

ANNUAL REPORT



EUROPEAN UNION BORDER ASSISTANCE MISSION TO MOLDOVA AND UKRAINE

E U B A M



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1. Foreword



Just one year ago, on 30 November 2005, a group of around 70 border professionals from European Union member states arrived in Odesa at the invitation of the Presidents of the Republic of Moldova and Ukraine. Their task was to assist the two states in their plans to modernise the border management and surveillance system on the

Moldova-Ukraine border. On that day, Javier Solana, the EU High Representative for the CFSP and Benita Ferrero-Waldner, the European Commissioner for External Relations together with Andrei Stratian, Foreign Minister of the Republic of Moldova and Borys Tarasyuk, Foreign Minister of Ukraine launched the European Union Border Assistance Mission to Moldova and Ukraine.

It was a time of considerable excitement and high expectation. The Moldova-Ukraine border is some 1,222 kilometres long and presents a number of challenges for border management. With the initial six-month phase of EUBAM having been funded under the EC's rapid reaction mechanism, the mission had to prove its worth within this period in order to secure longer-term EC funding. At the beginning, many questions were being asked. Would it be possible for 70 staff to fulfil the tasks set for the Mission? Would they get the necessary cooperation and environment to allow us to carry out our work effectively? Would the EU show consistent good will and support for the EUBAM by finding and funding sufficient numbers of border experts to staff the Mission?

One year on I am happy to say that together the Mission and the border guard and customs services of Moldova and Ukraine have made considerable progress towards our shared objective of a modern border control system - a system which meets the needs and expectations of the citizens and businesspeople of Moldova and Ukraine while at the same time contributing to and benefiting from international cooperation. In today's world, with organised

criminal groups constantly inventing new ways to evade border control, it is essential that all European states work together to keep our common neighbourhood stable and secure.

The Mission has received consistently good cooperation and support from the governments of Moldova and Ukraine and has equally enjoyed an open attitude and excellent cooperation from the border management counterparts with whom they have the honour to work.

It has been a highly fruitful year; one which has seen a large step forward on the creation of a viable customs regime on the Moldova-Ukraine border; a regime which has enhanced transparency about the flow of imports and exports on the part of the border adjoining the Transnistrian region of Moldova. Good progress has also been made on laying the foundation for the upgrading of skills and procedures necessary to achieve an integrated border control system which will meet today's challenges. I have no doubt that the following year will see even better results.

Ferenc Banfi
Head of the EUBAM

November 2006, Odesa

2. The Mission: Its history and mandate

The Mission is the EU's response to a request made by the Presidents of Moldova and Ukraine. They wrote to the EU in June 2005 to request assistance for enhanced border management capacities, including the development of an international standard of customs control on the Transnistrian ("TN") segment of the Moldova-Ukraine state border.



It is a sign of the EU interest and support for Moldova and Ukraine that that within two months of the initial request, a Memorandum of Understanding was signed between Moldova, Ukraine and the European Commission establishing a border assistance mission, and just three months later the European Union Border Assistance Mission to Moldova and Ukraine opened its doors.

During the first six months, the European Commission financed the Mission through the Rapid Reaction Mechanism (4m EUR). The Mission consisted of 69 EU experts and around 40 local staff. In launching the second, 18 month phase of the EUBAM under the TACIS programme, the Commission decided to further reinforce it and to allocate additional funding (overall more than 16m EUR for the second phase, bringing the total budget to more 20m EUR). The level of EU staff in the EUBAM has been increased and now exceeds 100 experts. Among the



EU staff, the core staff of the Mission (currently 32 experts) are recruited directly by the Commission, while EU Member States second customs and border guards officials to the Mission (currently 69 experts).

The continuing support of EU Member States is illustrated by the fact that they willingly met a request from the Mission in May to send further staff to enhance the Mission's work and effectiveness. It is a sign of the continuing support and commitment of the two governments that they quickly agreed the expansion of the Mission and lent all the necessary support to achieve this.

The Mission is an advisory technical body. It has no executive powers. Its purpose is to assist its Moldovan and Ukrainian counterparts in their on-going plans to up-grade border control systems, procedures and infrastructure, with the ultimate goal of a modern integrated border management system such as those prevalent in EU member states. It carries out this task by providing on-the-job training and advice, formal training and assisting in the up-grading of infrastructure, notably via a series of other EC-funded projects called BOMMOLUK (Improvement of Border Controls at the Moldova-Ukraine Border).



3. Expected results

In order to assist the evaluation of its work and to drive progress on its key objectives, the Mission works towards achieving clearly-defined results. The results framework is adjusted from time to time to take account of tasks already performed and the prioritisation of the new tasks, but its basic objectives remain the same. Our current expected results are:

ER1: Enhanced professional capacity of Moldovan and Ukrainian border guards and customs officials at operational/tactical level at relevant locations (at border crossing points, inland customs houses, and main transit points).

ER2: Decreased corruption of border guards and customs officials at operational/tactical level.

ER3: Improved risk analysis capacity in terms of gathering, analysing, and disseminating information and intelligence at strategic, operational and tactical level as well as reinforced use of risk assessment techniques by border guard and customs services.

ER4: Improved knowledge of EU standards and good/best practices and their practical application by Moldovan and Ukrainian services.

ER5: Increased cooperation and complementarities between border guards and customs services, and other law enforcement agencies, as well as increased understanding of an integrated approach to border management.

ER6: Improved analytical overview on border security and cross-border movement of goods and persons.

ER7: Improved cross-border cooperation between Moldovan and Ukrainian services including the implementation of specific joint initiatives.



4. The Advisory Board



The EUBAM Advisory Board includes high-level representatives of the Moldovan and Ukrainian customs and border guard authorities, the European Commission, the UNDP (as implementing partner), the EU Special Representative for Moldova, the EU Presidency, as well as the Organisation for Security and Co-operation in Europe (OSCE) and the International Organisation for Migration (IOM). The Foreign Ministers of both states also have the right to attend or be represented at the Advisory Board Meetings. The EUBAM acts as Secretariat to the board. Its terms of reference are attached at Annex C.

The Board meets every quarter to review progress, evaluate cooperation between the Mission and the counterpart services, endorse key developments and to offer advice for improving the work of the Mission.



The first Advisory Board Meeting (**ABM1**) took place on 15 February 2006. The key outcome was the examination and acceptance of the recommendations made in the Interim Assessment Report produced by the Mission in February 2006.

The most operationally significant of these recommendations was the establishment of 12 working groups mandated to prepare project proposals aimed at capacity-building, the improvement of risk analysis systems and information exchange, as well as the identification of training and infrastructure needs.



ABM2 which took place on 21 May 2006 considered and welcomed the 41 recommendations made in the Needs Assessment and Recommendations Report produced by the Mission on 6 May 2006. The recommendations are attached at Annex A to this report. The Board

also decided to support the Mission's proposals for reinforcing its capacities by increasing its human and financial resources and expanding its operational base. This saw the Mission's international complement increase from 70 to 101, the creation of an Analysis Unit and the opening of two more field offices: one based in Odesa to cover Odesa and Illichyvk ports; and one based in Chisinau to cover the internal boundary between the Transnistrian region of Moldova and the rest of Moldova.



ABM3 took place on 21 September. The Board considered a report on the situation at the border. The key outcome was the endorsement of the first part of an EC-financed project called BOM-MOLUK (Improvement of Border Controls at the Moldova-Ukraine

border). More details of this programme can be found in section 6.



5. Operational activity

Progress against the expected results

The highest-profile operational activity carried out by the Mission has been its involvement in monitoring the implementation of the Joint Declaration on establishing effective border control on the Moldovan-Ukrainian border. The implementation of the Joint Declaration (JD)¹ represented a major step forward in normalising the customs relationship between Moldova and Ukraine, as well as enhancing transparency in the Transnistrian region of Moldova. The application of the customs regime has also facilitated the strengthening of links between Chisinau and the legitimate 'TN' business sector.

EUBAM has played a key supporting role in the implementation of the JD through monitoring of both the original agreement and via the temporarily open Kuchurhan (UA) - Causeni (MD) railway, through the Transnistrian region. This confirmed the JD's equitable implementation and enabled the International Community to refute allegations that it is a de facto economic blockade. The mission has actively supported the Moldovan authorities in collecting statistics on the registration and reimbursement process, upon which EUBAM reports on a regular basis.

¹ Signed by the Prime Ministers of Moldova and Ukraine on 30 December 2005



Expected results 1 and 4:

Capacity building and improved knowledge of EU standards/best practice

Three pillars of training

Training conducted and facilitated by EUBAM is concentrated in three main work areas. These are:

- Training Events - designed and delivered by EUBAM or delivered by external experts. This type of training has been commissioned when it is considered to be the most appropriate way of addressing a particular training need. Training has been custom designed to suit the particular context of border management in Moldova and Ukraine delivered by EUBAM or external experts.
- "OTJ" (on-the-job) Transfer of Skills - where EUBAM advisers deployed at the field offices give advice and help to counterparts on a day to day basis as a part of their daily work to help to make improvements to border operations.
- BOMMOLUK 1 - the projects that make up this complementary technical assistance programme contain a large element of training and are, of course, aimed at improving standards of border management. This pillar will be discussed in section 6 (Programme Projects).



