. Therefore, if such is the case, the analysis of investigative/judicial files could be selected as primary source for the country report, while in-depth interviews could be accordingly reduced.

The **interviews with the criminal entrepreneurs** are deemed as most recommended source of data, since the lessons learnt from the first FINOCA study indicated that the law-enforcement experts and magistrates have limited or partial information on the issue of financing of OC. However reaching out to criminal entrepreneurs is more time consuming and therefore feasibility and time constraints should also be taken into account. The interviews with criminal entrepreneurs could be organised through approaching prison administration or resocialisation centres for ex-convicts.

Deliverables

- ✓ 20 interviews with law enforcement, judicial and other relevant experts
- ✓ Participation in 1-day methodology seminar in Sofia in the second half of May 2017 (the date shall be additionally provided)
- ✓ Development of 1 national report on financial aspects of THB (20-25 pages).

The timeframe for delivery of the final research products will be **6 months** and starts with the signing of the contract.

7. Country reports.

The country reports shall analyse at least 2 forms of trafficking in human beings. The analysis shall aim to assess the **differences and similarities** in the criminal financing aspects between the 2 forms of THB, as well as **the existing institutional and legislation gaps in ML investigations related to these offences**. Furthermore the analysis should aim to identify possible **recommendations and measures to improve ML investigations**. The results of the analysis should be summarised and presented in a single country report. The draft structure of the report is provided in Annex II.

8. Indicative budget

The maximum budget for this work will be as follows:

- National study in Romania: 4000 EUR
- National study in France: 10000 EUR
- National Study in Germany: 10000 EUR

One payment (100% of the budget) will be made after the full completion of the task.

9. Deadlines

Deadline	Deliverable	Notes
30 April	Signing of contracts	Coordinated by CSD and UGENT
31 May	Methodology seminar in Sofia	Specific date to be provided additionally
30 June	Update on data collection	Email/skype
30 July	Update on data collection	Email/skype
8 September	Update on data collection	Email/skype
2 October	Update on data collection	Email/skype
1 November	Update on data collection	Email/skype
30 November	Submission of draft country reports	Email/skype
15 December	Feedback and comments on country reports	Email/skype
1-15 January 2018	Revised versions of country reports	Email/skype

10. Integrated report

The country reports will be the basis for development of a common integrated report summarising the findings for all 10 EU country studies. The integrated report will be prepared with the joint effort of the 3 project partners – CSD, UNITN and UGENT. The aim of the report will be twofold: 1) to analyse the financial aspects of THB, as well as compare similarities and differences pertinent to the different modalities of THB or arising from the different modi operandi of OCGs; 2) to analyse strengths and weaknesses of financial investigations against THB OC groups in EU countries; 3) to contemplate on policy implications and draw recommendations.

11. Suggested further reading

The following list of publications might be helpful for further reading on the topic:

- ✓ CSD (2015) - Financing of Organised Crime Activities
- ✓ Reuter, P. (1986) - Disorganized Crime: Illegal Markets and the Mafia (Cambridge, Ma: MIT Press).
- ✓ Kleemans, E. R. (2013). Organized crime and the visible hand: A theoretical critique on the economic analysis of organized crime. *Criminology and Criminal Justice*, 13(5), 615–629. <http://doi.org/10.1177/1748895812465296>
- ✓ Levi, M. (2010) - Money for Crime and Money from Crime: Financing Crime and Laundering Crime Proceeds, *European Journal on Criminal Policy and Research*, 21(2)

- ✓ Dank, M., Khan, B., Downey, P. M., Kotonias, C., Mayer, D., Owens, C., Yu, L. (2014). Estimating the Size and Structure of the Underground Commercial Sex Economy in Eight Major US Cities.
- ✓ Englund, C., Viuhko, M., Jokinen, A., Aromaa, K., Resetnikova, A., Markina, A., ... Nilsen, M. (2008). The Organisation of Human Trafficking: A Study of Criminal Involvement in Sexual Exploitation in Sweden, Finland and Estonia. Stockholm. Retrieved from https://www.bra.se/download/18.cba82f7130f475a2f1800023448/1371914733517/2008_21_human_trafficking.pdf
- ✓ Korsell, L., Vesterhav, D., & Skinnari, J. (2011). Human trafficking and drug distribution in Sweden from a market perspective—similarities and differences. Trends in Organized Crime, 14(2-3), 100–124. <http://doi.org/10.1007/s12117-011-9124-2>
- ✓ Leman, J., & Janssens, S. (2008). The Albanian and Post-Soviet Business of Trafficking Women for Prostitution: Structural Developments and Financial Modus Operandi. European Journal of Criminology, 5(4), 433–451. <http://doi.org/10.1177/1477370808095125>
- ✓ Levitt, S. D., & Venkatesh, S. A. (2007). An empirical analysis of street-level prostitution. Preliminary Draft, (September). Retrieved from http://web.international.ucla.edu/media/files/levitt_venkatesh.pdf
- ✓ Petrunov, G. (2011). Managing money acquired from human trafficking: case study of sex trafficking from Bulgaria to Western Europe. Trends in Organized Crime, 14(2-3), 165–183. <http://doi.org/10.1007/s12117-011-9127-z>

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