# **Application form**

Information to be filled out by the Commission			
Fund/Instrument	Specific Objective	Specific Action	Reference of the call
Internal Security Fund (ISF)	SO2	EMPACT	ISF/2022/SA/2.2.1

N.B. This application form is composed of a non-exhaustive list of information required by the Commission services to assess an application. Please note that for the assessment, additional information may be requested if needed.

Part. 1-Administrative information

A) General information			
Member State(s)	National Specific Action (Indicate your Member State)	ESTONIA	
	Transnational Specific Action (Indicate the participating Member States)	LATVIA LITHUANIA	
Title of the project	TACKLING EXCISE CRIME IN THE BALTIC REGION		

	B) Participants and contacts
	Full legal name of the Managing Authority (in English)
Identity of the (lead)	Ministry of the Interior of the Republic of Estonia  Legal representative of the Managing Authority
Managing Authority	Legal representative of the Managing Additionty
	<u>Title/First Name/Last Name:</u> Mr Tarmo Miilits
	Position: Secretary General
	<u>Title/First Name/Last Name:</u> Ms Ülle Leht
Contact details of the	Position: Adviser
contact point for the specific action	<u>Direct telephone + country code number:</u> +372 612 5078
specific action	E-mail: ylle.leht@siseministeerium.ee
	Contact details of the person responsible for implementing the project if successful:
	ESTONIAN TAX AND CUSTOMS BOARD
	Mr Raigo Uukkivi Mr Siim Rudissaar
	Position: Head of the Division; Investigation Department
	Direct telephone + country code number: +3725216984
	E-mail: siim.rudissaar@emta.ee
Written declaration	The Ministry of the Interior of the Demublic of Fetenia (Managing
from the (lead) Managing Authority	The Ministry of the Interior of the Republic of Estonia (Managing Authority for the Internal Security Fund in Estonia) agrees with the project proposal and agrees to include the project into Estonian Internal Security
Provide a declaration from	Fund program and to implement it, if the application is successful.
the authority agreeing	
with the project proposal and accepting to include it	
in its programme and to	
implement it, if the	
application is successful	
<b>n.b.</b> Managing Authorities	from other Member States are invited to fill in the partnership declaration form
Project Beneficiaries	Main project beneficiary (if different from the Managing Authority): ESTONIAN TAX AND CUSTOMS BOARD
Froject belieficiaries	Mr Raigo Uukkivi

list all the project beneficiaries	Other project beneficiaries (including other Member State entities if relevant): Ministry of the Interior of the Republic of Lithuania (Managing Authority); beneficiary in Lithuania: LITHUANIAN CUSTOMS CRIMINAL SERVICE	
	Ministry of the Interior of the Republic of Latvia (Managing Authority); beneficiary in Latvia: LATVIAN STATE REVENUE SERVICE	
Exchange of information between the Managing Authority	Has the Managing Authority exchanged information with the project beneficiaries about the conditions under the Member State's Program to ensure compliance with national and EU rules for funding?:  ⊠ Yes □ No Comments:	
and the project beneficiaries	Do all partners agree on all the legal and financial obligations in implementing this project?:  ⊠ Yes □ No Comments:	

# Part 2. Presentation of the project

## **Project description**

Provide a short summary of the project (max ½ page) that could be published online and presents clearly and briefly what you will do and why and what you expect to be the concrete outputs once the project is implemented

The project "Baltic states' tackling excise crime' is led by Estonian Tax and Customs Board (ETCB); Co applicants are: (1) Lithuanian Customs Criminal Service (CCS) and (2) Latvian State Revenue Service (SRS). The project is a supplement to EMPACT EXCISE OA 2.7 <u>'Tackling excise fraud in the Baltic Sea region'.</u>

The project objective/aim is to reduce excise criminality and excise tax gap in the Baltic region and EU overall by increasing the efficiency and capabilities of the participating authorities in fight against shadow economy (illegal tobacco, fuel, alcohol) in the European Union (EU)/ Baltic region.

The following activities will be implemented in the frames of the project:

- (1) Joint collaboration events (meetings, trainings, study visits) will be organized for EE, LT, LV and excise investigators and other law enforcement officers (customs, border guard, police) involved in excise control;
- (2) Technical equipment will be purchased to support excise related criminal investigations in the region;

(3) Support will be provided to EE, LV, LT excise crime related criminal investigations – by financing costs related to operational activities - meetings, translation, rental and other costs covered under this specific ISF instrument.