Pillar 1:

Upgrading skills and changing perspectives - formal training

The Training and Standards Coordination Unit was established to complement EUBAM operational field activities by identifying and addressing formal training needs in the four key counterpart agencies (the customs and border guard services from both countries) and by advising on appropriate standards for border management in Moldova and Ukraine. Training is facilitated to support counterparts to:

- Increase skills - particularly at the operational level
- Enhance the long term sustainability of the mission's capacity building work
- Build capacity to identify and take opportunities for organic long term improvement in the counterpart services
- Promote mutual cooperation between services - with effectiveness increasing when activities are cooperative and jointly undertaken

The training delivered to date has covered a variety of topics such as those indicated in the following examples, although the themes listed above remain the leitmotifs. A table listing training delivered can be found at Annex B.

- Information exchange between services to increase operational effectiveness
- Risk management - to ensure that resources are devoted to areas of greatest threat
- Development of training capacity and project planning in the four key counterpart services.
- Effective operation of mobile units

It is anticipated that training over the next twelve months will continue in the areas of increasing skill levels of practitioners and managers in the counterpart services across a variety of the aspects of border management and related skills, such as:

- Control skills - including document scrutiny, search, questioning, finding contraband
- Inter-agency cooperation - including exercises to build bridges and embed practical collaboration between services
- Risk management - to help to ensure that scarce resources are used in the most effective way
- Case management - including the investigative development of complex cases of organised, large scale smuggling and other cross border crime



Pillar 2:

Building capacity - on-the-job training

Providing locally relevant, continuous on-the-job transfer of skills to counterparts has constituted a large part of the Mission's work in the field. This type of advising and assistance complements the more structured work of the Training and Standards Coordinators (TSCs) and has attracted excellent feedback from counterparts, with many requests received for further training and skills sessions. Providing skills sessions has often yielded immediate practical results, while contributing to longer term development by providing examples of professionalism, widening horizons and, crucially, in improving the job satisfaction that counterparts get from operating at an enhanced level.



Key foci for skills enhancements have been the identification of false passenger and vehicle documentation, inspecting and examining vehicles, identifying stolen vehicles and car trafficking and improving competence in using available equipment.



Institutional capacity building

EUBAM has been able to provide strategic advice to all counterpart organisations, utilising the senior management experience in the upper echelons of the Mission as well as the collocation of Risk Analysis Advisors (RAAs) at the central level of the four counterpart services. Such work at the institutional level helps to provide the intellectual space that will, in time, be filled by the bottom-up developments that the Mission is supporting. Mentoring senior management counterparts and assisting in meeting organisation-wide challenges enhances the effectiveness and impact of our field work and increases the likelihood of sustainable improvement.

The Mission has endeavoured to synergise its work with the ongoing reforms that had been initiated by counterparts, prior to EUBAM's arrival. The long-term reform plans of our counterparts augur well for the sustainable progression of both Moldova and Ukraine towards the goals they share with the EU.

A good example of the Mission's work at this level is the advice and assistance provided on the re-organisation of the Moldovan Customs Service, aimed at introducing an organisational structure capable of driving the progress towards





European Best Practices. In addition, the Mission has been instrumental in re-animating the reform of processes and structures at Internal Customs Control Points (ICCPs). The work of the Mission at the institutional level is closely linked to the development of Risk Analysis capacities and the RAAs have often been able to provide counsel to colleagues on a variety of cross-cutting issues, such as the evolution of an institutional learning culture.

In order to enhance the impact and sustainability of the Mission's work, EUBAM has advised counterparts at all levels on the development and deepening of links with international organisations involved in border management and the fight

against cross-border crime. It has been repeatedly emphasised to counterparts that there are no shortcuts where such contacts are concerned, with organisations such as Interpol having strict rules on the submission and receipt of information. Such rules exist in order to ensure the integrity of data that these organisations hold and therefore maintain their credibility, as well as to facilitate the use of information received as



evidence admissible in court. Additional advice has been provided on how to best use and contribute to these organisations, when information will be used internally for investigations, but the information will not be presented in court.

Management

A focus of Mission advice and assistance to counterparts has been local level human resource management (HRM), with FO staff concentrating on improving the deployment of staff in order to better address the priorities in each area, while ensuring sufficient coverage at all working locations. One of the obstacles to progress towards European HRM standards is the continued use of 24 hour shifts, despite mission recommendations advocating the abandonment of such practices at the central and local level.

In order to further enhance the impact of improved management, EUBAM has also emphasised the role of proper supervision and support, such as conducting daily briefings and exchanging information between shifts, as well as in maintaining good discipline and conduct. Advice and assistance to local management has also targeted improvement in the use of the, often limited, resources and equipment available. Examples of this include maximising the utilisation of Rapiscan baggage and cargo scanning machines in Ukraine and advice on how to optimise the efficiency of the newly established Moldovan mobile units.

Organisational culture/ service orientation

EUBAM Field Office (FO) teams have advised and assisted counterparts in improving the service they deliver to citizens and facilitating the legitimate flow of goods and passengers. This work cross-cuts many other themes of EUBAM's work and although it is one of the hardest aspects to influence, it is one of the most valuable areas of



the Mission's work. Examples of EUBAM's advice in this regard include encouraging counterparts to develop strong connections to the local population and encouraging border guards to actively protect and promote public safety by detaining drunk drivers or unsafe vehicles and then passing on the case to the traffic police.

Procedures

Monitoring revealed many opportunities for improving the efficiency, effectiveness and transparency of procedures. EUBAM's field presence allows tailored advice to be given to counterparts, taking account of the local situation and availability of resources in order to locally deal with issues that recur across the Mission area.

The Mission has been able to offer advice on passenger passport control in many areas, advocating the streamlining of checking procedures, the avoidance of duplication and the recognition, application and integration of additional checks on foreign nationals into normal protocol.

The prevalence of physical and documentary irregularities relating to vehicles crossing BCPs has enabled EUBAM to regularly offer practical procedural advice for examining and inspecting vehicles and related documents. EUBAM welcomes the system that exists for registering foreign vehicles upon entry to, and exit from Ukraine and looks forward to its full and effective implementation.

Technical equipment

Although equipment deficiencies are widespread and resources are limited, EUBAM field teams have been able to give advice on key equipment that would greatly facilitate improved border management, without requiring major investment, as well as maximising the utility gleaned from available equipment and resources. The activation of the BOM-MOLUK 1 project (see section 6) will help address many technical needs,

although this does not lessen the need for effective resource management and the optimal use of available capacity.

Green border

The border between Moldova and Ukraine is characterised by terrain naturally conducive to the unfettered movement of goods and people, necessitating first-rate management of the green border. To this end, and given the resources available, the mission advised on the following key issues.

Full demarcation is essential for reducing the porosity of the green border. Good progress is being made, though it appears that a lack of resources is currently hampering its completion. The lack of full demarcation precludes the prosecution of offenders as there can often be no conclusive proof that the border has been crossed illegally. The creation of physical defences or obstacles at the green border should also help reduce the need for patrolling in many locations, freeing resources to concentrate on areas targeted by the joint process of hotspot identification. With the support of EUBAM, the Ukrainian State Border Guard Service (UASBGS) have made great strides in improving their management of the 'TN' segment of the Moldova-Ukraine border. Further improvement will require an integrated approach among all the agencies concerned with border issues.

Rule of law

Sustainable improvement in the field of human security and progress toward a just and open society, in accordance with European standards, requires the application of the Rule of Law by all relevant agencies and its promotion within society. Field Office (FO) teams often come across instances of inconsistently applied laws or regulations, often involving people in positions of power, or those known personally to officials. EUBAM has strongly advised counterparts to apply the law fairly and equally to all citizens in order to gain the confidence and trust of the population and encourage law-abiding behaviour.

Examples of fields in which the law could be more equitably applied include the treatment of so-called 'privileged vehicles' at ICCPs in Moldova, which often currently pass



without control by police and the inconsistent treatment applied to people using expired, invalid or internal passports to cross Ukrainian border crossing points (BCPs).

Legal framework

EUBAM has encountered several instances where the existing legislative provisions are an obstacle to progress towards European standards. If EUBAM is to effectively support Moldova and Ukraine in reaching our shared goals, all legislative barriers to progress should be removed, and the necessary legal amendments prioritised by the governments of both countries. In several special reports, the Mission has recommended legal changes that could facilitate improved prevention and deterrence to smuggling and criminal activity, as well as the potential for abuse that exists within the current personal allowance frameworks. As an indication of the current state of affairs, it is interesting to note that between July and September 2006, only a few criminal cases related to smuggling were initiated by the Ukrainian authorities along the entire length of the Moldova-Ukraine border, with similar reluctance displayed on the Moldovan side. The authorities are aware of the explicit and implicit shortcomings in the current provisions and the UA Ministry of Justice is actively seeking ways to improve the situation, with EUBAM recommendations in the process of being implemented.

Lowering the threshold for the initiation of criminal proceedings will provide the foundation for an increase in the number of prosecutions, although it must be accompanied by a greater willingness to take this option.

The proposed draft Moldovan Border Guard law has provided an excellent example of the possibility for the host countries to use the expertise of the Mission to improve their legislation. Following the well received advice to the Moldovan authorities regarding legislative amendments in the field of Intellectual Property Rights, the Mission is currently examining the same area in Ukraine, which may yield further potential for improvement towards European standards.

The support of the governments of both Moldova and Ukraine has been essential in facilitating all of the Mission's work, but nowhere more so than in the field of improving the legal framework. The decree of the Ukrainian Cabinet of Ministers of 19 September 2006 is indicative of this support, which is crucial in securing the multi-ministry co-operation that allows our partner institutions to address all aspects of their development.



