

**PROJECT FICHE FOR PHARE 2006**

**for**

**HOME AFFAIRS**

**Developing the institutional system on prevention  
and combating money laundering and terrorism financing**

**PHARE 2006/018-147.03.12.5**

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## **1. Basic Information**

### **1.1 CRIS Number:**

PHARE 2006/018-147.03.12.5

### **1.2 Title:**

Developing the institutional system on prevention and combating money laundering and terrorism financing

### **1.3 Sector:**

Justice and Home Affairs

### **1.4 Location:**

ROMANIA, Bucharest

### **1.5 Duration:**

12 months

## **2. Objectives**

### **2.1 Overall Objective(s):**

Enhancing the institutional capacity of the anti-money laundering and fighting against terrorism financing system

### **2.2 Project purpose:**

Consolidating the NOPCML IT system for improving the efficiency and operability on anti-money laundering/terrorism financing

### **2.3 Accession Partnership (AP) and NPAA priority**

This project proposal addresses the areas defined in the accession partnership (AP) and the national programme for adoption of the acquis (NPAA) as short/medium-term priority for Romania's accession to the European Union, as follows:

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

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

Short term priority: National Plan for Adoption of the Acquis

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

## 2.4.Coherence with National Development Plan

Not applicable

## 2.5 Cross Border Impact

Not applicable

# 3 Description

## 3.1.Background and justification:

### The legal framework for prevention and sanctioning money laundering and terrorism financing

Money laundering and terrorism financing are global threats. For developed or under developing countries, these crimes compromise stability, transparency and efficiency of the financial systems.

Romania has created its legal and institutional framework on anti-money laundering since 1999, with the adoption of the Law no. 21/1999 for prevention and sanctioning money laundering. Recently, it has been taken into consideration the threat that could be brought by the financing of terrorism acts on national and international level. In this respect, adoption of the Law no. 230/2005 for amending and completing the Law no. 656/2002 for prevention and sanctioning money laundering and setting up some measures for prevention and combating terrorism financing criminalized the terrorism financing offence.

The Financial Intelligence Unit of Romania – the National Office for Prevention and Control of Money Laundering (NOPCML) - was set up by the Law no. 21/1999 for prevention and sanctioning money laundering, being a specialized body having legal personality, subordinated to the Romanian Government. The FIU acts as a filter between the reporting entities and beneficiaries of its financial analysis, the law enforcement agencies.

In accordance with the provisions of art.19 alin.2 of the Law no. 656/2002 for prevention and sanctioning money laundering and setting up some measures for prevention and combating terrorism financing, consequently amended and completed (by the Law no. 230/2005 and Law no. 36/2006), the activity of the Office is based on prevention and combating money laundering, in which purpose it receives, analyses, processes and notifies, under the existence of solid ground of money laundering, the General Prosecutor's Office (GPO) and/or National Anticorruption Department (NAD).

As a new element, in the art. 6 para 1 of the specific law, it is stipulated the attribution of the NOPCML to prevent and combat terrorism financing. According to this, the Office notifies, in the same time, the General Prosecutor's Office and Romanian Intelligence Service (RIS) as regards operations suspected of terrorism financing.

The Office is managed by a President, appointed from the Members of the Board's Office.

The Board of the Office is deliberative and decision-marker structure, its members being appointed for period of 5 years, by Governmental Decision.

The Board of the Office is formed by 7 members, as representatives of the Ministry of Justice, Ministry of Public Finances, Ministry of Administration and Interior, GPO, National Bank of Romania, Court of Account and Romanian Banks Association.

The Board composition ensures an objective and multidisciplinary analyses on suspicious transactions, the decisions being taken by majority vote.

In order to assess the organisation and functioning of the entire system for prevention and combating money laundering in Romania, it is needed to be mentioned the peer-review missions, held during the year 2005, placed in time consequently to the implementation of the second PHARE Project RO02-IB/JH-08, whose beneficiary was the NOPCML.

