

Combating
illegal trade,
together.

Foreword

Philip Morris International launched PMI IMPACT in 2016 with one clear objective: to help advance global efforts against illegal trade and related crimes. Our firm belief has always been that no single company, government, or organization can eradicate illegal trade alone. Instead, a collaborative, inclusive approach is required. One that enables public and private actors, along with civil society, to work together, implement innovative ideas, and share knowledge on how to end illegal trade in all its forms.

Over the past three years, an independent Expert Council has selected a series of projects that we hope will leave a lasting footprint – one that will serve as best practice for others to follow. Today, after two funding rounds of a total of USD 48 million, we are proud to present the progress achieved by the 60 projects the PMI IMPACT grantees have implemented around the world. The skills and innovative thinking that each of these organizations has put into practice are commendable.

In today's hyper-connected world – with growing concerns around global security, the proliferation of criminal organizations, and the surge of new digital tools – it's more important than ever for NGOs, law enforcement agencies, governments, academics, and other sectors of civil society to continue coming together and exchanging expertise, ideas, and opinions around our common goal: winning the fight against illegal trade and related crimes.

This is the spirit of PMI IMPACT. And this is just the beginning. I hope you enjoy learning what the projects have achieved so far, and share my excitement about where we can go next.

Alvise Giustiniani

Vice President Illicit Trade Prevention, Philip Morris International

PMI IMPACT Expert Council

The PMI IMPACT Expert Council is an independent panel of professionals with extensive experience in the fields of law, anti-corruption, human rights, technology, and the fight against organized crime and illegal trade.

Foreword from the Expert Council

The pervasive consequences of illegal trade are indisputable. From threatening national security and the rule of law to undermining human rights and economic development, illegal trade has a lasting effect on our world and local communities. Its interconnections with criminal syndicates and terrorist networks, as well as the web of other illegal activities that proliferate around it, are stark reminders of how deeply this problem is rooted in many of our society's darkest corners.

It's encouraging that in the face of this bleak reality the efforts to eradicate illegal trade are intensifying, the calls to action are multiplying. And along with that comes an increasing awareness that true and sustainable success will only come through better collaboration and coordination between all impacted actors.

As members of the independent Expert Council of PMI IMPACT, we have had the opportunity over the past three years to discover a wealth of creative ideas and innovative solutions put forward by a broad range of public, private, and non-profit organizations. Hailing from different corners of the world, the PMI IMPACT grantees of the first and second funding rounds have diverse characteristics in terms of expertise and approach – but their projects are defined by a shared objective: to advance the global efforts against illegal trade and related crimes.

While this fight is far from won, we are hopeful for the future. It's our belief that the results and real potential demonstrated by the projects presented in this report will inspire other organizations to expand their work, enhance their thinking, and seek new ways to better collaborate against this global issue.

The PMI IMPACT Expert Council members*



Suzanne Hayden



Alain Juillet



Paul Makin



Carlos Creus Moreira



Luis Moreno Ocampo



Navi Pillay

*Former Expert Council Members: **Professor M. Cherif Bassiouni** • **Mr. Jürgen Storbeck** • **Ms Catherine Volz**

What is PMI IMPACT?

PMI IMPACT is a global initiative by Philip Morris International to support projects dedicated to fighting illegal trade and related crimes.

It invites public, private, and non-governmental organizations around the world to submit project proposals in line with the theme of each funding round. The projects are selected through an open and defined evaluation process, led by a council of independent experts.

Since its launch in 2016, PMI IMPACT has funded 60 projects that include research, awareness-raising, development of technical solutions, funding of equipment to help combat crime, training for law enforcement agencies, and communication initiatives to foster cross-sector and public-private collaboration.

A global conversation on illegal trade

Finding sustainable solutions to combat illegal trade requires broad collaboration and a coordinated effort to address the issue in its entirety, across a range of illegally traded commodities. From tobacco, to drugs, to human beings. From the public and private sectors to civil society, everyone has a role to play.

This is what the PMI IMPACT initiative is about: enabling a wide range of state and non-state actors at the local, regional, and global level to invest in, develop, and implement meaningful projects.

Beyond the project funding work, PMI IMPACT is also committed to encouraging a global conversation around security and the fight against illegal trade.

Project leaders from the first and second funding rounds have come together in public forums and conferences supported by PMI IMPACT to discuss better ways of working together and share their learnings and expertise.