The implementation of the above mentioned activities leads to the following results:

Regional excise investigators/other law enforcement officers involved in excise control will have:

- Better awareness of the excise crime and how to tackle with it;
- Better knowledge about Europol capabilities and increased use of Europol (EFFEC) services (e.g. Siena, EPE platform, Europol analysis capability) and Frontex support (Eurofusion services);
- Better knowledge about EMPACT capabilities and actions;
- Better collaboration in the region;
- Technical capabilities, are improved to conduct through excise crime investigations;

### Provide a description of the project including:

- a) the general objectives of the project,
- b) the actors and Member States involved,
- c) the activities carried out under the project,
  - d) the challenges addressed, and
  - e) the expected (quantified) results
- a) The project's general objective is to increase the efficiency and capacity of the excise related criminal investigations in the EU/Baltic region; Through better regional collaboration, up to date/available technical equipment and use of services/cooperation via Europol and EMPACT; These are prerequisites for successful cross border/EU wide excise related criminal investigations. These activities will favour better/equal economic environment and better tax collection in the participating countries and EU overall.
- b) The actors involved are: Estonian Tax and Customs Board project leader, and the two partners Latvian State Revenue Service and the Lithuanian Customs Criminal Service. Regional law enforcement officers from Finland, Sweden, Poland and EU agencies Europol, Frontex, OLAF, Eurojust, EPPO will also be invited to participate in some collaboration events organized in the frame of the project. Costs related to their participation will be covered by themselves.
- c) The activities carried out under the project are:
- (1) Organize joint trainings/workshops/awareness sessions/exercises for excise crime investigators in the Baltic region to improve mutual confidence, exchange and disseminate know-how, information, experiences and best practices regarding excise-financial investigations, modus operandi's and other relevant topics; Also organize national multi agency trainings to promote and to raise awareness about Europol and EMPACT (also other international agencies) services and products;
- (2) Purchase technical (special, surveillance related) equipment to support excise related criminal investigations in the region;
- (3) Support excise crime related criminal investigations by financing the costs related to operational activities meetings, translation, rental and other costs covered under this specific ISF instrument.

- d) The challenges addressed are: According to the Nielsen cigarettes empty pack survey in LT non-domestic packs in Q3 2021 were 22% (Q4 2020 it were 21,5%), in LV 15,8% (Q4 2020 it were 20,4%) and in Estonia 13,1% (Q4 2020 it were 9,5%). In 2021 Lithuania was the 2nd MS in the European Union on seized illegal cigarettes (over 200 million cigarettes). In recent years Latvian LEA's have dismantled several illegal cigarettes factories, but still more are suspected to be active. Most of the seized cigarettes in the EU originate from Belarussian factory Neman. In Estonia the share of illegal alcohol is ca 15-20%. Also, in Latvia and Lithuania detected offences regarding illegal alcohol. In Estonia excise tax loss regarding illegal fuel is ca 30 million euros per year. To illustrate situation on 'designer fuel' production according data on the known production of 'designer fuel' in the EU MS in 2021. No1 producer is Latvia (114,24 mio kg) and second country is SK (17,43 mio kg). Excise crime is by its nature covert cross border crime. Priorities, approaches, tactics and knowledge in tackling this type of criminality differ from country to country. That's why we should build up better collaboration in the region and coordinate our actions and investigations to be more efficient and successful.
- e) As a result of the project: (1) law enforcement block tackling with excise crime in the Baltic region will have more collaboration better information exchange (use of SIENA) more joint-cross border-impactful investigations (under EMPACT umbrella); (2) criminal investigators form the participating authorities are going to have better understanding of opportunities available by international cooperation and Europol support and capabilities; (3) technical support for the criminal investigations are available and up to date; and with it, the investigations are going to be more efficient; (4) excise investigators have sufficient financial resources available for operational activities, translations and other costs, what might occur during the investigation.

It is planned to organize at least 23 collaboration events - trainings, meetings, workshops for 336 officers; Purchase 120 pieces of technical equipment; And support multiple criminal investigations by financing translation, vehicle rent, meetings etc.

