

Standard Summary Project Fiche for the Transition Facility

1. Basic Information

- 1.1 CRIS Number: **2005/017-494-01-02**
Twinning Contract: LT/2005/IB/JH /01
- 1.2 Title: **Strengthening prosecution of fraud in Lithuania**
- 1.3 Sector: Justice and Home Affairs
- 1.4 Location: Prosecutor General's Office of the Republic of Lithuania

2. Objectives

2.1 Overall Objective(s):

The overall objective of this **0.5 MEUR** institution building project is to strengthen fight against fraud in the area of prosecution in Lithuania.

2.2 Project purpose:

The project will have the following purposes:

- to increase efficiency of criminal prosecution of fraud
- to implement specialization of fraud prosecutors
- to strengthen inter-institutional co-operation in the area of criminal prosecution of fraud

2.3 Justification

The *Comprehensive monitoring report on Lithuania's preparations for membership* (2003) states that the reform of the legal system and of the judiciary is almost completed. However, according to this Report "Prosecutors in particular need to be supported to perform their important new role as the head of pre-trial investigation" (*Section C.1. — Administrative and judicial capacity*).

The above mentioned Report (*Section C.2. — Chapter 24: Justice and home affairs*) also highlights the role of the establishment of an independent, reliable and efficient judiciary and police organization and concludes that institutions, inter-agency co-operation and co-ordination structures need further strengthening. The Report recognises fight against fraud as matter of key priority.

The Accession Treaty (2003) foresees protection of the Communities' financial interests and the fight against fraud and strengthening of the judicial system as a priority for the Transition Facility.

3. Description

3.1 Background and justification:

The Prosecutor's Office of the Republic of Lithuania, as the aggregate of prosecutors, is a state institution, which helps to ensure lawfulness and assists courts in the administration of justice.

In March 2003, the Seimas (Parliament) amended the Constitution in order to

strengthen the independence of the prosecutors. Accordingly, in April 2003, it also amended the Law on Public Prosecution, clarifying the status and the functions of the prosecutor, who now is the head of the pre-trial investigation and responsible for the supervision of the investigators (police, other specialised pre-trial institutions). A prosecutor is responsible for the pursuit of a public charge in criminal cases as well.

Economic criminal cases (especially, VAT fraud and smuggling) bring considerable damages to Lithuania's financial system. For instance, in 2003 there were 404 on-going investigations of smuggling and 134 newly initiated in the year 2004. As regards VAT fraud starting from the year 2004 there are 143 new investigations. Accordingly, fight against fraud is recognised as a priority of the Prosecutor's Office activities. With reference to wide range of powers given, the main task for the prosecutors is effective organisation and supervision of the pre-trial investigations of fraud that are carried out by a number of different pre-trial institutions such as Financial Crime Investigation Service under the Ministry of the Interior (FCIS), Police, Customs Criminal Service and Special Investigation Service. Taking into consideration a big number of acting institutions within the institutional framework of the pre-trial proceedings, the co-operation and co-ordination issues become a key factor. This is also mentioned in the *Comprehensive monitoring report on Lithuania's preparations for membership* (2003) that stressed a need of continuous attention for smooth co-operation and co-ordination between the police and the prosecuting and judicial bodies.

It should be mentioned that new forms of fraud related to the financial assistance from the EU have appeared. Starting from 2004 there are 13 criminal investigations of fraud against EU financial interests (related to PHARE, SAPARD programmes).

Having considered that Lithuania receives financial assistance from EU by pre-accession instruments (PHARE, ISPA and SAPARD) and starts getting considerable assistance from EU structural funds, the Prosecutor's Office needs to prepare necessary administrative structures and capacities in order to be able to fight against possible fraud related to EU financial interests. Therefore, the Prosecutor's Office is facing a number of new challenges within the coming years for which the EU experience is needed, such as:

- assistance in assessment and improvement of the actual legal framework in the area of prosecution of fraud by means of criminal procedure¹;
- assistance in implementation of specialization of fraud prosecutors;
- assistance in assessment and improvement of the inter-institutional co-operation of all the institutions concerned.

Accordingly, the assistance in form of Twinning arrangement would be of considerable value. The Twinning input would allow getting experience on fraud tendencies in other EU member states, to identify common problems and to exchange the best practices of fighting against fraud.

¹ In 2004 on behalf of OLAF a SIGMA assessment on the administrative and operational capacity of the Lithuanian AFCOS was carried out. However, this assessment fails to cover particular and wide enough area of prosecution of fraud by means of national criminal procedure.