***Therefore, the following missions have been performed:***

❖ During the period 20-24 June 2005, it was held in Bucharest, the peer-review mission on Chapter 24 – Justice and Home Affairs, in which the activity of the National Office for Prevention and Combating Money Laundering was evaluated by the experts of the European Commission.

Based on the recommendations included in the report elaborated by the European Commission, subsequently to peer-review mission, the Office elaborated an Action Plan on activities and measures targeting, mainly, the real implementation of the legal anti-money obligations by the non-financial reporting entities, with special reference to the economic agents developing activities in the gambling field.

❖ During the period 11-13 July 2005, the peer-review mission of the experts of the European Commission was held in the field of financial services, in which the activity developed at the legislative and organizational level by the National Office for Prevention and Combating Money Laundering has been evaluated and appreciated as positive.

The Report of peer-review mission included the following recommendations for the institutions involved in the anti money laundering system:

- maintaining the efforts in the developing of the cooperation process between the Romanian institutions involved in combating money laundering;
  - improving the secondary legislation and addressing a special attention to the conditions on its implementation;
  - supervision of developments in the money remittance and exchange houses field, and covering these sectors by entering into force of a relevant legislation which should include: granting the license, reporting and strict rules of supervision.
- ❖ During the period 05-09 December 2005, the second peer-review mission of the European Union and Commission experts on Chapter 24 – Justice and Home Affairs, in particular, on assessing the fight against money laundering in Romania, took place.

The following conclusions and recommendations have been raised during the mission:

- the involvement of all institutions having attributions on anti-money laundering and terrorism financing is needed in drafting and adoption of legislative acts, for harmonising the current Romanian legislation in the field to the provisions of the 3<sup>rd</sup> EEC Directive;
- intensification of the efforts for implementation of the Action Plans for inter-institutional cooperation, elaborated and finalised within the PHARE Project RO02-IB/ JH-08;
- there is a need for a management audit to verify if adequate resources are allocated to the NOPCML and the system;
- due to the vacuum on compliance and supervision of some categories of financial and non-financial reporting entities, there are demands for solutions to be found out in covering these sectors.

In the same time, consequently to the Interim Evaluation of the European Pre-Accession Instrument PHARE performed by ECOTEC Romania over the projects financed by European Union in Romania, it was drafted the Report no. R/RO/JUS/0529.

The report includes the following recommendations:

- ***impact and sustainability of the Feasibility Study***: a coherent Action Plan should be developed by an inter-institutional working group, coordinated by NOPCML, to support the implementation of the recommendations in the Feasibility study; NOPCML should request further support, under PHARE 2006 or other financing sources, to assist the main institutions within AML chain in the development of the specialized database and the interconnected network;
- ***ensure the impact of the legislative proposals across the sector***: Ministry of Justice, NOPCML and Ministry of Public Finance should appoint a National Authority empowered to monitor money remittance activity, that should undertake the implementation of the money laundering legislation.

**The need for a follow-up to the activities performed within the PHARE Project RO02-IB/JH-08 and development of a new PHARE Programme may be sustained and justified by arguments listed below:**

- By the Feasibility Study on the NOPCML IT system prepared within the Technical Assistance Component, there were underlined and detailed future essential improvements, presented below in the Investments Component and Lessons Learned sections;
- It is still needed the improvement of the capacity for receiving data, processing and analyzing information within the NOPCML, mainly as regards enhancing the reporting system from non-financial sector;
- There is the necessity of strengthening the reporting and monitoring system, in particular, of the vulnerable sectors, which represent a high risk of being used in money laundering and terrorism financing schemes.