And in the context of international forums such as the Munich Security Conference, the World Policy Conference, and the Rome MED (Mediterranean Dialogues) Conference, PMI IMPACT is also helping bring together leaders, experts, and innovative thinkers to discover synergies, exchange ideas, and discuss solutions that will help tackle illegal trade and the ecosystem of crimes that flourish around it.

PMI IMPACT aims to be a catalyst for cross-sector collaboration and dialogue. A platform for groundbreaking ideas, engaging conversations, and progressive initiatives against illegal trade and related crimes.



Funding Rounds

To date, PMI IMPACT has launched two funding rounds and allocated USD 48 million for the implementation of 60 projects in 30 countries.

The projects address multiple aspects of illegal trade, ranging from the smuggling of tobacco, alcohol, and pharmaceutical products to the trafficking of rare animal species. Beyond illegal trade, the projects explore solutions for tackling a broader web of related crimes such as drug trafficking, money laundering, organized crime, and modern-day slavery.

More than
350
proposals

60
projects
awarded

Total grants
\$48
million
(USD)

The projects came from organizations representing a broad range of public, private, and academic sectors including think tanks, research institutions, universities and law enforcement authorities from the following countries:

- Albania
- Argentina
- Belarus
- Belgium
- Bosnia & Herzegovina
- Brazil
- Bulgaria
- Canada
- Colombia
- Croatia
- France
- Germany
- Greece
- Hong Kong
- Hungary
- Indonesia
- Italy
- Lithuania
- Poland
- Romania
- Russia
- Serbia
- Singapore
- Slovakia
- Slovenia
- Switzerland
- Turkey
- Ukraine
- United Kingdom
- USA

First Funding Round at a glance

The first PMI IMPACT funding round was launched in June 2016 and called for projects combating illegal trade and related crimes in the European Union. A total of 31 projects – from academic institutions, law enforcement agencies, and private organizations – in 16 countries

were selected for funding. Covering a broad range of activities in the EU and neighbouring countries, the selected projects put forward innovative solutions and perspectives. The total grants awarded reached USD 28 million.

Successful projects came from organizations in the public, private, and academic sectors representing 16 countries.



Project Types



Research



Technical Solutions



Capability Building



Awareness

Second Funding Round at a glance

Launched in September 2017, the second round of PMI IMPACT funded 29 projects with a total of USD 20 million.

With a focus on initiatives that address converging forms of illegal trade and related crimes in a wider geographical

scope, there were successful applicants from 22 countries across Europe, the Middle East, Asia, North and South America. The projects represented a range of sectors including think tanks, research institutions, universities, and law enforcement authorities.

Successful projects came from organizations in the public, private, and academic sectors representing 22 countries.



Project Types



Research



Technical Solutions



Capability Building



Awareness

The background features a stylized globe with a grid of dots and lines, overlaid with a complex network of white lines connecting various points. The overall color scheme is blue and white, with a prominent red arrow pointing downwards from the top section to the bottom section.

First Funding Round

Overview of Projects

The selected projects cover a broad range of activities in the European Union and neighbouring countries, in line with the theme of the first funding round. The implementation process began in 2017, with some of the projects still ongoing and others already completed.



Project at a glance:

- Researches illegal trade in Albania and bordering countries
- Examines correlations between government policies and illegal trade
- Develops recommendations for more effective regulation of tobacco and tobacco products
- Promotes multi-stakeholder awareness-raising and collaboration

Description of grantee:

Kazazi Consulting is a consultancy firm offering tax, financial, accounting, and legal services. It has specialist experience in tax policies and in tax administration, including international taxation and tax treaties, as well as in tax projects with the EU, USAID, the World Bank, and others.

Project name:

Correlation between tax burden, illegal tobacco trade, and corruption on Albanian borders

Project description:

Researching the illegal tobacco trade in Albania and bordering countries, and exploring the correlation between state policies and levels of illegal trade and corruption. The project argues that certain state policies and administrative measures have led to the increase in illegal trade, corruption, and related crimes. The research shows that once illicit channels are created and consumers are "served" at much lower prices, it is very difficult and expensive to close those channels, even if unsuccessful policies are reversed.