Concerning implementation of the specialization of fraud prosecutors the PGO has already made some preparations. On 28th of May 2003 the Prosecutor General appointed the prosecutors (at present 24 prosecutors) who are responsible for prosecution of crimes related to the EU financial interests and for co-operation with the competent institutions. Namely, the prosecutors who specialize in economic crime prosecution, in addition to their current duties, have acquired new powers to conduct the prosecution related to protection of the EU financial interests. These specialized prosecutors should ensure comprehensive co-operation within Lithuanian AFCOS (Anti Fraud Coordinating Structure).

However, those specialised prosecutors have not enough knowledge and experience for prosecution of new forms of fraud related to EU financial interests. Accordingly, it is important to increase their professional capacities via establishment and implementation of specific training schemes and transpose the best EU practice in this area.

The proposed project is relevant and will properly support further development of fight against fraud within the Prosecutor's Office. Fast and proper implementation of this project would facilitate adequate protection of Communities' financial interests *by means of criminal procedure*. Without Transition Facility support, this objective could be achieved only much later.

During the preparation of the project the civil society was not consulted, whereas the project is connected with implementation of criminal framework.

3.2 Linked activities:

- Phare project no. LT 01.07.02 *Strengthening the Capacity of Lithuania's Judiciary*, connected only to training of prosecutors in the area of judicial co-operation in criminal matters. PGO assisted the Ministry of Justice (as the Lithuanian Twining partner) in organizing seminars for prosecutors. Budget of Twining 0,45 MEUR (main beneficiary the Ministry of Justice). Project is completed.
- In the framework of the 2001 agreement between the Lithuanian Prosecutor's General Office and the Swedish Prosecutor General's Office (the financial party has been Swedish International Development Co-operation Agency (Sida) 3 seminars for prosecutors were organised on economic crime investigation, organised crime, training. In 2001, 8 prosecutors have conducted study trip to Swedish prosecution services. Project budget 407.000 SEK. Project is completed.
- Phare 2003 project no. 2003.004-341.05.02 "*Strengthening the National Capacities of the Lithuanian Prosecution*". This on-going project is focused on implementation of new national legal framework in the area of prosecution, strengthening administrative/managing system of the Prosecutor's Office, reinforcement of training system, development of the prosecutor offices' network. Budget of Twining 0,84 MEUR. The Twining will be finished by January 2006.
- Bilateral project with the Danish Prosecutor General's Office under FEU programme. This project was implemented during 2003-2004 and was

focused on training of top and middle level prosecutors in the area of administration, assessment of audit system, training of prosecutors on application of new national legislation, drafting of long term strategy of the Prosecutor's Office. Project budget 1.150.000 DKK. Project is completed.

- Phare 2003 Multi-country programme “*Anti-fraud programme for the protection of the financial interests of the Community*”. This programme is of a wider scope targeted at supporting the Lithuanian Anti Fraud Coordinating Structure (AFCOS). The beneficiary of this programme is the Financial Crime Investigation Service under the Ministry of Interior. Prosecutors participated in part of this project activities, however, there is particular need to organise more specialised training in area of criminal procedure.
- Project proposed for the Transition Facility 2005: “*Protection of the Communities' financial interests and fight against fraud*” prepared by the Financial Crime Investigation Service under the Ministry of Interior. The project will involve several components: development of fraud and irregularities prevention system for the FCIS; strengthening operational and technical capacity within the FCIS for applying special investigative methods in the fight against fraud; enhancement of the professional capacity of the FCIS. The objective, purpose, and activities of the mentioned project do not overlap with this project: *Strengthening prosecution of fraud in Lithuania*

3.3 Results:

- Legal framework in the area of prosecution of fraud assessed, recommendations on necessary amendments (and its implementation) prepared and implemented.
- Relevant specialised training schemes established, training material prepared and training provided, specialization of fraud prosecutors implemented.
- Proposals and recommendations on strengthening inter-institutional co-operation in the area of criminal prosecution of fraud prepared.

3.4 Activities:

The project will be carried out with the help of one Twinning Arrangement.

3.4.1. Twinning and Training Package

All Twinning activities shall be implemented in close co-operation between the Twinning partners.

Scope of Twinning

Required inputs:

A 1-year RTA providing a general project management support and advice concerning requirements for the reinforcement of prosecution of fraud, implementation of training programmes, also on strengthening inter-institutional co-operation . Additionally the RTA will possess the following qualifications:

- Experience in project management;
- Strong administrative and communication skills;
- Good knowledge of the prosecution services in EU Member States;
- Experience of working with the practical administration and implementation of the Acquis in the area of prosecution of fraud;
- Experience of working in area of prosecution of fraud;
- Fluency in English (written and spoken).