### 3.2 Sectorial rationale

N/A

#### 3.2.1 Identification of projects

N/A

#### 3.2.2 Sequencing

N/A

### 3.3 Results

R1) An optimized reporting system for the actual flow of the reports submitted to the NOPCML;

R2) A case management system set up, including administration of the notifications system submitted to GPO or, by case to NAD and RIS in accordance with the current legal provisions;

- R3) The improved capacity of the IT specialists from the Office in managing the IT system and study materials elaborated for using the systems from para 1) and 2);
- R4) An encrypted/decrypted-personalized system on the NOPCML documents;
- R5) A NOPCML system for information and communications set up in accordance with the Law no. 182/2002 for protection of classified information and dispositions of the Governmental Decision no. 585/2002 for the approval of the National Standards for protection of classified information in Romania and, respectively the provisions of the Government Decision nr. 781/2002 on protection of the classified information;
- R6) An INTRANET system for circulation of the documents within the Office in order to facilitate the operation way in real time;
- R7) A rejoined system for frequent utilized information, functional in incidental cases of security incidents.

### 3.4 Activities (including Means)

- A1) Realization of an on-line reporting system for the actual flow of the reports submitted to the NOPCML;
- A2) Establishment of a case management system which shall include administration of the notifications system submitted to GPO or, by case to DNA and RIS in accordance with the current legal provisions;
- A3) Organizing of the training sessions for the IT specialists from the Office and elaboration of the study materials for using the systems from para 1) and 2);
- A4) Creation of solutions for encrypting/decrypting personalized on the NOPCML documents;
- A5) Acquisition and accreditation of the information and communications system of the NOPCML, in accordance with the Law no. 182/2002 for protection of classified information and dispositions of the Governmental Decision no. 585/2002 for the approval of the National Standards for protection of classified information in Romania and, respectively the provisions of the Government Decision nr. 781/2002 on protection of the classified information, by purchasing the materials, equipments and specialized IT programs, and the contracting of the putting on and respective installations;
- A6) Realization of an INTRANET system for circulation of the documents within the Office in order to facilitate the operation way in real time;
- A7) Setting up a rejoined system for frequent utilized information, which shall be functional in incidental cases of security incidents.

Mean: Supply Contract

### 3.5 Linked Activities:

- a) **RO99-IB/JH-02** – Strengthening the capacity of Romanian institutions for prevention and combating money laundering
- b) **PHARE PROJECT RO02-IB/JH-08** - Integrated programme to strengthen the capacity of Romanian institutions involved in the fight against money laundering, the combat against the financing of terrorism and related organized crime

### 3.6 Lessons learned:

**The PHARE Project RO02-IB/JH-08 – TWINNING AND TECHNICAL ASSISTANCE COMPONENTS** entitled “Integrated programme to strengthen the capacity of Romanian institutions involved in the fight against money laundering, the combat against the financing of terrorism and related organised crime” has given a

significant contribution to strengthening the legislative framework and upgrading the institutions involved in AML and CTF in Romania in a relatively short period. It gave a substantial input to establish and set in motion a national system of inter-institutional cooperation and information flow on AML and ATF purposes.

**a. Recommendations included in the Final Report of the Twinning component – IT objective:**

- While the information and access to data from reporting entities/other institutions is satisfactory the NOPCML should explore also less formal ways for obtaining the information needed in the course of the financial analysis of the reports received (such as fax, telephone), especially when immediate action is needed.
  - The signing of protocols between the NOPCML and the other institutions involved in the AML/CTF process has contributed to smooth the information exchange process. The NOPCML and GPO are encouraged to sign a protocol to further improve their exchange of information. Direct sharing of information among institutions involved in the AML/CTF process would contribute to shorten the time required by the exchange of information process. Taking into account the experience of FIU.net, authorities are encouraged to explore ways to ensure real time direct sharing of information.
  - Additional testing, analysis of the data to be reported for completing the configuration and full dissemination of the Data Entry to all kind of reporting entities (financial and non financial) will have to be ensured by NO. The ultimate goal is to make available to reporting entities secure Internet reporting of transactions.
  - Deployment of the PDR will have to be realized by the National Office.
  - The release in production of the new WEB site will require the adaptation of the existing web hosting contract, which is out of the scope of the Twinning, because of the new technology of the improved new WEB site.
  - Even if the IT staff of the NO has been increased of one unit (from 3 to 4 staff), it is objectively understaffed with reference to the development processes of the IT systems.
  - The human resources needs could be addressed by means of few yearly contracts for software support and maintenance including a proper number of working days at NO's premises of an external consultant (e.g., those for Oracle and Microsoft technologies).
  - The management processes and workflow for IT activities at the NO require to be enhanced with reference to project methodology and planning, therefore a specific training is recommendable.
  - The involvement of the final users of the IT system (mainly the financial analysts) is essential and has to be planned from the earlier stage of every implementation project (according to the use of a suitable methodology for software development projects).
  - It is strongly recommended to dedicate the next development stage of the NO IT system to the consolidation of the existing systems (e.g. optimization, automation of manual tasks, integration of sub-systems, enhancement of components, and so on).
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- Follow-up may start from the achievements of the Project aiming at continuing strengthening sustainability.
  - For the short-term perspective many of the recommendations (such as those related to training issues) can be usefully targeted by the TA – as envisaged in designing the 3 components of the Project (Twinning, TA and IC). Training materials and packages realized under the twinning will be made available to the TA, so that dissemination and additional, capillary training can be carried out under TA.