Progress so far:

- Gathered statistical data on production, export-import, and consumption of tobacco products in the countries' studied
- Conducted a series of meetings, workshops, and conferences with experienced staff in relevant state institutions in the four study countries
- Gathered input from tobacco growers, producers, traders, and distributors through a range of focus groups, interviews, and workshops
- Developed recommendations and suggestions regarding tax and agriculture policies aimed at reducing illicit production and trade.
- Developed recommendations on public health protection policies in line with country development levels
- Conducted an overview of tobacco state policies, proving that in countries with low income per capita and with weak enforcement powers, the tax increase is always associated with an increase of illicit trade and corruption. The research argues that the increase of excise tax rates must be done gradually, in parallel with the strengthening of administrative capacities, as well as with the increase of consumers' purchasing power. Unaffordable prices considerably stimulate consumers to turn to illicit and uncontrolled products
- The research promotes coordination and cooperation between related agencies and institutions in each country in fighting illegal trade
- Research study extended to include data for 2018, rather than up until the end of 2017 as per the original project plan



"Tobacco is an important source for state revenues, but high taxes and unaffordable prices will considerably deviate the consumption toward illicit products, which increase tax evasion and economic crimes, and are more harmful for health."

Fatmir Kazazi, Managing Partner, Kazazi Consulting Shpk



Project at a glance:

- Sociological research into various demographic groups' attitudes to counterfeit products
- Comparative analysis of legislation on intellectual property rights
- Competition for members of public to submit innovative projects on tackling illegal trade
- Runs training programs on illegal trade for youth organizations, entrepreneurs, officials, and customs

Description of grantee:

BelBrand is an intellectual property protection association in Belarus. It is a voluntary union of companies and entrepreneurs engaged in the production and sale of goods, the rendering of services, the sale of goods bearing foreign trademarks and brands, and the provision of services aimed at protecting intellectual property rights.

It aims to defend the interests of businesses in the sphere of intellectual property rights at national and international level.

Duration:

September 2017 – March 2020

Status:

Ongoing

Geographic scope:

Belarus



Project name:

Legal Trade - Secure World

Project description:

Sociological research and comparative analysis of legislation on intellectual property protection, and on combating illegal trade and counterfeiting, combined with awareness activities and training programs. The project focuses on Belarus, the Eurasian Economic Union (EAEU), and the European Union (EU).

Progress so far:

- Conducted comparative analysis of legislation aimed at preventing the spread of counterfeit products in the EAEU
- Developed and launched the "Legal Trade - Secure World" website, showcasing examples of combating illegal trade in the EAEU
- Participated in the Minsk International Forum in Intellectual Property Protection, leading a series of seminars and webinars on the project and related topics
- Conducted sociological studies to learn about attitudes to counterfeit products and illegal trade among various demographic groups
- Organized a competition calling for projects that employ innovative ways of counteracting illegal trade
- Organized a series of arts events
- Opened an office, "Economic Security and Intellectual Property", and a museum displaying counterfeits at the Customs Department of the Belarusian State University



"The main project outcome in Belarus is that the topics of intellectual property protection and counteracting illegal trade have acquired the due attention at the state level and are gradually becoming major social values."

Dr.Valentina Dynich, Deputy Chairman of the BelBrand Association



Project at a glance:

- Raising awareness amongst local business owners, policy-makers, and consumers about illegal trade and counterfeiting in Belgium
- Digital campaigns with a total Facebook reach of more than four million people
- Developed a financial tool that measures the impact of illegal trade on retailer profits

Description of grantee:

PMO cvba is an umbrella organization that works with three companies (Mode Unie, Buurtsuper.be and the Knowledge Centre for Independent Newspaper Dealers) that represent independent fashion, food, tobacco, and newspaper retailers in Belgium. It is focused on promoting the interests of these independent retailers and offering them social, business, and economic services.

Duration:

September 2017 – December 2019

Status:

Completed

Geographic scope:

Belgium

Project name:

Impact of illegal trade in Belgium

Project description:

Campaign to raise awareness among local business owners, policy-makers, and consumers about the negative consequences of illegal trade and counterfeiting in Belgium.

Progress so far:

- Launched the "Don't believe in fairy tales, illicit trade exists" campaign on two grocery store websites during the "Month of the (local supermarket)" in the Belgian regions of **Flanders** and **Wallonie**, in which consumers played an online game and learned about illegal trade. The campaign achieved around 88,000 visits and reached 2.8 million users on Facebook for two years in a row
- Conducted meetings with independent newsagents, independent supermarket owners, and fashion retailers on their illegal trade experiences and consumers' responses
- A "Hansel and Gretel gingerbread house" was built on a main shopping street in Antwerp in December 2017, with passers-by invited to enter the house and learn about illegal trade and counterfeit projects
- The "Fairy Tale Project" with the "gingerbread house" raised awareness on illegal trade and counterfeit and fake products among Belgian consumers and gained wide national media coverage
- A financial tool was created to calculate the impact of illegal trade on the individual profit of shops. The tool was made available to shop owners to assess the impact of illegal trade on their own businesses
- Project reference page is available at www.pmocvba.be/project-namaak/



"Thanks to the PMI IMPACT project, we were able to spread information about and the dangers of illicit trade and counterfeit products to retailers and consumers. Without the help of the whole PMI IMPACT organization, we would not have been able to reach this wide range of target audience."