Short and medium term experts:

A group of short - term experts (STEs) for 10 p/m* will work in the following areas:

Strengthening prosecution of fraud in Lithuania (3 p/m)

- Convey the EU best practice in this field and prepare recommendations on making appropriate transpositions
- Assess the actual national legal framework in this field (with regard to Acquis in area of protection of the Communities' financial interests and the fight against fraud as well) and prepare recommendations on relevant improvements
- Assist in making proposals for ensuring better recovery of fraud damages in a criminal procedure
- Make proposals on the best use of existing legal instruments (in the area of co-operation in criminal matters) and EU-bodies in order to facilitate prosecution of fraud
- Prepare recommendations, identify measures and develop the strategic concept and action plan for further strengthening of prosecution of fraud with particular regard to EU fraud.

Required qualifications:

- Strong administrative and communication skills
- Good knowledge in prosecution of fraud in his/her own country and other EU Member States
- Previous work in prosecution area
- Fluency in English (written and spoken)

Implementation specialization of fraud prosecutors (4 p/m)

- Assist in establishment of a comprehensive training scheme for fraud prosecutors
- Indicate and analyze additional training needs, prepare necessary training programmes and relevant training material for fraud prosecutors
- Train approximately 3 trainers (prosecutors from the Prosecutor's Office) according to formulated training programmes for prosecutors concerning fraud.
- Carry out internships for up to 4 fraud prosecutors in competent prosecution authorities abroad in order to get familiarize with the best prosecution practice in fight against fraud

* Number of STE's input required might vary depending on consultations with Twining partner. The exact number will be defined while drafting the Twining Contract

- Assist in initiation and organisation of workshops on fight against fraud involving both prosecutors and judges
- Carry out necessary trainings for 80 prosecutors from various prosecutors' offices and train on a basis of continuous training approximately 80 prosecutors from various prosecutors' offices. These trainings should be focused on:
 - o Various types of EU fraud;
 - o VAT fraud;
 - o Smuggling;
 - o Investment fraud;
 - o Stock exchange fraud;
 - o Fraud against creditors;
 - o Fraud (in general).
 - o Role of OLAF, Eurojust

Required qualifications:

- Excellent knowledge of the existing training system in his/her own country (with particular regard to training of prosecutors);
- Practical experience in preparation and implementation of training programmes and schemes;
- Experience of training in Acquis and EU criminal law related subjects
- Strong administrative and communication skills
- Good knowledge in prosecution of fraud in his/her own country and other EU Member States
- Fluency in English (written and spoken)

Strengthening inter-institutional co-operation in the area of criminal prosecution of fraud (3 p/m)

- Convey the EU best practice in this field and prepare recommendations on making appropriate transpositions
- Assess the actual system of inter-institutional co-operation and make adequate proposals on its structure
- Assist in identification of key problems in this sector and preparation of necessary action plans
- Assist in establishment of monitoring system for better inter-institutional co-operation in the area of criminal prosecution of fraud

Required qualifications:

- Strong administrative and communication skills
- Experience on structure of inter-institutional co-operation.
- Good knowledge in prosecution of fraud in his/her own country and other EU Member States
- Previous work in prosecution area
- Fluency in English (written and spoken)

The Management and Control Division of PGO will be a counterpart for the Twinning project. To ensure smooth operations, it will provide office accommodation and usual office equipment to the project.

3.5 Lessons learned:

The Commission has for several years provided technical assistance to support all acceding and candidate countries to meet the criteria established for accession to the EU. In May 2002 a Phare multi-country “Anti-fraud programme for the protection of the financial interests of the Community” was approved by the Commission aiming to assist the new Member States and Candidate Countries’ in meeting their obligations ensuing from the Treaty and from other legislative acts on the protection of the financial interests of the Community by putting into place effective protection mechanisms on the basis of experience gained by the Member States and the Commission. Between spring 2003 and the end of 2004 (to continue until the middle of October 2005) the Commission has organized a number of trainings and study visits in the areas of EU fraud, economic crime, money laundering, risk analysis, definition of irregularities and other specialized areas closely linked to the prevention, detection and recovery (follow-up of EU fraud) for all new Member States. Overall, the results of the activities have been good, but at the same time it is recognized that more specialized training will be needed in the near future to be organized particularly through workshops in small groups.

However this Transition Facility project is the first specialized in area of prosecution of fraud by means of national criminal procedure.

4. Institutional Framework

The Project will be co-ordinated by the Prosecutor General’s Office (PGO).

The Project should cover PGO and relevant territorial prosecutor’s offices. Contact persons from these offices for the implementation of this project will be appointed.