## **B. Recommendations included in the Final Report of the Technical Assistance Component:**

Finalizing the duties and after a gradual familiarity with the Romanian internal practice and legal frame on AML acquired along the project implementation, the team feel allowed to summarize the following recommendations:

- a) The improvement of internet research capabilities;
- b) The empowerment of all LE agencies to conduct investigations;
- c) The organization of an open forum to discuss the information flow between institutions and the classification of data held by NOPCML;
- d) The adoption of “Money Laundering Reporting Officer” to describe the functions of (i) submitting the suspicious activity reports to the NOPCML and (ii) ensuring compliance with anti-money laundering laws and norms.

Within the Technical Assistance Component, it was realized the **Feasibility Study**, that identified gaps from existing to best practice situation. It grouped them by objectives and identified activities that can help to draw a path from the current to an enhanced situation.

- Objective 1: the interconnection of all private (financial service providers: banks, insurance and leasing companies, notaries etc.) and public (law enforcement agencies, prosecutors, lawyers and judges) bodies into one or few secured networks allowing online transfer of information. This covers procurement of network devices, linkage, encryption and secured access solutions, digital signatures.

- act 1.1 Interconnection of banks community with NOPCML (secured data transfer, and mail services included)
- act 1.2 Supply of office machines, servers, network devices and accompanying training for the strengthening of the NOPCML capacity
- Objective 2: the enhancement of the NOPCML data collection plan through integration of all types of transaction reports into a single integrated database, regardless of their sources or types. Such compartmented database will further content a layer for output of data processing activities, such as case matching, personal information, organized crime, offence codes, address and banks account matching etc.
- act 2.1: Development of an integrated Financial Transaction Reports database (tabular logs storage)
- act 2.2: Consolidated database for investigation (enhanced data model to cross reference FTR with other information and manage information from multiple sources - in correlation with activity 3.2)
- act 2.3: Email service between NOPCML and all its reporting partners to transfer as much as possible postal exchange to email exchange. (This shall respect already defined business rules).
- act 2.4 NOPCML Web service with secured access for low volume and occasional reporters (attorneys, notaries) to upload their forms or fill them online.

- Objective 3: a wider access granted to the law enforcement certified agencies to any piece of information that can help progress of a given case, or the birth of new cases. This shall be done as automatic as possible under the control of prosecutors and respecting rules stipulated within the law for protection of personal data, through implementation of a proper security layer, with business rules, on a case management system national solution used by both prosecutors and LEA communities

- 3.1 Case management system investigation module - CAMAS enhancement software development.
- 3.2 Procurement/Development of a case management instruction module to several institutions investigating money laundering, its potential predicated offences and potential financing of terrorism.