Expected result 2:

Decreased corruption

If the law enforcement agencies and, by extension, the governments of both Moldova and Ukraine, are to enhance the mutually engaged and trust-based relationship that must exist between citizens and the state, then much work must be done to reduce both the incidence and the perception of corruption and unprofessional conduct. Both Moldova and Ukraine have reiterated their commitment to the fight against corruption and it is this political will that will ultimately prove decisive in ridding their systems of this problem. Our counterpart services have welcomed the anti-corruption initiative proposed by the Mission.

At the field level, EUBAM has been able to advise on improving procedures in order to reduce the opportunities for corruption. The Mission identified the Joint Operation, which took place in October, where customs, border guards and Police were often operating together, as an opportunity to reinforce the anti-corruption message through the promotion of peer accountability.

The measures taken in parallel with the introduction of the ASYCUDA system to restrict direct payments made to customs officers, are a major step forward. Encouragingly, the directive limiting the amount of money to be carried by MDCS officers and prohibiting the use of mobile phones seems to be being implemented. The Moldovan Customs Service (MDCS) must however guard against the problems that have befallen such systems in other European countries, where over zealous prosecutions of minor violations undermine the credibility of a system in which more significant abuse goes unpunished.



Expected result 3:

Improved risk analysis (RA)

The development of risk analysis (RA) capabilities in all four key counterpart services has continued to be a priority for the Mission, as this is an area in which substantial progress needs to be made in order to align border management with European best practices. The inception of an analytical culture at the strategic level, combined with the tactical application of RA at the local level provides the foundation for the maintenance of secure borders, while facilitating legitimate flows of trade and people. This is especially important when operating in the prevailing resource environment.

EUBAM has focused on supporting the development of central-level RA concepts and analytical units within each service. The foundations of such systems are now in place, with the MDCS in the process of populating their database and both Moldovan services now in the process of recruiting analysts and liaison officers.

In Ukraine, the State Customs Service of Ukraine (SCSU) automated, quantitative RA system was rolled out, at the local level across the country on 1 September 2006, although it is not yet fully operational and needs to be integrated in to regular working methods. The UASBGS now has the basic structures in place, although the role and responsibilities of the RA Unit within the Communications Department and its liaison with the Information and Analytical Department, and that Department's sub-units, especially for Analysis and Statistics, will require careful co-ordination. This foundation at the central level now provides a platform from which to develop RA as an underlying philosophy of BG work at all levels. Assistance activities will also require coordination amongst the involved parties (including the International Organization for

Migration together with the Polish Border Guard Service, and soon the OSCE).

Increased RA activities in all four services will give more impetus to the on-going process of increasing inter-agency cooperation (see Expected result 5).

In the field, EUBAM has monitored and supported the development of risk analysis capacities among local counterparts, with anecdotal evidence indicating that in some areas, the concept of selectivity is beginning to be applied, although there is still a long way to go before this is the norm. However, such developments help to underpin the RA culture at the field level and lay the groundwork for future top-down initiatives. Monitoring showed that there is good awareness of subjective or qualitative RA factors among SCSU staff, which need to be integrated with the quantitative systems that are being introduced.

There have been notable successes for counterparts when they have followed EUBAM advice to apply selective checking or tactical RA, including the seizure of a large consignment of contraband cigarettes in Odesa Port and the detection of a significant case of undervaluation in Moldova.



Expected result 5:

Improved inter-agency and cross-border co-operation

The top-down, centralised management structures and organisational cultures that exist in counterpart services mean that inter-agency co-operation is still largely the preserve of the central level of each agency. This has facilitated good co-operation for set piece occasions, such as the 2nd Joint Operation (see below) and with time will hopefully filter down through the organisations. However, there is a residual hesitance at the local level where it seems that a fear of overstepping competence often outweighs perceived potential benefits. An integrated approach to justice, law enforcement and border management is the best way to overcome the multi-faceted challenges of modern border management.

At the central and, to an extent the regional level, there have been noticeable improvements in the willingness to co-operate, with work done on information exchange and risk analysis helping to create a more receptive institutional environment. At the field level, the situation concerning inter-agency co-operation cannot be generalised, although there have been some encouraging local initiatives between services, such as the joint training for mobile units, the burgeoning co-ordination between UASBGS and local police and tax authorities and a joint operation resulting in a significant seizure in Otaci (MD). There have also been several instances of poor co-operation, with particular concerns regarding the lack of integration between the actors operating within the Criminal Justice System, as well as between the border guard and customs services, as seen in the handling of a stolen vehicles case in Odesa in the summer/autumn. EUBAM looks forward to the implementation of Mission recommendations, such as the creation of joint investigation teams, that will help to improve such matters in future. On the Moldovan side of the border, coordination is inadequate between the agencies at the internal boundary line. The Mission is advising on a review of the organisation and working practices at the ICCPs, which is addressing structural, organisational, managerial and practical aspects.



Expected result 6:

Improved analytical overview on border security and cross-border movement of goods and persons

The border remains a focus for illegal activities, especially smuggling. Dynamic and diversified criminal groups can rapidly switch between activities according to the perceived risk-payoff structure for each commodity. The integrated nature of such groups facilitates financial transfers and recycling of funds, allowing the profits of smuggling to fund illegal activity elsewhere. Any strand of transnational criminal activity has the potential to source supplies and satisfy demand across a number of different markets.



Therefore the possible involvement of entities or consumers based within the EU should also be a factor that all parties are aware of.

Illegal migration

A significant route for illegal migration in the Mission area is through North Moldova into Ukraine and onto EU member states, principally Poland, Slovakia and Hungary, which are either used as destination countries or as transit points for onward journey to other member states. A large-scale deportation of Moldovan citizens from Ukraine to Moldova prompted EUBAM to request further information on the matter, with statistics showing the following. During the period from July to August 2006 - 252 Moldovan citizens were deported from Ukraine for border regime infringements in the Transcarpathian area (Ukrainian - Slovak border). More than 90% of the people involved first cross the Moldova - Ukraine border legally and are main-

ly young men (18 - 20 years old) seeking work abroad, often responding to advertisements in a Chisinau newspaper, in which they are told to make their own way to the Western Ukrainian town of Stryi, where they stay in one of two rural hotels and then call a Chisinau phone number. A day or two later, guides escort them across the Slovak border. The Moldovan Border Guard Service (MDBGS) do not consider this to be organised migration crime or trafficking in human beings (THB), because the people go of their own volition to Ukraine. The Ukrainian authorities have made significant strides forward in detecting illegal migrants using the Transcarpathian route to attempt to enter the EU and are providing a progressively more effective deterrent to this practice. EU proposals to return migrants who enter the EU illegally from Ukraine, regardless of nationality, only increases the salience of border management in this region and highlights the benefits of improved cross border information exchange

Another possible illegal migration route, with potential THB characteristics has been identified in the Mission area. The exit points from Ukraine are at Odesa Port and possibly Odesa airport, having the capacity to channel people from Moldova, Russia and Central Asia as well as Ukraine, with the initial destination of Turkey. Clearly, from Turkey the potential exists for onward transit to Western Europe.

Drugs

Despite increased counterpart awareness, the EUBAM-identified drug-smuggling route passing through Northern Moldova continues to turn up a steady flow of minor drugs



(marijuana) cases. Other than this, isolated marijuana cases in other areas and occasional small-scale smuggling of psychotropic medicines are the only drug incidents in the



operative Mission area. The Mission has recommended that law enforcement agency cooperation between Moldova, Ukraine and Russia should be stepped up. Recent cooperative action between Moldovan and Russian agencies led to a seizure of marijuana on a train travelling from Chisinau to Russia.

Weapons

On the basis of available information, EUBAM cannot confirm the existence of significant weapons traf-

ficking; although neither can the Mission comprehensively rule this out. The Mission is aware of several cases of hunting weapons being illegally transported, including a consignment that was intercepted following EUBAM advice on selective container searches.



Vehicles

The organised trafficking of vehicles remains a significant problem, largely due to a lack of expertise in identifying forged documents, stolen vehicles and hallmarks of illicit transport. This is compounded by legislative gaps which are easily exploited for illegitimate profit. In addition to the many cases of forged or altered documents, number plates and vehicle identification numbers (VINs) that are prevalent at BCPs, recent cases in Odesa highlighted the significance of this issue and confirmed suspicions that Odesa is being used as a gateway for high-value stolen EU vehicles entering the Russian, Moldovan and Ukrainian markets.



Cigarettes

Cigarette smuggling is rife; significant cases continue to emerge in the Mission area. The depressed economic conditions in rural Moldova and Ukraine make such activity attractive to large sections of the population, giving smugglers a plethora of routes and modi operandi. Key destinations for the contraband are EU member states due to the price differentials that can be exploited in these markets. While improved risk analysis and the instigation of intelligence-led operations are beginning to aid law enforcement agencies in detecting offences and raising the potential costs to smugglers, ultimately the phenomena can only be tackled by addressing its causes, both with regard to the price differentials and the lack of viable economic opportunities that exist in rural areas.