Chiel Sterckx, Project Coordinator, PMO cvba



Project at a glance:

- Vulnerability assessment of the tobacco sector in Bulgaria, Greece, Romania, and Italy
- Performance evaluation of law enforcement and revenue authorities working on illegal tobacco trade
- Model developed to assess corruption risk
- Recommends policy measures to address institutional gaps and corruption risks

Description of grantee:

Project 1 EOOD is a commercial subsidiary of the Center for the Study of Democracy (CSD), established in 2003 as part of CSD Group. The CSD is a Bulgarian non-governmental organization and public policy institute dedicated to the values of democracy and the market economy. It promotes European integration, monitors the institutional reform process in Bulgaria, and also leads anti-corruption initiatives.

Duration:

July 2017 – January 2020

Status:

Ongoing

Geographic scope:

Bulgaria, Greece, Romania, Italy

Project name:

The illegal trade of tobacco products along the Balkan route: addressing institutional gaps and corruption

Project description:

Explores deficiencies in the institutional, regulatory, and legal frameworks which hinder efforts to counter national and cross-border organized crime networks that control and profit from the illegal trade of tobacco products (ITTP) in Bulgaria, Greece, Romania, and Italy. The analysis includes an elaboration of tools for evaluation of the performance of law enforcement and revenue authorities against the ITTP at regional level. Special focus is given to examining the role of corruption in the law enforcement and revenue agencies as a major indicator of institutional inefficiency and a key enabling factor in the proliferation of the ITTP. The project adopts a combination of quantitative and qualitative methods to explore the levels, nature, types, and mechanisms of corruption transactions in targeted countries.

Progress so far:

- National papers published providing a **mapping of vulnerabilities and risks** from ITTP in Bulgaria, Greece, Italy, and Romania
- Policy paper published providing an **overview of vulnerabilities and risks** from ITTP in Bulgaria, Greece, Italy, and Romania
- Policy papers published giving an **evaluation of police effectiveness** in fighting ITTP in the four relevant countries
- Draft of policy paper presenting the methodology and results from the pilot evaluation of police effectiveness in fighting ITTP in the four participating countries, including details of the methodology used
- Drafts of national papers on pilot assessment of the corruption risks in police/customs related to ITTP at the regional level in the relevant countries

- Two events organized in each of the four analyzed countries



"PMI IMPACT engaged the most renowned research institutes in Southeast Europe and contributed to raising the level of the public discussion among politicians, law enforcement, customs, and revenue authorities regarding the risks and possible counter measures against ITTP and in general against organized crime and corruption. Particularly in the case of Bulgaria, the PMI IMPACT initiative retained the public attention to the topic and encouraged the authorities to sustain their efforts in suppressing the illegal market."

Tihomir Bezlov, Senior Analyst, CSD Group



Project at a glance:

- Economic analysis of the excise duty policy on tobacco products in Bulgaria and its effect on the illegal market
- Comprehensive analytical report on law enforcement and judicial practices in illegal trade cases in Bulgaria
- Sociological survey among 5,200 smokers in Bulgaria, analysis of price elasticity of tobacco products, and examination of affordability issues in the EU

Description of grantee:

The Institute of Market Economics (IME) is the oldest independent economic policy think tank in Bulgaria. Its mission is to develop and advocate market-based solutions to challenges faced by citizens of Bulgaria and the region.

IME aims to provide independent assessment and analysis of the government's economic policies and to be a focal point for an exchange of views on market economics and relevant policy issues.