- 3.3 Case management system instruction module: Enhancement of the ECRIS for a better efficiency during instruction of cases
- Objective 4: the enhancement of the national capacity for identification, investigation (identification of predicative offence), and the prosecution of money laundering activities over the territory. Such capacity building could be assisted by larger procurement of goods into LEA forces emerging (anti money laundering brigade of the police) or poorly equipped (Financial Guard out of Bucharest). This is mainly procurement and training issue.
- act 4.1 Supply of office machines, network devices and accompanying training for the strengthening of financial guard capacities on the territory (focusing anti money laundering issue)
- act 4.2 Supply of training in the intelligence analysis domain (basic and advanced training on techniques, practicing of Contextor and i2 Analyst Notebook, Training of trainer and supply of training guidelines focusing on AML analyzing techniques)

#### 4 Institutional Framework

The main beneficiary of the project is the National Office for Prevention and Control of Money Laundering (NOPCML), which will also be the Implementing Authority of the project.

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

#### 5 Detailed Budget

	Phare/Pre-Accession Instrument support	Co-financing			Total Cost
€M		National Public Funds (*)	Other Sources (**)	Total Co-financing of Project	
Investment Component	1.00 MEURO	0.34 MEURO	-	0.34 MEURO	1.34 MEURO
<b>TOTAL</b>	1.00 MEURO	0.34 MEURO	-	0.34 MEURO	1.34 MEURO
<i>% of total public funds</i>	<i>max 75 %</i>	<i>min 25 %</i>			

<b>Total project 2006</b>	<b>1.00 MEURO</b>	<b>0.34 MEURO</b>	<b>-</b>	<b>0.34 MEURO</b>	<b>1.34 MEURO</b>
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(\*) contributions from National, Regional, Local, Municipal authorities, FIs loans to public entities, funds from public enterprises

(\*\*) private funds, FIs loans to private entities

## **6 Implementation Arrangements**

### **6.1 Implementing Agency**

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

Contact detail: PAO - Mrs. Carmen Rosu, General Director, CFCU, 44 Mircea Voda Bvd., Entrance B, Sector 3, Bucharest, Phone: +40.21.326.55.55; Fax: +40.21.326.87.09; +40.21.326.87.30

### **6.2 Implementing Authority**

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

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

### **6.3 Twinning**

N/A

### **6.4 Non-standard aspects**

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

### **6.5 Contracts**

The investment component will be implemented through 4 Supply Contracts, as follows:

- CONTRACT 1 “Setting up of electronic and secured data transfer systems and training ” – max. PHARE funding 0.275 MEURO.
- CONTRACT 2 “Case management system and training” – max. PHARE funding 0.145 MEURO.
- CONTRACT 3 “Acquisition of hardware and software components for accreditation of the information and communication system, in accordance with Law no. 182/2002 for protection of classified information”– max. PHARE funding 0.50 MEURO.
- CONTRACT 4 “Creating the system for disasters recovery” – max. PHARE funding 0.08 MEURO.

## **7 Implementation Schedule**

### **7.1 Start of tendering/call for proposals:**

December 2006

### **7.2 Start of project activity:**

April 2007

### **7.3 Project completion:**

April 2008

## **8 Equal Opportunity**

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

## **9 Environment**

Not applicable

## **10 Rates of return**

Not applicable

## **11 Investment criteria**

### **11.1 Catalytic effect**

Although the Romanian Government allocates from its own funds resources for modernisation and reform, these resources are very limited. The PHARE contribution will accelerate the process of developing the Romanian system on prevention and combating money laundering and terrorism financing.

### **11.2 Co-financing**

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

### **11.3 Additionality**

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

### **11.4 Project readiness and size**

The component of this project will only be financed by Phare, and co-funded in parallel from National Public Funds, if they are ready for contracting and when all necessary technical studies have been completed. Investment projects are complying with minimum project size requirements.

### **11.5 Sustainability**

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

- 11.6 Compliance with state aids provisions  
Not applicable.

## **12 Conditionality and sequencing**

The Implementing Authority will take responsibility to include the running costs and related maintenance costs in its own budget starting from 2006. Legal Framework enforced till the project start.