Foodstuffs

The smuggling of foodstuffs remains highly significant, with the profitability of chicken meat smuggling, and its corollary in state budgetary losses, indicative of the scale of the problem. During the eight months from October 2005 to May 2006 alone, the Mission estimates that the Ukrainian budget suffered a potential loss of up to 43m EUR, with the Moldovan budget accruing a value at risk of up to 18m EUR. The role of the Transnistrian region of Moldova as the pivotal transit point bolsters its budget by up to 7m EUR. As the Mission has previously emphasised, the funds



gained from any criminal business can, and are, used to fund other activities of criminal groups, with potentially destabilizing consequences.

Smuggling of foodstuffs is not restricted to meat; fruit and vegetables, fat, sugar and grain are also commonly smuggled into Ukraine. As with cigarettes, many people are willing to engage in such activity given the cost-benefit calculation that comes from the poor economic conditions and the perceived low likelihood of detection combined with the difficulty of applying severe punishments.

Other illegal activity

Moldovan Customs Free Zones

In Moldova, suspicions persist about misuse of the Customs Free zones to export goods, primarily alcohol, to the cus-

toms territory of Moldova. Potential violations may also include counterfeiting, although this is also not confirmed as investigations are ongoing. A possible trigger for illegal trade may have been the Russian ban on Moldovan alcohol products, removing the largest legitimate market for Moldovan producers.

Possible carousel fraud

A truck carrying goods in transit from Germany and the Czech Republic to Ukraine was inspected on exit from Moldova at Otaci BCP, which when examined proved to be carrying fixed line rather than mobile telephones, with a much lower value than declared. Although the purpose of this is unclear, the Mission speculates that this may be the end run of a Carousel VAT Fraud, with possible connections to MTIC (Missing Trader Intra-Community) Fraud. Mobile telephones are a very popular commodity for this type of fraud which causes EU countries, particularly the UK, to lose billions of EUR annually. Cross-border VAT fraud causes significant revenue losses to Ukraine and also to EU countries. It is a high priority issue for the law enforcement agencies of Ukraine and a good example of direct mutual interest between Moldova, Ukraine and EU member states.

Undervaluation and certificates of origin

With regard to customs violations, in addition to systematic valuation fraud on certain goods in Moldova, a scheme involving the large scale forgery of MD certificates of origin has emerged. Unscrupulous exporters re-brand third country goods to illegally benefit from the preferential intra-CIS customs regime avoiding payments to Ukraine and other states.



Expected result 7:

Improved cross border co-operation between Moldovan and Ukrainian services

The process of improving bilateral cooperation continues to be dominated by discussion at, and between, the central levels of each organisation. Particular progress has been made in the formalisation of information exchange procedures between the customs services of Ukraine and Moldova. Agreement was reached between the services on a protocol that will facilitate the real-time exchange of pre-arrival information, between the two customs services as it is entered into their respective systems. The protocol is planned for implementation as of 1 January 2007, subject to legal clearance and IT amendments. This considerable achievement should be lauded as a positive move, but must be placed in context as a first step on the way to more productive co-operation, which should in future include the exchange of operational information. This would allow preventive work, as well as the properly co-coordinated pursuit of cases, and hence more successful outcomes to those cases.

shared challenges

common goals

the role of facilitator. This enthusiasm must now be translated into concrete results in this case and the development of durable procedures to be used in other cases.



The processes described above have helped to foster an improved climate for cross-border co-operation. This enhanced co-operation was visible in the second Joint Operation which took place in October, building on the first Joint operation in April. A notable improvement was the operation of a joint liaison team, from all four key counterparts services, colocated for the duration of the operative phase in the EUBAM HQ. The team facilitated rapid informational exchange between the services from both sides of the border and although this was a one-off, the Mission feels that this example will be instrumental in convincing our counterparts of the value of such co-operation. Another indication of this improved atmosphere was the mutually enthusiastic co-operation on the Moldovan forged certificates of origin case, in which EUBAM played

At the local level, cross border co-operation remains largely aspirational, although EUBAM continues to advise on the benefits and to nurture local initiatives where they do exist. EUBAM has identified potentially fruitful opportunities for co-operation in many different areas. However, there is some reluctance from local-level counterparts perhaps caused by a fear that they risk acting outside their competence. A decentralised approach, with clear guidelines that encourage cross-border co-operation would be extremely useful in enhancing security, while creating improved conditions for legitimate trade.

6. Accompanying projects and programmes

At its third meeting in September, the EUBAM Advisory Board endorsed the first part of an EC-financed project called BOMMOLUK (Improvement of Border Controls at the Moldova-Ukraine border). The overall BOMMOLUK budget is worth 9 m EUR. The funding for the first phase is 3.3 m EUR. In addition, work is in hand to establish longer-term projects in order to ensure the sustainability of measures to enhance border management, under the wider umbrella of the European Neighbourhood Policy and the European Neighbourhood and Partnership Instrument (ENPI).

The Working Groups

The BOMMOLUK projects are the product of the 12 working groups established by the Advisory Board in February



2006. These working groups met in March 2006 to identify and articulate the development needs of the four counterpart organisations and it is envisaged that they will be the main vehicle for managing the implementation of these projects. The working groups were tasked with preparing project proposals related to:

- Development of Risk Analysis Systems (in the Customs and Border Guard Services of Moldova and Ukraine)
- Development of Integrated Border Management (in Moldova and Ukraine)
- Technical Assistance, Equipment & Infrastructure (in the Customs and Border Guard Services of Moldova and Ukraine)
- The Exchange of Information (between the four services in both countries)

- Development of a Joint Training Course (for staff deployed at Border Crossing Points where jointly operated controls take place)

EUBAM considers that the working group approach is vital for the successful implementation of the BOMMOLUK projects and has urged that attention is given to reconvening the working groups, ensuring that the most appropriate people are appointed to them and that the working groups should meet regularly and should actively monitor, evaluate and manage the implementation of the BOMMOLUK projects.

BOMMOLUK 1

This project consists of three components and it will run until no later than the end of 2007. The three components of BOMMOLUK 1 are:

- Development of Risk Analysis Systems in the Border Guards and Customs of Moldova and Ukraine
- Development of a Joint Training Course for Staff Deployed at the Joint Border Crossings of Moldova and Ukraine
- Procurement of Equipment for the Border Guards and Customs of Moldova and Ukraine

The following is an explanation about how these components will be realised together with an indicative timetable:

Development of risk analysis systems in the border guards and customs of Moldova and Ukraine:

This project component is targeted at improving operational effectiveness by helping to increase capacity in the field of Risk Management. The project will: support the aims of ensuring greatest resources are allocated to areas of greatest risk by defining and specifying the structure and make-up of risk units in the four counterpart services; review and recommend changes to relevant laws and regulations; develop human resources and training; develop a regional network of liaison officers and enhance the way that information is collected, analysed and exchanged. The project will be implemented by the appropriate working group working closely with the four EUBAM Risk Analysis Advisers with the assistance of short-term specialists as they are needed. There is the facility in this project for staff from the four services to go on study tours in EU



countries so that they can learn about Risk Management in customs and border guard services in the European Union. Careful coordination will be required with other ongoing and future assistance projects being run by the EC and other donors.

Development of a joint training course for staff deployed at the joint border crossings of Moldova and Ukraine

This component will be implemented by the appropriate working group and will involve preparing a training course for all four services (i.e. Border Guards and Customs of Moldova and Ukraine) - the training programme will be for staff who are deployed at BCPs where joint controls take place.

This component will involve external experts working closely with the four services to jointly develop a training programme that meets the needs of all parties - the main focus being to improve control skills at the practitioner level and, more importantly, foster a spirit of mutual help and cooperation so that staff actively help each other and that each service at the BCP works in the mutual interest of each other service. In this way the effectiveness of all will be increased. The project includes a facility for study tours - and it is envisaged that one manager (who has authority, experience and interest in the joint BCPs) and one trainer from each of the four services (i.e. eight people in total) will go together on two study tours. These will be to EU destinations where joint controls at borders take place and the eight people will be accompanied by one facilitator and one translator from EUBAM.

Procurement of equipment and communications network for the border guards and customs services of Moldova and Ukraine

It is recognised that the operational effectiveness of border management agencies

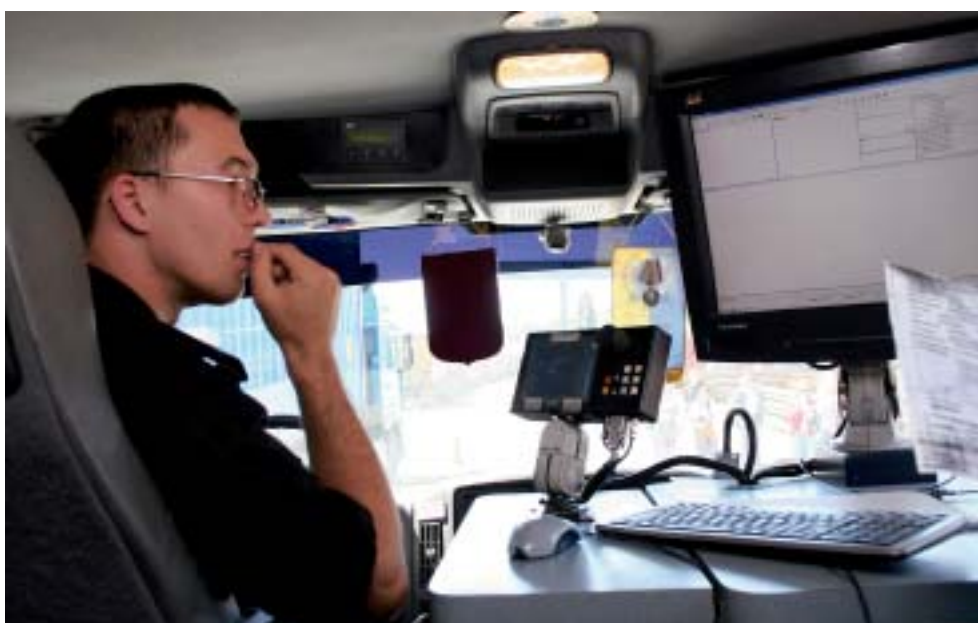
is constrained by limited access to technical aids and equipment and by under-developed infrastructure and communication systems. This component aims to help to address this by the procurement of equipment for the four counterpart services. Four staff members from EUBAM have been tasked with helping to coordinate and implement this activity. Each has been carefully and thoroughly prepared and briefed on the BOMMOLUK 1 project. They have met with representatives of the four counterpart services to consider the procurement requirements of the department.