Management and Control Division of PGO will be responsible for co-ordination of the project implementation. Project implementation will involve day-to-day contacts with relevant subdivisions of PGO and other territorial prosecutor’s offices. Representatives of these structures will participate in the Steering Committee, established by PGO, which will have the overall responsibility for supervision of the Project implementation. The Steering Committee will also include representatives of the EU Representation, Central Project Management Agency and the National Aid Coordinator (Ministry of Finance), as observers.

5. Detailed Budget (in MEUR)

€M	Transition Facility Support			Co-financing			Total Cost (TF plus Co-financing)
	Investment Support	Institution Building	Total Transition Facility (=I+IB)	National Public Funds	Other Sources	Total Co-financing of the project	
Twinning		0.5	0.5				0.5
Total		0.5	0.5				0.5

6. Implementation Arrangements

6.1 Implementing Agency

The Implementing Agency is the CPMA. The CPMA will be responsible for tendering and contracting:

PAO: Mr. Aloyzas Vitkauskas, Director of the CPMA
Address: J. Tumo Vaizganto 8a/2 Telephone: + 370 5 251 44 00
2600 Vilnius Fax: + 370 5 251 44 01
Lithuania E-mail: info@cpma.lt

SPO: Mr. Vytautas Barkauskas , Deputy Prosecutor General
Address: A. Smetonos 4 Telephone: + 370 5 266 23 04
2709 Vilnius Fax: + 370 5 266 23 17
Lithuania E-mail: barkauV@lrgp.lt

The responsibility for technical project preparation, implementation and control will remain with the beneficiary institution.

6.2 Twinning

The Twinning Team will be located in the Prosecutor General's Office (PGO). The contact person for the Twinning will be Mr. Tomas Krusna, Prosecutor General's Office, Management and Control Division, Prosecutor Tel: +370 5 2662 404, Fax: +370 5 2662 317, e-mail: krusnat@lrgp.lt .

6.3 Non-standard aspects

There are no non-standard aspects. The project will be implemented under the EDIS rules.

6.4 Contracts

There will be 1 tendering operation in the project.

Value of Twinning Contract	0.5 MEUR
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7. Implementation Schedule

Component	Start of Tendering	Start of Project Activity	Project completion
Twinning	3Q/05	1Q/06	4Q/07

8. Sustainability

Relevant government policies ensure sustainability.

PGO has foreseen adequate staff and financial resources to maintain administrative function. The Management and Control Division of PGO will be counterpart for the Twinning project. To ensure smooth operations, it will provide office accommodation and usual office equipment to the project.

9. Conditionality and sequencing

Sufficient human resources will be made available by PGO and other involved institutions for timely implementation of all planned operations.

The Prosecutor's Office commits itself to making prosecution of EU fraud a far higher priority in the future.

The project will be sequenced as shown in the schedule provided in Annex 2.

There is no need for special preparatory work for the twinning component until the stage of selection of the Twinning partner. The beneficiary institution is ready to implement the project.

The key milestones in this project are:

- Appointment of the Twinning Member State;
- Commencement of Twinning;
- Assessment of legal framework regarding prosecution of fraud and preparation of recommendations;
- Preparation of training schemes and provision of training.

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)

Annex 1

LOGFRAME PLANNING MATRIX FOR Project: Strengthening prosecution of fraud in Lithuania		Programme name and number:	2005 Transition Facility
		Contracting period expires: 4Q/07	Disbursement period expires: 4Q/08
		Total Budget: 0.5 MEUR	Transition Facility Budget: 0.5 MEUR
Overall Objective Strengthening fight against fraud in the area of prosecution in Lithuania	Objectively Verifiable Indicators Lithuanian prosecution of fraud operates at the similar level as the best practice in Member States by the end of the project implementation.	Source of Verification <ul style="list-style-type: none"> • Performance Reports of the Prosecutor General's Office • Implementation status reports for JMC • Monitoring reports for SMSC • Project evaluation reports 	
Project Purpose <ul style="list-style-type: none"> • to increase efficiency of criminal prosecution of fraud • to implement specialization of fraud prosecutors • to strengthen inter-institutional co-operation in the area of criminal prosecution of fraud 	Objectively Verifiable Indicators By the end of the project: <ul style="list-style-type: none"> • prosecution of fraud fits the standards of best EU practice ; • criminal proceedings are carried out in an expedient manner; • Approximately 80 Lithuanian prosecutors trained according specialised training schemes; • Documented proposals for the strengthening of the inter-institutional co-operation in the area of prosecution of fraud available. 	Source of Verification <ul style="list-style-type: none"> • Performance reports of the Prosecutor General's Office • Statistical data • Project reports • Implementation status reports for JMC • Monitoring reports for SMSC • Project evaluation reports 	Assumptions <ul style="list-style-type: none"> • Continued Governmental commitment to fight fraud • Trained staff can be retained at the Prosecutor's Office