## **ANNEXES TO PROJECT FICHE**

1. Logframe in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule, by quarter, for full duration of project
4. For all projects: reference list of feasibility/pre-feasibility studies, in depth ex ante evaluations or other forms of preparatory work.
5. Reference list of relevant laws and regulations
6. Reference list of relevant strategic plans and studies
7. Lessons Learnt

## Annex 1 - Logframe

		Programme name and number	<b>PHARE 2006/018-147.03.12.5</b>
<b>Name of the project</b> <b>Developing institutional system on prevention and combating money laundering and terrorism financing</b>		Contracting period expires: November 2008	Disbursement period expires: November 2009
		Total budget 1.34 MEURO	Phare budget: 1.00 MEURO
<b>Overall objective</b>	<b>Relates to Copehagen criterion and acquis chapter</b>	<b>List of other projects with same objective</b>	
Enhancing the institutional capacity of the anti-money laundering and fighting against terrorism financing system	In accordance with the provisions of the Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and with the Strasbourg Convention no. 198/2005 on laundering, search, seizure and confiscation of proceeds obtained from crimes and on terrorism financing.	<b>a)RO99-IB/JH-02</b> – Strengthening the capacity of Romanian institutions for prevention and combating money laundering <b>b) PHARE PROJECT RO02-IB/JH-08 -</b> Integrated programme to strengthen the capacity of Romanian institutions involved in the fight against money laundering, the combat against the financing of terrorism and related organized crime	
<b>Project purpose)</b> Purpose Consolidating the NOPCML IT system for improving the efficiency and operability on	<b>Objectively verifiable indicators</b>  New software installed. At least 2-10 specialists in the NO, trained to operate the new software.	<b>Sources of Verification</b>  Regular reports of the beneficiary institutions and official records.	<b>Assumptions</b>

anti-money laundering/terrorism financing	Contracting of work and equipment	Accounting records of the beneficiary. Training attendance sheets.	
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<p>R1) An optimized reporting system for the actual flow of the reports submitted to the NOPCML;</p> <p>R2) A case management system set up, including administration of the notifications system submitted to GPO or, by case to NAD and RIS in accordance with the current legal provisions;</p> <p>R3) The improved capacity of the IT specialists from the Office in managing the IT system and study materials elaborated for using the systems from para 1) and 2);</p> <p>R4) An encrypted/decrypted-personalized system on the NOPCML documents;</p> <p>R5) A NOPCML system for information and communications set up in accordance with the Law no.</p>	Acquisition of IT equipment and software and training of the personnel of the NO in order to manage and process a high volume of information.	<p>Regular reports of the beneficiary institutions and official records.</p> <p>Accounting records of the beneficiary.</p>	<p>Full commitment of the parties involved.</p> <p>Timely and adequate resources available</p>

182/2002 for protection of classified information and dispositions of the Governmental Decision no. 585/2002 for the approval of the National Standards for protection of classified information in Romania and, respectively the provisions of the Government Decision nr. 781/2002 on protection of the classified information; R6) An INTRANET system for circulation of the documents within the Office in order to facilitate the operation way in real time; R7) A rejoined system for frequent utilized information, functional in incidental cases of security incidents.			
<b>Activities</b>	<b>Means</b>		<b>Assumptions</b>
A1) Realization of an on-line reporting system for the actual flow of the reports submitted to the NOPCML; A2) Establishment of a case management system which shall include administration of the notifications system submitted to GPO or, by case to	Supply Contract		



<p>DNA and RIS in accordance with the current legal provisions;</p> <p>A3) Organizing of the training sessions for the IT specialists from the Office and elaboration of the study materials for using the systems from para 1) and 2);</p> <p>A4) Creation of solutions for encrypting/decrypting personalized on the NOPCML documents;</p> <p>A5) Acquisition and accreditation of the information and communications system of the NOPCML, in accordance with the Law no. 182/2002 for protection of classified information and dispositions of the Governmental Decision no. 585/2002 for the approval of the National Standards for protection of classified information in Romania and, respectively the provisions of the Government Decision nr. 781/2002 on protection of the classified information, by purchasing the materials, equipments and specialized IT</p>			
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programs, and the contracting of the putting on and respective installations;

A6) Realization of an INTRANET system for circulation of the documents within the Office in order to facilitate the operation way in real time;

A7) Setting up a rejoined system for frequent utilized information, which shall be functional for disasters recovery.