The procurement lists that were prepared at that meeting have been delivered to the UNDP (which is implementing partner for this project) who will complete the procurement. The UNDP will review the lists and will hire procurement and technical experts, if necessary, who can prepare the special documents that a procurement exercise such as this requires. Items that are procured will be delivered in 2007.

Additional projects

Further projects are anticipated under the BOMMOLUK programme. These projects are also the product of the working groups and will include additional procurement as well as technical assistance in different areas including Integrated Border Management. It is anticipated that implementation of BOMMOLUK 2 will begin during 2007.

Additionally, it is expected that more technical assistance will be provided, in the form of projects and procurement, from 2007 to 2010.



7. Public Relations

To enhance awareness and understanding of the Mission's work among the regional population, our Moldovan and Ukrainian counterparts, EU institutions and citizens of EU member states, the Mission's Public Relations Section undertakes a wide range of public affairs activities includ-



ing the facilitation of media visits and interviews, maintenance of a website and the production of informational materials and visibility products.

During the initial stages of the Mission, our public relations priorities were focused on explaining our mandate and, since March, on giving neutral and timely information on the operation of the Joint Declaration on the new customs regime.

A brochure outlining the legal basis, aims and objectives, rights and powers of the Mission was prepared and made available in four languages (English, Moldovan, Ukrainian and Russian) to explain the mandate of the Mission to counterparts and to facilitate cooperation with local liaison officers.

EUBAM understands the importance of informing the local population about the effects of EUBAM's activities and the implementation of the Joint Declaration. In order to answer the questions most frequently asked of its field staff, the

Mission has developed a simple leaflet for people using the border crossing points. With the assistance of our counterparts we are planning to make the leaflet available by establishing leaflet-boxes at the five border crossing points where EUBAM experts are permanently present.

The EUBAM web-site was created at the beginning of 2006. In order to make the website more widely accessible, since October 2006 the key information materials on the website have been made available in the regional languages (though it will not be possible to have exactly the same content available across all the languages).

EUBAM has established and developed relations with various local and international journalists, and with press officers of our counterpart services. With the assistance of our counterparts, we assist the work of the media, in particular by arranging visits to the border crossing points. We also commission and provide professional materials on the Mission such as video footage and a photo archive which can be used free of charge by the media.



The Mission's PR Section has facilitated twenty-five media visits to the border this year, including: British TV company **BBC**; Ukrainian TV companies **K-1** and **Odesa Plus**; Latvian newspaper **Diena**; German TV/Radio companies **RBB** and **Deutsche Welle**; Moldovan Information Agency **MOLDPRESS**; Italian newspapers **Panorama**, **Espresso**, and **Regione Tichino**; US newspaper **THE New York Times**; Danish newspaper **Berlingske Tidend**; German Information Agency **Deutsche Presse Agentur**; Austrian Information Agency **Austria Presse Agentur**; German-French TV company **ARTE**; **American Public Radio**; British newspaper **The Economist**; French newspaper **Liberation**; TV company of the Ukrainian Border Guard Service **Kordon**; and delegations of EU-based journalists and the Austrian catholic press.

The Mission has organised seven press conferences this year which were attended by more than 250 journalists. All the press conferences and press visits have generated many articles and broadcasts related to the work of the Mission. It is impossible to give a precise figure but more than 500 articles and broadcasts have issued in the leading regional and international media. These have included:

Moldovan TV companies **TV-1** and **Mir**; Ukrainian TV companies **5 Kanal**, **ICTV** and **CTB**; Ukrainian newspaper **Zerkalo Nedeli**; Austrian newspaper **Kurie**; Belgian Radio **La Libre Belgique**; the **Czech News Agency**; Danish newspaper **Politiken**; EU

Information Agency **EUobserver**; international station **Radio Free Europe**; Estonian newspaper **Postimees**; Finish newspaper **Aamulehti**; French newspapers **Le Monde** and **Liberation**; French TV **France 3**; German Radio **Deutschlandfunk**; Hungarian newspaper **Napi Gazdasag**; Latvian newspaper **Diena**; Lithuanian newspaper **Veidas**; the **Slovene Press Agency**; British TV/Radio **BBC**; British newspaper **The Economist**; US-sponsored **Radio Liberty**; the EC-sponsored **Euronews**.

EUBAM has dealt with frequent requests for information and interviews from the media, NGOs and academics based in EU countries, Moldova and Ukraine as well as from Russia and the USA. The Mission and its role were also prominently featured in the recent report on Moldova which was issued by the International Crisis Group (ICG).



8. International Cooperation

The Mission has enjoyed a high level of international support since its inception and, in turn, has been able to make a contribution to wider international efforts to deal with regional border issues. The Mission's ability to act as a neutral and objective observer of the situation at the border has helped to increase the transparency of import and



export flows across the segment of the border adjoining the Transnistrian region of Moldova. In addition, our capacity-building work has contributed to a tightening of border security by our counterparts. We hope that these efforts will contribute to wider confidence-building measures being taken by other international organisations. These measures should contribute, at least in part, to the creation of a more favourable environment for politicians to settle the frozen conflict in the Transnistrian region of Moldova.

In order to bolster its role as a neutral, independent observer, the Mission seeks to be as transparent and accessible as possible to visitors from international organisations, professional organisations, diplomats, academics and journalists. It also accepts invitations to speak at international conferences.

The Mission will continue to coordinate its activities with all international community partners, with strong potential for synergy and mutual reinforcement illustrated by the forthcoming OSCE project on Risk Management EUBAM plans to organise a donor conference at the beginning of December as a spur to yet further co-operation and coordination amongst the international community in order to ensure our ever more effective engagement with Moldova and Ukraine, taking account of the wider regional context.

Visits to EUBAM

The Mission has received a large number of visitors and delegations including:

- the Latvian President, Vaira Vike-Freiberga
- the Latvian Prime Minister, Aigars Kalvītis
- the Slovak Deputy Prime Minister and Minister of Interior, Robert Kalinak
- the Estonian Foreign Minister, Urmas Paet
- the Latvian Foreign Minister, Artis Pabriks
- the German Deputy Minister of Foreign Affairs, Gunter Erler
- the Deputy Assistant Secretary at the US State Department, David Kramer

Many EU Ambassadors from Chisinau and Kyiv have also visited the Mission as have the previous and current US Ambassadors to Chisinau. The Mission has received a number of delegations from EU states and from Russia.

The Mission has hosted a number of visits from international organisations including:



Javier SOLANA, the Secretary General – High Representative for the Common Foreign and Security Policy, with Ferenc BANFI, Head of EUBAM

- the Chairman-in-Office of the OSCE, Karel de Gucht
- the former and current Heads of the OSCE Mission to Moldova, Ambassador William Hill and Ambassador Louis O'Neill
- the Chairman of the Parliamentary Assembly of the Council of Europe, Rene Van der Linden

As an EU project, the Mission operates in constant contact with, and guidance from the relevant EU institutions. These include the European Commission services directly involved (DG RELEX, DG AIDCO and the Commission Delegations in Ukraine and Moldova, as well as DG TAXUD, DG JLS, OLAF). They also include the EU Special Representative for Moldova (the Head of EUBAM is also Senior Political Adviser to the EUSR). In addition to these structural contacts, the Mission is also in contact with a number of other EU bodies. EC and EU bodies visiting the Mission have included:

- the EU Presidency (the Finnish Ambassador to Kyiv)
- RELEX
- the EU Council Secretariat
- a delegation from the European Parliament
- OLAF (the European Anti-fraud Office)



The Mission has undertaken a vigorous round of both public and private briefings including:

- regular briefings to EU Ambassadors in Chisinau and Kyiv
- regular briefings to the EU Institutions in Brussels including the Political and Security Committee and CIVCOM, COEST, the High Representative for the Common Foreign and Security Policy and the European Commissioner for External Relations
- a briefing to the OSCE Permanent Council

The EUBAM has forged a number of important partnerships with international organisations. The OSCE is represented on the EUBAM Advisory Board and attends the monthly coordination meetings between Moldova, Ukraine and EUBAM. The Mission has become an observer at SECI (the Southeast European Cooperative Initiative). We have formed relations with SEESAC (South Eastern European Clearinghouse for the Control of Small Arms and Light Weapons), and FRONTEX (an EU agency dealing with border security issues), as well as benefiting from and contributing to a mutually productive information exchange with OLAF (the European Anti-Fraud Office).