Duration:

July 2017 - June 2019

Status:

Completed

Geographic scope:

Bulgaria

Project name:

Law and economics of illegal trade of tobacco products in Bulgaria

Project description:

Investigation into the effects of regulation on the illegal trade of tobacco products, with a focus on excise duty policy and obligatory harmonization with the EU. The research analyzed how Bulgaria's policy in this area has overcome challenges in the early years of EU membership and proved successful in recent years by following three key principles: stable rules (e.g. excise duty structure), predictability (e.g. excise calendars), and a step-by-step approach. Affordability issues were examined and the price elasticity of tobacco products in Bulgaria was evaluated. Public choice theory was also applied by examining how regulatory issues are affected by a turbulent political environment and short-termist political considerations.

Progress so far:

- All IME reports and findings are available on the "By the book" campaign page on IME's website
- IME reports and findings in 2017-2019 welcomed by government officials, various experts, media, and the public
- The most important recommendations by IME were implemented by the Bulgarian national government in 2018-2019
- Illegal trade of cigarettes in Bulgaria is at record low levels (below 4% of the market) due to various policy measures, fully supported by IME findings
- Affordability of cigarettes improved due to stable excise framework and budget revenues from tobacco are at record high levels
- Administrative burden on legal producers reduced with the removal of the price from the excise label
- All above policy measures supported by IME findings
- Fight against illegal trade of tobacco products more effective following introduction of various measures: incrimination of the production of illegal tobacco products; register for those involved in production and sale of machines and equipment for production of tobacco products; successful implementation of EU-wide track and trace system for tobacco products



"PMI IMPACT gave us the opportunity to investigate in great detail various issues related to the illicit trade of tobacco products in Bulgaria. We were able to analyze the institutional framework and the excise policy towards tobacco products in the last 10 years and to highlight policy shortcomings that were fuelling illicit trade. An in-depth sociological study gave us a better understanding of consumer attitudes towards illicit trade and for the first time independent calculations were made on elasticity of demand for cigarettes in Bulgaria. IME findings are also applicable on EU level and supported by our work on affordability issues in the EU."

Petar Ganev, Senior Research Fellow, IME



Project at a glance:

- Establishes illegal tobacco trade links to organized crime, corruption, and drug trafficking
- Identifies gaps and deficiencies in existing Bulgarian and EU legislation on the illegal cigarette trade
- Teaching materials and training courses developed for decision-makers and law enforcement officers

Description of grantee:

The UNWE is the largest university in Bulgaria, with over 21,000 students in full-time and distance education studying in 43 bachelor's degree specialities and 108 master's degree specialities, as well as about 500 Bulgarian and foreign doctoral students studying in 38 doctoral degree programmes.

The UNWE has eight faculties and about 500 lecturers – 300 of whom are Professors and Associate Professors – guest lecturers, eminent scientists, government figures, and business representatives. UNWE is the coordinating university for Bulgaria in the Central European Initiative for relations between universities. It collaborates with more than 100 universities from across the world and works with them on joint master's degree programmes, scientific research projects, distance learning, and student and lecturer exchange.

Duration:

August 2017 - July 2019

Status:

Completed

Geographic scope:

Bulgaria, Turkey, Serbia, Croatia, Albania, Italy, Germany, France, UK

Project name:

Contraband and counterfeit risk identification – business process analysis and spatial aspect

Project description:

Combination of research, targeted training programs, and a public awareness campaign. The research is based on business process analysis, spatial-temporal analysis, clustering, and legal analysis. It aims to enhance understanding of multiple aspects of the illegal tobacco trade and related crimes, as well as provide data to develop recommendations on how gaps and deficiencies can be addressed.

Progress so far:

- Determined modus operandi and spatio-temporal dependencies of the illegal tobacco trade, including links to organized crime, corruption, and drug trafficking
- Identified gaps and deficiencies in the existing European and National Legal Frameworks and suggested improvements to legal activities to combat illegal cigarette trade
- Developed teaching materials and training courses for decision-makers and law enforcement officers
- Wide communications campaign to raise awareness of the illegal cigarette trade and its links to other crimes
- Handbook created based on the research activities, including the development of a risk identification methodology
- A software system to be used with the research was created by the project IT team, which developed two applications in order to show the capabilities for GIS Server and spatial analysis. The system is designed to make analysis of illicit trade risks more rapid and accessible



"I welcome PMI IMPACT as a global initiative to support projects against illegal trade and related crimes. For my team the project was a challenge and a unique research opportunity. The positive results from the project – research, data, models, software applications, training courses, media campaigns and events – are a step forward in combating illegal trade and related crimes. The DNRS team at the UNWE worked tirelessly to achieve the project results over a period of two years. We discovered that illegal trade with its connections to other crimes is a uniquely complex problem that will require constant and international efforts in various fields of science and practice and the first round of projects are just the beginning."