# Only for transnational project

### Describe the arrangements agreed by the participating Member States

(division of tasks between participating entities, indicative timetable, distribution of the funding between participating entities, organisation of financial management among the participating entities, linguistic regime and reporting, monitoring, control and audit arrangements)

The division of tasks is the following: This project is managed by the Investigation Department of the Estonian Tax and Customs Board (ETCB);

Lithuanian Customs Criminal Service (CCS) and (2) Latvian State Revenue Service (SRS) are partners.

- (1) Common training events are discussed and agreed with project partners and organized by ETCB.
- (2) Training events are organized also by each country individually, because it is more feasible to introduce some topics e.g. cooperation with Europol/EMPACT in the national language. (3) Technical equipment will be purchased by each project partner individually, due to the fact, that type of technical tools vary and needs differ from country to county. (4) Cross boarder investigations support related activities are initiated by all project actors individually.

Please see section B of this document for indicative timetable.

The overall budget of the project is 1 000 000 euros (including 100 000 eur co-financing contributed by all project actors and 900 000 eur ISF support), which will used during 3 years.

The funding will be distributed as follows:

- 1) To organize workshops/meetings and training sessions/exercises 282 000 eur (125 000 eur for EE, 55 000 eur for LV; 102 000 eur for LT)
- 2) To purchase equipment for 350 000 eur (116 668 eur for EE, 116 666 eur for LV; 116 666 eur for LT)
- 3) Support excise related criminal investigations by covering applicable costs 288 000 eur (96 000 eur for EE, 96 000 eur for LV, 96 000 eur for LT)
- 4) Staff and management related costs 80 000 eur (for EE)

The EU will allocate the share of each project actor to the programme of each Member State. The ETCB project manager creates special work stream, for this project in ETCB document handling system, where all project related financial documents concerning Estonia's costs are registered and archived. This is going to be a central point for financial management where all made costs related to this project are centrally available. The same goes with partners – all costs are registered in the document handling systems.

The overall language of the project is English. In some occasions e.g. Europol/EMPACT related or other trainings where participating law enforcement officers are national, then Estonia, Latvian or Lithuanian language might be used. Project monitoring repots will be done in English. Project partners will submit project implementation information to the to the main project beneficiary upon request.

The project costs will be audited by the relevant Auditing Authorities of the project actors.

Is the EU funding for the specific action to be allocated to:

□ Option 1: The programme of the lead Member State in its entirety?

□ Option 2: The programme of each partner Member State

# A) Relevance of the project

1. Clarity, correspondence and consistency of the project with the objectives of the call

Explain how this proposal addresses the objectives in the call for expression of interest

Tackling EXCISE fraud is one of the priorities (criminal topics) for the fight against organized and serious crime under the EU Policy Cycle/EMPACT.

This project complements the activities done within the frames of EMPACT Excise OA 2.7 - "tackling excise fraud in the Baltic Sea region" and includes activities related to the common horizontal strategic goals (CHSGs): capacity building through training, networking and innovation, the development or update of the criminal intelligence picture and intelligence-led coordinated controls and operations targeting trade in illicit goods; investigations and judicial response, with a specific focus on high-risk criminal networks (HRCN) and key individuals.

The aim of the project is to bring together the law enforcement authorities and judicial partners responsible for contributing to internal security and the fight against serious and organized crime to boost coordination and judicial cooperation to increase effectiveness in their investigations to tackle criminal networks.

During the meetings (workshops) contributing experts will share intelligence picture and demonstrate current operational working methods describing collection and analysis of intelligence, covert and open investigative steps and asset recovery measures, profiling and risk indicators.

Owing to their very different modus operandi we will be able to cover most of the main forms of illegal excise trade such as illegal manufacturing within the EU, cross-border smuggling, excise fraud via the fraudulent exploitation of transit or excise movement (EMCS) procedures, contraband via railway by using cover loads etc.

To effectively disrupt and deter criminals involved in serious and organized crime, law enforcement authorities need to follow the money trail as a regular part of their criminal investigations with the objective of seizing criminal profits.

And of course up to date technical (special) equipment will support our efforts to efficiently investigate excise related fraud.

Altogether those activities will effectively contribute to the overall objectives of the European Multidisciplinary Platform Against Criminal Threats (EMPACT) and priorities and horizontal goals.