The Mission has also taken part in several workshops/round-tables and seminars including:

- BUMAD (an EU-sponsored programme for assistance on the prevention of drug abuse)
- the Friedrich Ebert Foundation International Round Table on the Impact of Border Cooperation between Ukraine, Moldova and the EU on the Transnistrian Settlement Process
- the George Marshall European Center for Security Studies Workshop on Border Security and Control
- the NATO Parliamentary Seminar "Moldova and the Euro-Atlantic Institutions"
- OSCE Expert Level Conference "Lessons Learned in Promoting Cross-border Cooperation in the OSCE Area"
- Odesa National Academy of Law "EUBAM: Rule of Law Issues related to the Border"
- Polish Institute for International Affairs Seminar "Moldova, neighbour, partner or future member of the EU"



Benita FERRERO-WALDNER, the European Commissioner for External Relations, with Ferenc BANFI, Head of EUBAM

9. Looking ahead

Much of the past year has been spent on laying a solid foundation for achieving the objectives shared by Moldova, Ukraine and the Mission. Following an initial assessment phase, Mission field staff were able to quickly start on-the-job training and advising, tailored to the situation in each area. Over the next few months, together with our counterparts, we prepared a comprehensive set of recommendations designed to upgrade and modernise the management of the border. These recommendations, in many cases, complement the reform plans that were already in train in each of the counterpart services. The focus since then has been two-fold:

- implementing the recommendations made in the Needs Assessment and Recommendations Report (NARR) prepared by the Mission in May 2006;
- establishing systematic capacity building tied not just to the recommendations, but equally to the practical needs articulated by our counterpart services; in particular they have appreciated training delivered on-site at field level by Mission staff who have particular specialities, e.g. in identification of car-trafficking.

In 2007, the Mission will build on the work completed in 2006 with particular focus on:

- implementation of the recommendations made in the NARR
- capacity building
- the continued implementation of the Joint Declaration on the customs regime

The generally high-quality action plans for implementation prepared by our partners give us confidence that further progress on our recommendations will be achieved.



The implementation of the BOMMOLUK 1 programme which began on 1 September 2006 will underpin the Mission's activities in 2007. It will support the practical implementation of the recommendations made in the NARR and will contribute to the achievement of our shared objectives. The programme marks the first significant steps to upgrade infrastructure. The BOMMOLUK 2 programme will start early in 2007 and will last into 2008 and projects are being prepared now for the following years.

The continued implementation of the Joint Declaration will preserve transparency about the flow of goods crossing the border.



A sustained and concentrated effort from all involved parties - not just the Mission and the four border services - but also the governments and the law enforcement agencies of Moldova and Ukraine will be required if we are to reap the full benefits of the huge amount of work done in 2006. In particular, legislative and judicial shortcomings will need to be addressed. We expect there to be good progress on many of our recommendations in 2007, but an entrenched and irreversible change in areas such as establishing a more open and service-orientated institutional culture will take some years. Equally, changing the public attitude on border issues will take some time and a sustained public information effort. The people and businesses using the border need to be aware of their rights and obligations and of the harm caused by illegal activities such as smuggling and illegally crossing the border.

The Mission is highly sensitive to the need to focus on the sustainability of improvements that are made and therefore is focusing on creating locally owned and locally appropriate solutions. The continuing firm support and resolution shown by the governments of Moldova and Ukraine improves the prospects of sustainability and gives us cause for optimism about our prospects

for the second year of the Mission and beyond. Equally encouraging has been the active and practical assistance given by the EU and its member states who continue to support the Mission in every way - not just by financially supporting the Mission's budget - but also by providing and directly funding advisers from their national border services. We know that we can count on this support as we tackle the challenges ahead of us in 2007.



Annex A - the NARR recommendations

The key recommendations of the Needs Assessment and Recommendations Report (NARR) are as follows:

Structural issues

1. The concept that each of the four border agencies is there to provide a service which allows the best possible facilitation of people, traffic and trade flows needs to be aggressively pursued by the senior management of each of the border agencies so that this percolates down to staff at the field level. There can be a tendency at this level not to prioritise the needs of their customers. This can lead to unnecessarily bureaucratic and inefficient clearance through the border.

2. Naturally, strategic policies relating to the border in both states are decided by the governments of each state. It is the job of the four services to implement these policies. Ideally, a clear differentiation should be made in both states between the political and operational levels of decision-making so as to ensure the operational independence of the four services in line with EU practice.

3. Steps are being taken towards decentralisation in the four services, but so far at the regional rather than the field level. A sustained and strenuous effort is required to delegate responsibilities for operational decisions to the appropriate levels. This matters both in terms of efficiency and morale. Both border guard services continue to display some of the characteristics of the military structure and mind-set they inherited from the Soviet era. One of the effects of this highly centralised structure is that often even the most basic decisions are delegated upwards. This is an inefficient use of senior management resources (which should be deployed strategically) and wastes time and reduces efficiency at the border. The customs services show the same tendencies despite their civilian status. Over-centralisation is one of the main obstacles to the exchange of operational information with neighbouring states on the border zone. We welcome the experimental measures being introduced on 1 June by the UBSG which will see the creation of a new command and control structure. As part of these measures, the number of operational departments will be reduced, thus freeing up senior and junior managers to carry out operational tasks at their own initiative.

4. Both border guard services use conscripts to guard the green border. We do not believe they are suitable for this task; nor is it in keeping with the best international norms. Both services have started to eliminate the use of conscripts and move to a fully professional system. While understanding resource constraints, we believe options for speeding this up should be looked at.

5. There is a crucial need to up-grade information flow and exchange of information. This applies within each service, between national law enforcement agencies, bilaterally and internationally. This is a cross-cutting issue which effects, improved risk analysis and enhanced border control. This up-grade will require: better and compatible IT and communications infrastructure; a proper legislative basis, and a cultural willingness to share information.

6. We see a strong need for the allocation of investigatory powers to all services. If a modern border system is to be created, then risk analysis capacities are vital. But this needs to be accompanied by investigatory powers (which are currently enjoyed only by the MCS). The effect of this is too much concentration on low-level administrative violations rather than on the serious criminal violations because there is less incentive when such cases are automatically forwarded to another agency. The creation of an investigatory capability in the UBSG and the UCS could be encouraged and speeded up by expanding the role of the Inter-Agency Working set up under the 2005 Contraband Stop Programme so that these mobile groups, which include agencies with full investigatory powers, work together on a wider range of activities. Each service should - ideally with the Ministries of Interior and State Security - submit proposals to the relevant Ministers (Interior, Justice) for necessary changes to the Criminal Procedure Codes, especially in relation to organised crime. This should be done regardless of who has jurisdiction, or who should have it under any proposed changes. Existing legal procedures against organised smuggling are seriously inadequate

Increasing risk analysis capacities

7. The risk analysis capacities of the four services vary, but in all cases need to be built up - in some of the services, from a very low base - in order to maximise operational efficiency within resource constraints and to bring them into line with the norms prevalent in EU states. Specific and detailed project proposals for each service have been prepared by the four Risk Analysis working groups and included in the Consolidated Project Proposal;

8. Risk analysis techniques should be coordinated and standardised.

9. Some training in advanced computer software for risk analysis would be beneficial. All the services need such software (to help identify and link specific targets) in order to deal effectively with the massive flow of information they receive. This information needs to be properly analysed and used to drive operational targeting.

10. The preference of both the Ukrainian services to use domestic rather than foreign IT is understandable. But in weighing up the advantages of using domestic IT, they should equally take into account the disadvantages of operating an IT system which is different to that used in most EU states. The Ukrainian customs IT specialists consider that their system can be easily adjusted to meet the EU norms.

11. All four services should be encouraged to build close cooperation on information exchange with the customs and law enforcement agencies, including international ones (see also recommendations 31 and 42).

12. The intelligence systems need to have their profiles raised and instructions issued to the field on usage and reporting.

13. The MBGS and the UBGs should consider adapting the good databases they have available to assist with risk analysis techniques.

14. The MCS is using the ASYCUDA system, but so far mainly for statistics and for registering commodities. Making use of the more advanced profiling facilities and customs valuations provided by this system would undoubtedly strengthen risk analysis efforts.

15. It remains a serious weakness that all four services heavily over-emphasise statistical information at the expense of complete and well analysed strategic, operational and tactical information. SEMS or any similar domestic systems must be used as a transmission system for improved material, but all services need to educate staff at all levels on the identification, recording and distribution of specific data which can identify suspect persons and companies, and link them with past violations in order to predict future ones.

Capacity-building - Infrastructure

16. A great deal of infrastructural work is necessary in order to create a safe and efficient environment for border officials and the customers using the border crossing points. Up-graded IT/communications equipment is essential for a more effective border control system. In line with the recommendations in the IAR, four technical assistance working groups were set up to identify infrastructure and equipment needs. They have prepared a project proposal which has been incorporated in the Consolidated Project Proposal. But a full review will need to be carried out within the working groups. Lists of recommended equipment for BCPs, Border Guard Stations and Inland Customs Posts have been prepared by EUBAM field office staff in order to assist with this review (attached at Annex C).

17. At customs terminals in Moldova, the facilities and equipment are provided by the privately-owned terminal operator and are, for the most part, inadequate. We recommend that some sort of approval system be established whereby any entity wishing to set up a customs terminal is required to obtain an approval from the customs service to do so. The approval should stipulate the minimum require-

Annex A - the NARR recommendations

ments and facilities that the terminal operator should supply in terms of staff, goods-handling equipment, secure examination areas, etc.