Prof. Dr. Dimitar Dimitrov, Dean, Faculty "Economics of Infrastructure", Head of the Department "National and Regional Security", University of National and World Economy



Project at a glance:

- Research project assessing the illegal trade of cigarettes and other tobacco products along the Balkan smuggling route, covering the illegal trade of tobacco in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia, and Kosovo
- Raises awareness about the harmfulness of illegal trade of cigarettes and other tobacco products
- Provides policy recommendations for curbing illegal tobacco trade

Description of grantee:

The Institute of Economics, Zagreb (EIZ) is a public scientific institute with over 75 years of experience in conducting economics research. Its work is aimed at raising awareness about socio-economic issues including trafficking, drug abuse, and corruption in the gray market economy.

Duration:

July 2017 – October 2019

Status:

Completed

Geographic scope:

Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia, Kosovo



Project name:

Illegal trade of tobacco products: smuggling as experienced along the Balkan route – BalkanSmugg

Project description:

A combination of research and awareness-raising activities that aimed to explore attitudes towards, and experiences of, the illegal tobacco trade among citizens of seven Balkan countries.

Progress so far:

- Produced a strong evidence base on the illegal trade of tobacco in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia, and Kosovo
- Conducted a survey assessment in 2018 of smokers' attitudes and experiences of buying cigarettes on the gray market, along with public opinion regarding the illegal trade of cigarettes and other tobacco products (3,000 respondents per country, totaling 21,000 respondents in the region)
- Publication of the BalkanSmugg study report in September 2019, presenting the key findings of the project and shedding light on smokers' habits and practices in buying cigarettes and cut tobacco, including the experience of purchasing tobacco products on the gray market. The main finding was the size of the gray tobacco market per country
- The study revealed public opinion on what constitutes acceptable behavior related to the illicit trade of cigarettes and tobacco products and explored perceptions regarding their negative effects. This made the project the first all-encompassing study of the gray market and illegal trade in cigarettes and other tobacco products
- All project results were presented for the region and compared among the analyzed countries in order to frame the regional context of the findings. Croatia was used as a case study for more precise analyses of the tobacco sector
- Along with the BalkanSmugg study report, seven country reports were published
- Publication of the working paper by Vedran Recher: "Tobacco smuggling in the Western Balkan region: Exploring habits, attitudes, and predictors of illegal tobacco demand", February 2019
- Publication of the working paper by Jelena Budak, Edo Rajh, Goran Buturac and Anamarija Brkovic: "Public opinion on tobacco gray market in the Western Balkans: A cluster analysis approach", July 2019
- In September 2019 in Zagreb, EIZ brought together representatives from the academic community, the public and private sectors, and the media to present the results of the project and have a constructive discussion with participants

"Owing to the support of PMI IMPACT, the EIZ research team had the opportunity to conduct ground-breaking research for one of its most interesting research projects – BalkanSmugg. We are particularly grateful to PMI IMPACT for having recognized our research instincts to explore the topic of illegal tobacco trade in the Balkan region, which has not received a lot of academic attention so far. We were given an opportunity to acquire an abundance of research data and information which will allow us to continue with our research activities on this topic in the future. Along our research path, PMI IMPACT has provided us with constant support not just financially, but also with their flexible approach and full cooperation."

Dr. sc. Jelena Budak, The Institute of Economics, Zagreb



Project at a glance:

- Developed and launched a website dedicated to illicit trade-related issues
- Online platform informed European businesses and consumers about illegal trade
- Social media engagement on Twitter, Facebook, YouTube, LinkedIn, and Medium

Description of grantee:

ADIT is a leading European strategic intelligence company. It provides consultancy services aimed at reducing the uncertainty in business growth strategies.

ADIT specializes in five key areas of expertise: strategic intelligence; business integrity and compliance; business security; business diplomacy; and territorial intelligence and operational deployment. It has a team of over 200 analysts and a network of 1,000 experts and correspondents worldwide.

Duration:

July 2017 – April 2019

Status:

Completed

Geographic scope:

European Union

Project name:

Rogue trade project

Project description:

Development of an online platform that informs European businesses about the illegal trade of tobacco products and other fast-moving consumer goods.