### 2 Cost-effectiveness, sustainability and complementarity of the project with other funding sources for EMPACT

Describe how the project was conceived in order to ensure cost-effectiveness and sustainability and to be complementary to the actions implemented under EMPACT:

This project complements the activities done within the frames of EMPACT EXCISE OA 2.7. within OA 2.7 we have foreseen to organize two meetings for EE,LV,LT, FI, SE, PL, SK excise crime investigators and Europol, Frontex representatives. Together with Frontex we will carry out Joint Action Days "Arktos4". In the frames of these EMPACT OA 2.7 meetings JAD Arktos is prepared and implemented and cross-border operational/ investigations are discussed and developed.

Financial and economic crimes encompass a range of different criminal activities, from simple fraud to large-scale sophisticated financial schemes and cross-border criminal smuggling networks, often combining licit and illicit financial transactions. This mix of legal and illegal often makes it challenging for law enforcement authorities to investigate the true extent of these illegal activities.

Law enforcement authorities countering these phenomena are challenged by the inherent cross-border nature of these activities, the necessity to cooperate with multiple authorities including customs authorities and the role of judicial co-operation during court proceedings. Border guards and customs are strategic partners in securing the EU external borders. To better cope with the challenges, and in order to enhance the EU Internal Security, border guards and customs and police authorities shall work together within their respective mandates in a systematic manner.

Under this call/ project we would like to approach this area of crime in systematic manner and complementarily to organize meetings/workshops/trainings to raise awareness/ increase capacity and to build mutual confidence and via use of technical solutions increase efficiency in our investigations.

In addition, during training sessions and meetings we will discuss the impacts of war in Ukraine and plan joint efforts how to mitigate the risks and prepare to tackle post-war criminality in the Baltic region as Ukraine is in our neighbourhood and lot of refugees have already settled in in the Baltics and Poland.

Presentations and other training material produced during trainings are going to be shared among the participants and with CEPOL.

The purchased equipment can be used in future in addition to excise criminal investigations also for other serious and organised crime investigations under tax and customs authorities' umbrella-

As result of the project, co-operation will be smoother between project participants. Also, the work will be more efficient - we estimate that the prevented tax loss thanks to quantities of seized goods will be:

In Estonia every year 250 000, in total 750 000 Eur In Latvia every year 1 mio, in total 3 million Eur In Lithuania every year 1 mio, in total 3 million Eur

# B) Quality and content of the project

# 1 Design, organization and management

Describe the planned implementation methodology, the organization of work and strategy for project management and monitoring, including the coordination mechanism between project's partners

This project will be managed, implemented, coordinated and monitored by the Investigation Department of the Tax and Customs Board of Estonia (ETCB) by Mr Siim Rudissaar and Mr Neeme Rohtjärv; Additionally by a manager, who is hired (if and when the grant is awarded, from grant funds) mainly for administrative/organizational support.

Project partner Lithuanian Customs Criminal Service (CCS) is represented by Mr Adas Eidukevicus and Mr Evaldas Visockas;

Project partner Latvian State Revenue Service (SRS) is represented by Ms. Dace Piroga and Mr. Andris Kalvis.

All project actors are supported by their country central ISF coordinators.

The project manager in ETCB is going to request regular reports/organize regular meetings about the implementing of the project from all participants.

Funding will be distributed between the ISF programs of the three project partners as follows:

Estonia total sum 417 668 EUR (125 000 EUR for trainings, 116 668 EUR for equipment, 96 000 EUR for supporting cross-border excise investigations, 80 000 for management costs);

Latvia total sum 267 666 EUR (55 000 EUR for trainings, 116 666 EUR for equipment and 96 000 EUR for supporting cross-border excise investigations);

Lithuania total sum 314 666 EUR (102 000 EUR for trainings, 116 666 EUR for equipment, and 96 000 EUR for supporting cross-border excise investigations).

# 2 Involvement of EMPACT stakeholders

Indicate the level of involvement and cooperation of relevant competent authorities from the group of EU Member States working in EMPACT

All participants — ETCB, CCS and SRS are leaders/ co-leaders of the EMPACT EXCISE OAP OA 2.7 'Tackling excise fraud in the Baltic Sea region' which is is a specific collaboration platform under the named OAP, which tackles with excise crime in the Baltic Sea area. This platform has been used under EMPACT since 2018 with rotating leadership of the action by the above named participating countries/authorities.