Capacity-building - working practices and procedures

18. The use of a 24 hour shift for officers in all four services should be brought to an end as soon as possible. It is not conducive either to the welfare or the efficiency of officers, and is not in keeping with European best practice.

19. The concept of selectivity together with associated profiling and targeting needs to be introduced. This is closely tied to the development of risk analysis capacities.

20. Investigation/Enquiry groups should be set up in the services that do not have them to facilitate further treatment of detected cases. This will ensure that information gathered in the course of the investigation will not be lost to the border guard and customs services. This would boost morale and interest in making detections as officials will be able to see the results of their work. This will require financial resources in terms of accommodation and vehicles. Some mentoring will be required for an extended period also.

21. Both customs services should consider the introduction of regional anti-smuggling teams trained in deep search and detection, to enhance the border and inland customs controls (not only for TNB). These teams should be equipped with a vehicle and a complete set of search equipment and consist of three or four officers with specialist search training. They should be managed centrally and not be under the control of the regional chiefs. They should have the rights and the training to select their own targets and work areas. They should be used to detect and counter crime; not as a replacement for inadequate/inefficient regulatory controls. In Moldova, a suggested position in the organisational structure would be within the Anti Fraud unit of the Criminal Proceedings division.

22. The continuing need for some of smaller local BCPs should be reviewed as well as the staffing. For example is there always a need for a customs presence at BCPs which do not clear goods?

Capacity-building - training

23. A comprehensive training review needs to be made for all the services (this may fall under the remit of the Eurocustoms/ Tacis Mission).

24. Both of the customs services have training of a high standard. However, it is also clear that gaps exist between the training vision and the practical effect of training "on the ground". The training that officers receive does not equip them with the skills that they need to carry out their task effectively. In an age where those involved in fraud, smuggling and other cross border crime are becoming increasingly sophisticated, then customs services too must devote more and greater resources to the training of its front line staff.

25. Similarly, while the border guard services have a good standard of training, gaps exist and some of the training needs up-dating in the light of modern developments. In particular border guard officials should be trained in the detection of false documentation (in particular European documentation). A core of highly-trained staff should be created as a resource of which other officers can draw for advice/confirmation. Similar specialities need to be encouraged in relation to number-plates and the reading of vehicle identification numbers (VIN). To be truly effective, this recommendation would have to be taken forward together with the recommendation on linguistic skills (recommendation 26).

26. While there is a good knowledge of regional languages, all services suffer from the lack of officers able to communicate in other foreign languages (crucially, English - but German would also be useful). Currently, queries to foreign or international agencies have to be routed via the

capitals. The difficulties with communication infrastructure and the length of time necessary to conduct queries through capitals seriously inhibits the ability to carry out checks on suspicious cargoes, vehicles, travel documentation, etc in a timely way. The result is that there is little incentive to act upon suspicions because the amount of delay involved is not consonant with the need to process people and goods within a reasonable time limit. Increased linguistic skills in EU languages would also benefit the policy of each state to develop close ties and deeper cooperation with the EU.

27. With a view to providing a trader and visitor-friendly service, both border guard services should be entitled to issue short-term and transit visas. This would be in line with EU border standards and will facilitate trade and travel.

28. In order to combat corruption, the Mission advises the creation of a short training module on corruption prevention backed up by the creation and dissemination of informational materials aimed at the professionals working at the borders and people transiting the border for private or commercial reasons. Changes to working practices and to the infrastructure will also be required to reduce opportunities for corrupt practices. The existing anti-corruption strategies in the four services should be reviewed and updated. The issue of increased salaries should form part of this review.

Illegal border crossings

29. In our IAR, we said that the issue of illegal border crossings should be urgently addressed in the interests of proper control of the border and the prevention of illegal activity and recommended that supervision, both in the field and at command level, should be stepped up. We welcome the measures taken by the Ukrainian authorities to increase control of the green border (including additional manpower and physical obstacles), but further measures will be necessary. We continue to recommend a policy of zero tolerance, if necessary backed by a public information campaign explaining why the law is being strictly enforced.

30. In the IAR, we recommended the creation of mobile support and control units to intensify border control and surveillance in a flexible manner according to selective targeting based on a common evaluation by both states. We therefore welcome the newly announced UBGS mobile "law enforcement" teams, due to commence on 1 June 2006. UBGS should encourage the testing out of proactive law enforcement techniques by these mobile teams acting on their own initiative and with the maximum initiative and discretion within the law. The Ukrainian side created mobile teams for the cross-border operation involving the UBGS, the UCS, the Ministry of Interior, the Security Service, Police and the Tax Administration. This should provide some valuable experience to draw on in the creation of the new teams.

The Moldovan side created ad hoc mobile teams with staff from the MBGS, MCS, and the Ministry of Interior for the purposes of the cross-border operation (see section 1.2). Such teams should be established on a permanent basis. The MCS now has the mandate to create such teams; the Mission stands ready to assist in their establishment. The MBGS plans to establish a Main Division of Immigration consisting of civil servants with a special status and specific tasks. These staff will be working in close co-operation with the national law enforcement agencies and their area of responsibilities would cover the whole territory of the country including the Transnistrian boundary (TNB). We support this measure which should help to address the problems to the porosity of the TNB and we recommend that some of these special staff should work with the customs and police mobile teams.

Increased interagency cooperation and complementarity

31. In our IAR, we pointed out the crucial need for information-sharing, but the legal framework and a certain lack of openness to cooperation - perhaps a legacy from the Soviet era - makes effective inter-agency cooperation a challenge. This challenge must be met if both states are to

achieve a border system which meets modern requirements. The customs services have a protocol on exchange of information, but it is not detailed enough to allow for an intensive and meaningful exchange. It is essential that a proper system of frequent (ie daily) and meaningful information exchange is established which uses common formats and definitions and is properly evaluated. A protocol allowing the sharing of information between agencies and across the border was signed by all the agencies which took part in the cross-border operation but this was limited just to this operation and the customs services did not exchange operational information. What is required is an embedded system to allow such exchanges on a permanent basis. Linked to this is a need to clarify each service's precise powers to gather information on cases, either on their own responsibility or as agents of the Prosecutor or the lead investigation agency.

32. Cooperation between the border guards, customs and the other authorities involved in border control (the police, the security services, tax authorities, Ministry of Foreign Affairs, etc) needs to be improved in order to use common resources effectively according to an Integrated Border Management approach. Legislative amendment may be necessary to provide the basis for such cooperation. A project proposal has been elaborated by the two working groups dealing with the concept of an Integrated Border Management System. The proposal they have prepared includes the creation of combined teams (with flexible membership according to the requirements of a specific operation). The proposal has been incorporated into the Consolidated Project Proposal.

33. Following the useful results of April's cross-border operation, more joint operations should be undertaken and joint training should be conducted in order to create a common understanding of roles, obligations and capacities. This applies equally to bilateral cooperation. The main issue is to embed a system of exchanging operational information in a timely manner.

34. The Ukrainian law enforcement agencies should accept joint responsibility and cooperate closely in order to safeguard public safety, for example with regard to unroadworthy vehicles, drunk drivers etc. Such issues are within the remit of the traffic police, but this agency is only allowed into the border crossing points with the prior approval of border guard service. The border guard services should be given the obligation and competence to take action where public safety is under threat. Pending any necessary legislative change, or as an alternative, close cooperation should be established between the appropriate agencies.

Increased bilateral cooperation

35. The implementation of the Joint Declaration on the registration of Transnistrian companies which was signed in December 2005 and began to be implemented in March has been a major success for bilateral cooperation and improved border control. We firmly recommend that the Declaration should continue to be implemented and that any suggested improvements should seek to fine-tune rather than to replace or radically alter the existing framework which has already shown its effectiveness.

36. A project proposal has been prepared by one of the working groups for a joint training module on search and control techniques for the Moldovan and Ukrainian border guards and customs officers who are working at the joint BCPs. This has been included in the Consolidated Project Proposal.

37. April's cross-border cooperation showed the benefits of close bilateral cooperation. This should be built upon. Specifically relating to the discoveries of drug trafficking routes (see key finding 8 in section 1.1) using the rail network: we recommend that the MCS should use its new mandate to create mobile teams and deploy them on these routes; and that searches of trains should be made before passenger embarkation. These measures should be taken in close cooperation with their Ukrainian counterparts in order

to avoid duplication of checks and other control measures.

38. Under an EU-financed project, a system for the daily exchange of information is being developed. This is a useful step, though neither of the Ukrainian services wishes to make use of the SEMS software provided by the EU. A working group was established following the recommendation of the IAR. It has prepared a proposal which has been incorporated into the Consolidated Project Proposal.

39. All four services should exchange liaison officers with their counterparts at the regional detachment level in order to enhance information exchange, particularly relating to the "TN" segment of the border.

40. Consideration should be given to using the rail crossings north of Criva to Oknitsa as a test for a combined rail control in order to reduce the inconvenience to passengers, some of whom are currently subjected to as many as five different checks by the Moldovan and Ukraine authorities as it weaves back and forth across the border.

Increased international cooperation

41. All the services could usefully raise their profile on the international scene. It might therefore be useful to produce a small number of joint (border guards/ customs and/or Ukrainian and Moldovan) and separate Strategic Threat Assessments to be delivered to the law enforcement agencies of all EU Member States and to other relevant agencies such as FRONTEX, EUROPOL and the World Customs Organisation, and especially OLAF (the latter in relation to complex financial frauds against EU and EU Member states' budgets, evidence of which is becoming increasingly obvious).