Progress so far:

- Designed, built, and launched a website dedicated to illicit trade-related issues – focused on exposing the prevalence and patterns of illegal trade
- Website aimed to inform European businesses and consumers about the illegal trade of tobacco and other products
- The platform became a top European website focusing on illegal trade and had strong social media engagement figures
- Over 21,000 users across Twitter, Facebook, YouTube, LinkedIn, and Medium by end of February 2019



Project at a glance:

- Develops a prototype to detect and reveal street crime using data from smart city sensors
- Covers crimes including illegal tobacco trade
- Uses artificial intelligence (AI) to detect crimes and big data to analyze them
- Aims to support French security forces through automatic camera analysis

Description of grantee:

GTD is a privately owned technological business group with an international presence. Founded in 1987, GTD offers system integration and software engineering solutions, services, and products in the diverse sectors of aeronautics, space, defense, security, robotics, and logistics.

Duration:

January 2018 – December 2019

Status:

Completed

Geographic scope:

France

Project name:

SMITE'2: Smart Illicit Trade Evidence Engine

Project description:

Aims to develop an intelligent prototype that detects street crime, including trafficking, in order to ease human decision-making in real-time during security events. The prototype supports the monitoring and managing of public spaces by raising alerts on street events detected by artificial intelligence (AI), while also assisting in further investigation through big data analysis. Developed for French cities and security forces, the project is based on the practices and knowledge of local police and city services. SMITE'2 aims to provide each strand of the French security forces with functionalities and added value through automatic camera analysis.

Progress so far:

- Creation of the first scalable and modular prototype of SMITE'2, gathering the expertise of GTD and its partners in complex system integration, AI, surveillance equipment, and crisis management HMI (human-machine interface)
- Set-up of AI models able to detect and geographically localize street crimes in laboratory conditions and in exterior conditions, in real time or differed time
- Set-up of the HMI to improve real-time event management as well as differed time business global overview
- Worked with several municipalities to prepare the best conditions for operational experimentation



"PMI IMPACT has been a great opportunity for GTD and its partners to share their expertise in new technologies (big data, AI) and foster the fight against illegal traffic."

Javier Muru, Deputy Chief Executive Officer, GTD



Project at a glance:

- Explores the importance and significance of asset recovery as a tool for fighting organized crime
- Compares the use of asset recovery in German law and European law
- Develops alternative methods of asset recovery
- Assesses the effectiveness of asset recovery at German and European levels
- Tests the limits of asset recovery set by German constitutional and European law

Description of grantee:

The University of Kiel is the largest, oldest, and most prestigious university in the state of Schleswig-Holstein, Germany. Its faculty, alumni, and researchers have won eight Nobel Prizes. It has been a member of the German Universities Excellence Initiative since 2006, and the world-renowned Kiel Institute for the World Economy is affiliated with the university.

The university was founded in 1665 and today has around 26,000 students.

Duration:

October 2017 – November 2019

Status:

Completed

Geographic scope:

EU

Project name:

Asset recovery in the German legal system – an instrument to fight tobacco trafficking?

Project description:

Examining the importance and effectiveness of asset recovery as an instrument employed in the German legal system to discourage the illegal trafficking of tobacco. Taking German law as an example, the project scrutinizes and tests the limits of national constitutional and European law with regard to asset recovery and its potential independence from the safeguards of a full criminal procedure and a subsequent judgment. Alternative methods of asset recovery that promise a certain level of effectiveness against trafficking are also developed and assessed.

Progress so far:

- Gathered the facts concerning cigarette and tobacco trafficking and its criminal implications in Europe
- Compared past and current legal situations for asset recovery in Germany by analyzing legal material, legal literature, and case law
- Analyzed the impact of a 2017 amendment in German criminal law on the effectiveness of asset recovery in the fight against tobacco trafficking
- Examined the current legal situation for asset recovery in Germany and its compatibility with constitutional and European law
- Assessed international cooperation in asset recovery and explored potential alternatives to the current law

"Crime should not pay. Asset recovery can be an effective instrument to fight illicit trade by drying out the financial resources of criminals if designed in accordance with Constitutional and European law."

Florian Becker, Professor, Christian-Albrechts-Universität zu Kiel



Project at a glance:

- Five high-speed RIB (rigid-inflatable boat) vessels delivered to the Hellenic Coast Guard to patrol the national waters
- Vessels will help improve surveillance and enforcement of Greek sea trafficking routes
- Identification of a main route of illegal tobacco trafficking from/to the EU and Africa by sea

Description of grantee:

The Hellenic Coast Guard (HCG) is the National Coast Guard of Greece. Its basic roles are law enforcement at sea, search and rescue, marine safety, preventing sea pollution, fisheries patrolling, and preventing illegal immigration and drug trafficking.