## Annex 2 – Detailed Time Implementation Chart

Title: Developing the institutional system on prevention and combating money laundering and terrorism financing

COMPONENT	2006												2007												2008			
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A
Investment	D	D	D	D	D	D	D	D	D	D	D	C	C	C	C	C	I	I	I	I	I	I	I	I	I	I	I	X

D = Design      C = Contracting      R = Review

I = Implementation      X = Closure

## Annex 3 - Cumulative Contracting and Disbursement Schedule

Title: Developing the institutional system on prevention and combating money laundering and terrorism financing

All figures in million EURO

	31/03/20 06	30/06/20 06	30/09/20 06	31/12/20 06	30/03/20 07	31/06/20 07	31/09/20 07	31/12/20 07	30/03/20 08

<b>CONTRACT ED</b>		-	-	-	-	1.00	1.00	1.00	1.00
<b>DISBURSED</b>	-	-	-	-	-	0.60	0.60	0.9	1.00

NB: All contracting should normally be completed within 6-12 months and **must** be completed within 24 months of signature of the FM.  
All disbursements **must** be completed within 36 months of signature of the FM

#### **Annex 4 - Reference list of feasibility/pre-feasibility studies**

The executive summaries of economic and financial appraisals, environmental impact assessments

<b>Nr.</b>	<b>Project</b>	<b>Amount</b>
<b>1.</b>	Optimization of the reporting system for the actual flow of the reports submitted to the NOPCML;	<b>0.18 MEURO</b>
<b>2.</b>	Establishment of a case management system which shall include administration of the notifications system submitted to GPO or, by case to DNA and RIS in accordance with the current legal provisions;	<b>0.21 MEURO</b>
<b>3.</b>	Training of the IT specialist from the Office and elaboration of the study materials for using the systems from para 1) and 2);	<b>0.05 MEURO</b>
<b>4.</b>	Creation of a solutions for encrypting/decrypting personalized on the NOPCML documents;	<b>0.05 MEURO</b>
<b>5.</b>	Acquisition and accreditation of the information and communications system of the NOPCML, in accordance with the Law no. 182/2002 for protection of classified information and dispositions of the Governmental Decision no. 585/2002 for the approval of the National Standards for protection of classified information in Romania and, respectively the provisions of the Government Decision nr. 781/2002 on protection of the classified information, by purchasing the materials, equipments and specialized IT programs, and the contracting of the putting on and respective installations;	<b>0.60 MEURO</b>
<b>6.</b>	Realization of an INTRANET system for circulation of the documents within the Office in order to facilitate the operation way in real time;	<b>0.15 MEURO</b>
<b>7.</b>	Setting up a rejoined system for frequent utilized information, which shall be functional in incidental cases of security incidents.	<b>0.10 MEURO</b>
<b>TOTAL</b>		<b>1.34 MEURO</b>

## Annex 5 - Reference list of relevant laws and regulations

No.	ITEM		ADOPTED MEASURES	ACTIONS TO BE PERFORMED
1.	LEGISLATION	PRIMARY	<ul style="list-style-type: none"> <li>- Law no. 656/2002 on prevention and sanctioning of money laundering</li> <li>- Law nr. 230/13.07.2005 on amending and completion of the Law no. 656/2002</li> <li>- Law no. 36/2006 for approval of the Emergency Government Ordinance no. 135/29.09.2005 on amending of the Law no. 656/2002</li> </ul>	
		SECONDARY	<ul style="list-style-type: none"> <li>- Governmental Decision no. 479/2002 for approval of the Regulations for Organization and Functioning of NOPCML</li> <li>- Governmental Decision no. 762/2003<sup>1</sup></li> <li>- Governmental Decision no. 1078/2004<sup>2</sup></li> <li>- Governmental Decision no. 288/2006</li> <li>- Methodology on information analysis concerning the suspect transactions (the Decision of NOPCML's Board no. 1/06.08.2004)</li> <li>- Decision of NOPCML's Board no. 276/16.06.2005<sup>3</sup></li> </ul>	- A draft project concerning Regulations for organization and functioning of the institution, which shall be approved by Government Decision <b>(tentative date for approval: March 2006)</b>