EMPACT EXCISE driver Mr Adas Eidukevicus is involved and participating in this project/application initiative.

PL, SK, FI, SE are participants of OA 2.7 and also Europol, OLAF, Frontex.

3 Involvement of all relevant EU entities  Indicate the level of involvement and cooperation of all relevant EU entities (Institutions, Bodies and Agencies)	This activity aims to involve Europol and Frontex. E.g. when having trainings introducing Europol services to participating countries excises investigators; When having investigations, involving Europol to info exchange and analysis (ad-hoc).  Frontex will be invited to raise awareness regarding their products and services (for example Eurofusion services).  Also EPPO and Eurojust will be invited to trainings to raise awareness regarding judicial cooperation legal bases and best practices.
	Project start: (after grant is received)
4 Indicative Timetable  Indicate and justify the duration of the project and its activities (to be aligned with budget form)	2022-2025 Meeting of the project leading group (organized by EE) for 8 people (EE, LV, LT) (4x) (kick off (1x), yearly meeting (2x), closing meeting (1x).  2022-2025 Meeting/workshop of the EE, LV, LT excise investigators (4x)
	(this meeting is organized 3x by EE and 1x LV ) for a'30 officers (total 120 officers)
	2022-2025 Meeting to introduce Europol/EMPACT services/capabilities in EE (5x) for a' 15 law enforcement officers (total 75 officers)
	2022-2025 Meeting to introduce Europol/EMPACT services/capabilities in LV (3x) for max a'30 law enforcement officers (total 90 officers)
	2022-2025 Study visits to Europol (6x) for 6 officers LT (total 6 officers)
	2022-2025 IT tools/analysis training for excise fraud investigators (3x) for EE, LV, LT for max 15 officers (this training is organized by LT) (total 45 officers)
	2022-2025 Purchase of the technical equipment in EE 2022-2025 Purchase of the technical equipment in LV 2022-2025 Purchase of the technical equipment in LT
	2022-2025 Supporting excise related criminal investigations in EE (ad-hoc)
	2022-2025 Supporting excise related criminal investigations in LV (ad-hoc) 2022-2025 Supporting excise related criminal investigations in LT (ad-hoc).

Justification of the overall amount (and per Member State in case of transnational project) of the budget<sup>1</sup>

The overall requested amount is 900 000 EUR (MS adding 100 000 from their national budgets); This is to be used to implement above named actions; With the goal to: Increase the efficiency and capabilities of the participating authorities in fight against excise (tobacco, fuel, alcohol) criminality in the European Union (EU)/Baltic region.

# 5 Information on the budget

(to be aligned with budget form)

This forecast calculation has been made based on previous experience when organizing training events e.g. funded by ISF - Europol Trainee project in 2013, EMPACT LVG's in 2019 and 2021.

### Requested co-financing rate

Requested co-financing rate %: 90%

Total EU contribution + 6% Technical Assistance

Total EU contribution EUR: 900 000 eur 6% Technical Assistance EUR: 54 000 eur

Total amount to be committed to Member State's amended programme

Total EUR: 1 054 000 eur (900 000 eur EU contribution for project activities + 100 000 eur co-financing + 54 000 eur TA)

### Including:

<u>Estonia:</u> 417 668 eur (375 901,2 eur EU contribution + 41 766,8 eur cofinancing from Estonia) + 6% TA 22 554,07 eur

<u>Latvia:</u> 267 666 eur (240 899,4 eur EU contribution + 26 766,6 eur cofinancing from Latvia) + 6% TA 14 453,96 eur

<u>Lithuania:</u> 314 666 eur (283 199,4 eur EU contribution + 31 466,6 eur co-finanacing from Lithuania) + 6% TA 16 991,96 eur

### Statement from the Managing Authority

Declaration indicating that the project proposal, including the information on the budget, has been prepared in accordance with EU and national eligibility rules and can therefore be included into the Member State's programme. If not yet the case, statement from the Managing Authority that the review process will be done after the selection

The project proposal, including the information on the budget, has been prepared in accordance with EU and national eligibility rules and can therefore be included into the Member State's programme.