Results	Objectively Verifiable Indicators	Source of Verification	Assumptions
<ul style="list-style-type: none"> • Legal framework in the area of prosecution of fraud assessed, recommendations on necessary amendments (and its implementation) prepared and implemented. • Relevant specialised training schemes established, training material prepared and training provided, specialization of fraud prosecutors implemented. • Proposals and recommendations on strengthening inter-institutional co-operation in the area of criminal prosecution of fraud prepared. 	<p>By the end of the project:</p> <ul style="list-style-type: none"> • Documented proposals for further strengthening of prosecution of fraud prepared and implemented • 3 trainers trained concerning prosecution of fraud • Approximately 80 Lithuanian prosecutors trained through the prepared training programme • Documented proposals for the strengthening of the inter-institutional co-operation in the area of prosecution of fraud available 	<ul style="list-style-type: none"> • Project reports • Implementation status reports for JMC • Monitoring reports for SMSC • Project evaluation reports • Training materials • Laws, regulations adopted 	<ul style="list-style-type: none"> • Trained staff can be retained at Prosecutor's Office • Adequate provision from state budget • Effective inter-institutional co-operation

Activities	Means	Source of Verification	Assumptions
<p><u>Strengthening prosecution of fraud in Lithuania</u></p> <ul style="list-style-type: none"> • Convey the EU best practice in this field and prepare recommendations on making appropriate transpositions • Assess the actual national legal framework in this field (with regard to Acquis in area of protection of the Communities' financial interests and the fight against fraud as well) and prepare recommendations on relevant improvements • Assist in making proposals for ensuring better recovery of fraud damages in a criminal procedure • Make proposals on the best use of existing legal instruments (in the area of co-operation in criminal matters) and EU-bodies in order to facilitate prosecution of fraud • Prepare recommendations, identify measures and develop the strategic concept and action plan for further strengthening prosecution of fraud with particular regard to EU fraud. <p><u>Implementation of specialization of fraud prosecutors</u></p> <ul style="list-style-type: none"> • Assist in establishment of a comprehensive training scheme for fraud prosecutors • Indicate and analyze additional training needs, prepare necessary training programmes and relevant training material for fraud prosecutors • Train approximately 3 trainers (prosecutors from the Prosecutor's Office) according to formulated training programmes for prosecutors concerning fraud. • Carry out internships for up to 4 fraud prosecutors in competent prosecution authorities abroad in order to get familiarized with the best prosecution practice in fight against fraud • Assist in initiation and organisation of workshops on fight against fraud involving both prosecutors and judges • Carry out necessary trainings for 80 prosecutors from various prosecutors' offices and train on a basis of continuous training approximately 80 prosecutors from various prosecutors' offices. <p><u>Strengthening inter-institutional co-operation in the area of criminal prosecution of fraud</u></p> <ul style="list-style-type: none"> • Convey the EU best practice in this field and prepare recommendations on making appropriate transpositions • Assess the actual system of inter-institutional co-operation and make adequate proposals on its structure • Assist in identification of key problems in this sector and preparation of necessary action plans • Assist in establishment of monitoring system for better inter-institutional co-operation in the area of criminal prosecution of fraud 	<p>One Twinning arrangement, including 1 RTA for 1 year and a group of STEs (10 p/m)</p>	<ul style="list-style-type: none"> • Project reports • Implementation status reports for JMC • Monitoring reports for SMSC; • Laws, regulations adopted 	<ul style="list-style-type: none"> • Qualified Twinning Partner can be found • Adequate staff recruited at the Prosecutor's Office • Successful start and smooth implementation of the project. • Efficient inter-institutional co-operation during implementation of the project

	Preconditions All financial contributions available when required
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Detailed Implementation Chart for the Project

Year	2005												2006												2007												
Month	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Twining																																					



Cumulative Contracting and Disbursement Schedule (Transition Facility Contribution only - 0.5 MEUR)

	2005		2006				2007			
	30/09	31/12	31/03	30/06	30/09	31/12	31/03	30/06	30/09	31/12
<i>Contracting</i>										
• Twining			0.5							
Total contracting (cumulative)			0.5							
<i>Disbursement</i>										
• Twining			0.3	0.3375	0.375	0.4125	0.45	0.5		
Total disbursement (cumulative)			0.3	0.3375	0.375	0.4125	0.45	0.5		