Annex B - Training facilitated by EUBAM

Event	Duration	Recipients/Participants	Dates	Notes
Induction training for EUBAM staff	2 days	Newly arrived EUBAM staff	1-2 December 2005	Delivered by the European Commission
Integrated Border Management	1 day seminar/workshops	Customs & Border Guard - UA	23 May 2006	Delivered by an external expert hired by EUBAM
Integrated Border Management	1 day seminar/workshops	Customs & Border Guard - MD	18 May 2006	Delivered by an external expert hired by EUBAM
Falsified Documents	4 days	17 MD BG & Customs	3-6 May 2006	Training delivered by the external experts hired by EUBAM
Falsified Documents	5 Days	14 UA BG	2-6 June 2006	Training delivered by the external experts hired by EUBAM
Project Planning Tools	1 day	6 EUBAM & 8 Counterparts (MDCS & BG)	20 June 2006	Otaci, MD. Training delivered by EUBAM experts
Project Planning Tools	1 day	6 EUBAM & 8 Counterparts (UA CS & BG)	July 2006	Kotovsk, UA. Training delivered by EUBAM experts
Car Trafficking	2 session Each session 2 days	BG, Customs, Police & others (UA)	21-22 September & 28-29 September 2006	Train local trainers who can then train operational level counterparts. EUBAM experts delivered practical and theoretical training
Mobile Units	1 week	BG, Customs, Police etc. (UA)	20-26 September 2006	Transfer of skills, sharing experiences in the field of mobile operations (including working with police forces). EUBAM designed and delivered training 2day theory, 4 days practical part, 1 day evaluation

Mobile Units	5 days	BG, Police, Customs etc (MD)	25-29 October 2006	Transfer of skills, sharing experiences in the field of mobile operations (including working with police forces). EUBAM designed and delivered training 2day theory, 3 days practical part including 2 hours for evaluation
Car Trafficking	2 session (in the North and in the South of Moldova) Each session 2 days	BG, Customs, Police & others (MD)	9 - 13 October 2006	To train local trainers who can then train operational level counterparts. EUBAM experts delivered practical and theoretical training. 1 session in North of MD, 1 in South.
Enhanced Passport Controls/Profiling	4 X 1 day	BG (UA)	Various within September 2006	Training designed & delivered by EUBAM experts (FO Odessa) to enhance passport skills in Odessa and Illichevsk ports.
Search and Control Techniques	2 X 1 day	BG and Customs (MD)		Training designed & delivered by EUBAM experts (FO Otaci) to enhance search techniques of vehicles.
Risk Awareness/Profiling	5 X 1 day workshop	Customs (UA)	30 October - 3 November 2006	Training designed & delivered by EUBAM expert (Customs RAA Kiev) to introduce risk analysis system and profiling
Planned Events				
Measure of Volume (tanks, containers and vessels)	1 day	Customs Officers for Giurgiulesti Port (MD)	2006	Training designed & delivered by EUBAM expert (FO Basarabesca)
Customs Valuation (WTO/GATT valuation)	8 days	Customs (UA and MD) and EUBAM experts	2006	External Trainers likely to be used. TSC to plan & coordinate.
Falsified Documents	2 days	BG UA and MD	2006	Training will be delivered by counterparts -Trainers in assistance with EUBAM experts

Annex C - Terms of Reference for the EUBAM Advisory Board

In accordance with the Description of the Operation of the EUBAM Section 3. Scope of the project, organisation and methodology and point 3.1 Target Groups and Project Partners:

"An Advisory Board will be set up under this project, including high-level representatives of Moldovan and Ukrainian customs and border guards authorities, the Commission, the UNDP as implementing partner, the EU Special Representative for Moldova, EU Presidency, as well as the Organisation for Security and Co-operation in Europe (OSCE). The Advisory Board should meet approximately every three months to review progress in the achievement of the Mission's objectives. It will be co-chaired by EU and UN representatives in Ukraine."

2. The membership of the Advisory Board is based on the special invitation extended by the Head of EC Delegation and UNDP Representation in Kiev.

3. The mandate of the Members of Advisory Board is to:

- overview the performance of the EUBAM in the light of the Memorandum of Understanding signed by Moldovan, Ukrainian Governments and the European Commission
- express their opinion related to the achieved results refer to the general and specific objectives stipulated in the Memorandum of Understanding
- overview and evaluate the cooperation between the EUBAM and Moldovan and Ukrainian authorities
- overview and evaluate the cooperation between the Moldovan and Ukrainian State Border Services and Customs Administrations
- propose any activity that can foster the proper implementation of the objectives of the EUBAM.

4. Advice will be followed by the EUBAM in fact of confirmation by the European Commission.

5. Advisory Board meetings are co-chaired by Heads of EC Delegation and UNDP Representation in Kiev.

6. The Head and Deputy Head of the EUBAM are invited to participate at the Advisory Board meetings:

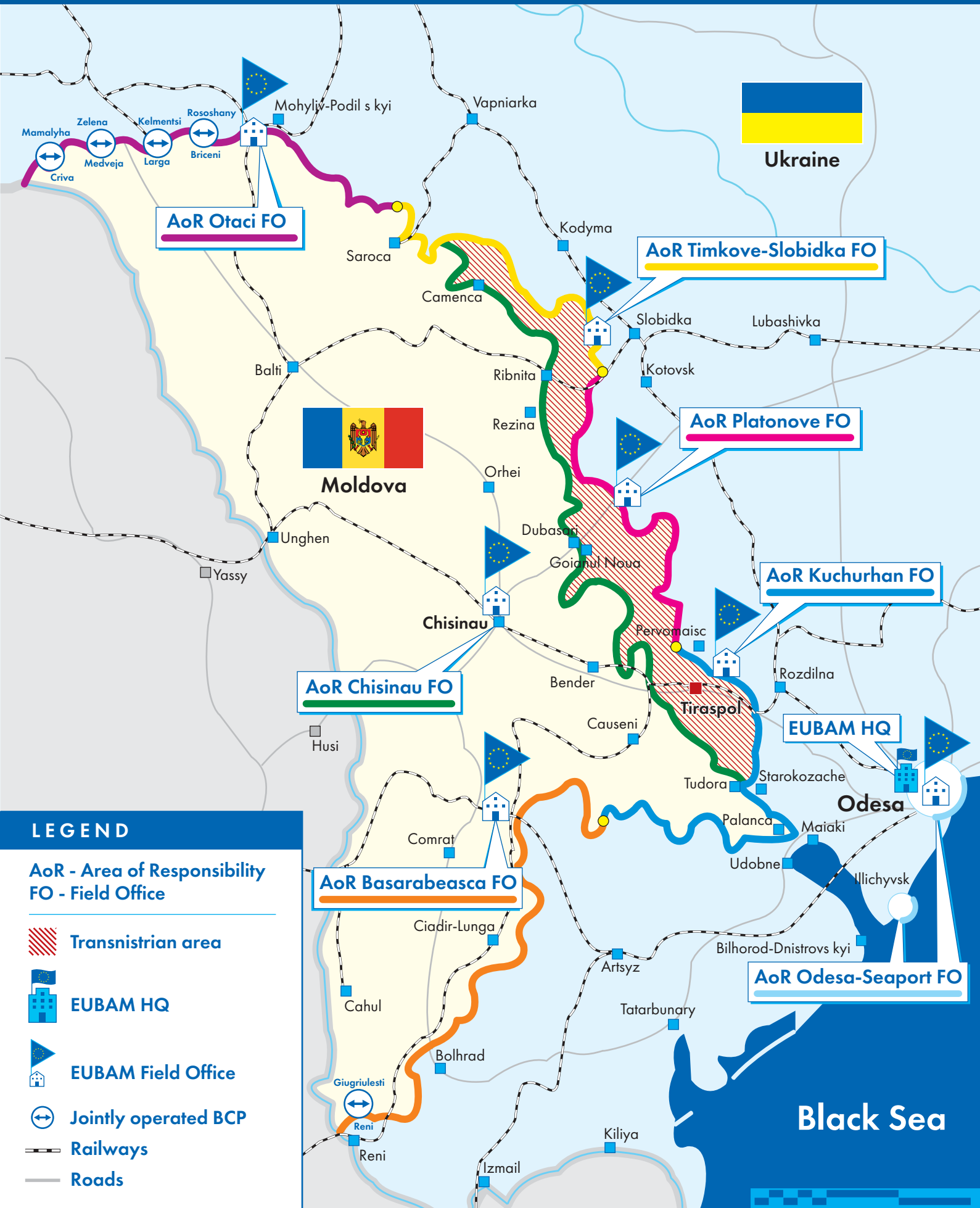
- they are obliged for preparation and presentation of discussing documents, reports required by the Chairmanship,
- they have right to take part in the discussion and express their point of view regarding to the evaluation, observation and proposals presented by the Advisory Board members.

7. The EUBAM HQ serves as Secretariat for the Advisory Board and is responsible for ensuring sufficient assistance for the Advisory Board members under direction of the Chairmanship.



EUROPEAN UNION BORDER ASSISTANCE MISSION TO MOLDOVA AND UKRAINE

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LEGEND

AoR - Area of Responsibility
FO - Field Office

Transnistrian area

EUBAM HQ

EUBAM Field Office

Jointly operated BCP

Railways

Roads



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