□

<sup>1</sup> Amend the GD no. 479/2002

<sup>2</sup> Amend the GD no. 479/2002

<sup>3</sup> Decision on the format and the content of the Transaction Suspicious Rapport, of the Report for cash amounts, in ROL or in foreign currency, whose minimum limit represents the equivalent in ROL of 10.000 Euro, no matters if the transaction is done in one or several connected operations and of the Cross-border transfers Report in and from accounts, for amounts whose minimum limit is the equivalent in ROL of 10.000 Euro

## **Annex 6 - Reference list of relevant strategic plans and studies**

<b>No.</b>	<b>STUDIES</b>	Elaborated within the PHARE Project RO02- IB/JH-08 - Technical Assistance Component
2.	Comparative study on the Romanian Legislation and the European Legislation	
3.	Comparative study on the Romanian Legislation and the International Legal System	
4.	Study on Money Remittance in AML field and corresponding proposal to draft a regulation on the issue	
5.	Training curricula	
6.	Feasibility Study, on IT, incorporating the assessment of investment needs	

## Annex 7 - Lessons learnt from previous years

Identified Gaps or Recommended courses of intervention	Action for covering the Gap or implement the recommended intervention	Phare Programming (Project Reference)		
		2002	2005	2006
- Insufficient development of the NOPCML institutional capacities and resources; <sup>1</sup>	<ul style="list-style-type: none"> <li>- Developing the IT system of NOPCML in order to manage and process a high volume of information in accordance with legal provisions;</li> <li>- A NOPCML system for information and communications for protection of classified information</li> <li>- An INTRANET system for circulation of the documents within the Office in order to facilitate the operation way in real time;</li> <li>- A rejoined system for frequent utilized information, functional in incidental cases of security incidents.</li> </ul>	<p>Project PHARE RO02-IB/JH-08 (TW, TA, SUPPLY)</p> <p>&lt;Title: Integrated programme for strengthening the Romanian institutions in the fight against money laundering, combating terrorism financing and organized crime&gt;</p> <p>The project was implemented during Nov. 2003 – July 2005</p>	-	-
- Not enough human resources allocated to NOPCML's for accomplishing its legal responsibilities;	- Supplementing NOPCML's organizational scheme. <sup>2</sup>			
- Limited IT system capacity	- Drafting the study for enhancing the			

□

<sup>1</sup> Specify the source: Interim Evaluation Report – ECOTEC Romania, Final reports of the PHARE Project RO02-IB/JH-08 (TW and TA), Peer Reviews missions in 2005, Country Progress Report - 2005.

<sup>2</sup> The action will be financed from the state budget.



	<p>management processes and workflow for IT activities at the NOPCML with reference to project methodology and planning;</p> <ul style="list-style-type: none"> <li>- Drafting and implementation of an Action Plan according to the recommendations included in the Feasibility Study;</li> <li>- Training of the IT specialists</li> </ul>			
Improved capacity of the reporting entities, at central and territorial level, for detecting suspicious transactions and for providing adequate information to the NOPCML	<ul style="list-style-type: none"> <li>- Uniformization and standardization of activities for collecting information and reporting of suspicious transactions of money laundering and terrorism financing by reporting entities.</li> <li>- An optimized reporting system for the actual flow of the reports submitted to the NOPCML.</li> </ul>			
Improving the operation capacity of the NOPCML from the point of view of notifications sent to GPO, NAD and RIS	<ul style="list-style-type: none"> <li>- A case management system set up, including administration of the notifications system submitted to GPO or, by case to DNA and RIS in accordance with the current legal provisions.</li> </ul>			