<sup>&</sup>lt;sup>1</sup> Indicate the main activities in the budget form Annex 1

	Co-financing - 10% of the project costs of the Estonian Tax and Customs	
	Board - will be covered from the state budget. The project will be	
	integrated into Estonian Internal Security Fund programme.	
	Potential risks and measures to mitigate them	
	Potential risks are:	
	-pandemic continues and we are unable to organize face to face trainings	
	and meetings; In such case we are going to have video meetings; As a mitigation measure, vaccination passport requirement and distance	
	keeping between participants will be used.	
	- War in Ukraine and war might expand into our region. We should hope	
	the best and prepare for the worst. Because of such risk we should do	
	more intensified and effective co-operation to curb smuggling and other	
6 Risk Management	organized criminality linked to Belarus and Russia.	
	Monitoring strategy <sup>2</sup>	
†	ETCB Project manager is going to request regular reports about project	
	implementing from all participants.	
	Regular (quarterly) meetings will be held with representatives of all	
	project partners at least (virtually) (or in person in the frames of yearly	
	'Baltic excise meeting') to plan detailed activities and to oversee project	
	implementation.	
	Hereby we confirm that this project will be covered by the rules	
7 Compliance with EU	applicable to the Member State's programme that ensure actions are in	
acquis	compliance with the EU acquis including the Charter of Fundamental	
	Rights of the European Union.	
Confirm that this project		
will be covered by the		
rules applicable to the		
Member State's		
programme that ensure		
actions are in compliance		
with the EU acquis		
including the Charter of		
Fundamental Rights of		
the European Union		

# C) Impact of the project

 $<sup>^2</sup>$  For instance, regular reports to the MA on progress; meetings by project group members or any other mechanisms to keep track of financial and operational steps taken to implement the project in a timely and correct manner

### 1 EU Added Value

Describe the concrete benefits and quantified results of the project for the European Union and the Member State(s) concerned Implementation of this project will support to achieve a better regional and EU wide collaboration among excise investigators; This will contribute to more efficient/significant excise tax crime investigations; Which overall will contribute to more equal economic and fair environment; And better/increased tax proceeds in the EU.

As result of the project, co-operation will be smoother between project participants. Also, the work will be more efficient - we estimate that the prevented tax loss thanks to quantities of seized goods will be:
In Estonia every year 250 000, in total 750 000 Eur
In Latvia every year 1 mio, in total 3 million Eur
In Lithuania every year 1 mio, in total 3 million Eur

# 2 Link with the indicators of the Member State programme (Annex VIII to the Fund/Instrument-specific Regulations)

This project will contribute to following indicators: Objective 2.1

**Output indicators:** 

O2.1 Number of EMPACT operational actions - 1

O.2.2. Number of expert meetings/workshops/study visits/common exercises: total 29 (including 23 for 336 officers and 2-days project management meeting - 2 per year for 8 leaders, in total 6)

Indicate and quantify, if possible, which indicators in the Member State's (or participating Member States') programme(s) this project will contribute to

O.2.3. Number of equipment items purchased: 120 pieces.

# 3 Dissemination and Communication

Describe any effort to disseminate and communicate the result of the project

The visibility rules stipulated in Article 50 of the CPR, will be followed. Inter alia, the Union emblem will be prominently used on all communication and training materials produced in the frame of the project for the project participants. The statement 'Co-funded by the European Union' shall be written in full and placed next to the emblem. The information on the project (including statement on the project financing and the Union emblem) will be published on the website of the Estonian Tax and Customs Board and on the websites of project partners. Training materials (presentations) are produced in English and in the Estonian, Latvian, Lithuanian languages (in case of local trainings); Materials in English will be shared with participants and with CEPOL.

Date Signature

Legal Notice: in case the proposal is successful, the specific action funds will be included in the Member State's [if funding allocated to several programmes: the participating Member States'] ISF programme[s] by means of a programme amendment approved by the Commission and implemented in accordance with all the rights and obligations of the ISF Regulation (EU) 2021/1149 and Regulation (EU) 2021/1060 (Common Provisions Regulation).

28. April 2022	Legal representative of the (lead) Managing Authority:	
	Tarmo Miilits/signed digitally/	