Duration:

February 2018 – February 2021

Status:

Ongoing

Geographic scope:

Africa, Greece, EU

Project name:

Contraband Sea Shield (CSS)

Project description:

The project funded the procurement of five RIB vessels for the HCG to help it improve its surveillance and enforcement of Greek sea trafficking routes. The illegal tobacco trade poses a significant threat to the Greek economy and has grown in the country in recent years. In contrast to elsewhere in Europe, most illegal tobacco trafficking in Greece takes place by sea. While most trafficked goods are exported from Greece by land, the majority of imports are trafficked into the country by sea at remote coastal locations. Increased enforcement capability for the HCG is designed to tackle this illegal activity.

Progress so far:

- Five high-speed boats have been manufactured and delivered to the Hellenic Coast Guard
- For the next two years, surveillance and enforcement will be implemented by the HCG using the RIB vessels



"We are pleased to see organizations like PMI who are willing to support efforts in fighting such serious crimes.

The cooperation between public and private organizations in such complex and important issues is vital.

This is an important milestone in our strategy to enhance our efforts to fight against illegal trade and dismantle criminal networks."

Spyridon A. Evangelidis, Captain, Hellenic Coast Guard



Project at a glance:

- Comprehensive overview of economic and financial strategies of jihadi terrorists
- Demonstrates the diversification of sources of terrorism financing
- Explores the convergence of terrorist and criminal organizations

Description of grantee:

The ICSA Foundation is an Italian non-governmental organization focusing on security, defense and intelligence. It analyzes national and foreign security issues, including cyber and technological security threats to the State and individual citizens. ICSA also focuses on the evolution of military defense models in relation to external threats and to criminal activity in Italy.

Duration:

September 2017 – December 2019

Status:

Completed

Geographic scope:

Italy

Project name:

Fighting terrorism on the Tobacco Road

Project description:

Combines research, educational, and media activities to explore the connections between the various types of criminal trafficking (e.g. of cigarettes, drugs, medicine, migrants, organs, weapons, oil) and the financing of jihadi terrorism. The project works with prosecutors, parliamentary committees, police, and intelligence teams to identify possible law enforcement strategies and regulatory approaches. It also raises awareness of security risks associated with illegal cigarettes among the media and the public.

Progress so far:

- [Project website](#) and social media accounts launched
- Interviews carried out with government ministers, members of parliament, prosecutors, law enforcement agents, customs and treasury police agents, investigation and intelligence operatives, and analysts
- Research report "Terrorism, Crime and Contraband" presented at the Italian Chamber of Deputies in March 2019. Confirming the initial hypothesis that the roads of terrorism, cigarette smuggling, and illegal trafficking might cross or even coincide, the report shows that jihadi terrorism is acting both as a player and a stakeholder in contraband and illegal trafficking, especially in some areas of the MENA (Middle East and North Africa) countries
- Extensive TV packages on the report have been broadcast on Rai1 by TG1 (in May 2018 and March 2019) and TV7, as well as on RaiNews24. Articles on the report have been published on Panorama, Il Giornale, and IISole24Ore.com
- Four training seminars carried out for law enforcement agencies (Superior Academy of the Police, Carabinieri Officer's Academy, Antimafia Investigation Directorate, Economic and Financial Police Academy of the Guardia di Finanza) with about 500 participants
- Seminars covered issues including terrorism, cyber-terrorism, radicalization, and the illegal cigarette trade
- Seven training seminars for journalists organized in Rome, Milan, Naples, Palermo, Bari, Ancona, and Trieste between June and September 2019
- One training seminar for high school students organized in Avezzano



"We wish to stress that the ICSA research took place outside of an emergency logic, at a time when ISIS had lost a sizeable amount of territory in the Syria-Iraq region. This is a key methodological difference, because generally in Italy political-government actors are used to discussing themes of vital importance and meaning, including terrorism, only in the aftermath of extraordinary and dramatic events, and therefore under emotional pressure."

General Leonardo Tricarico, President of ICSA Foundation



Project at a glance:

- Criminology-led research project assessing the trafficking in drugs, NPS (New Psychoactive Substances), and tobacco, with a specific focus on the dark web
- Workshops, visibility, and dissemination events at national and EU/international level addressed to key law enforcement agencies, public authorities, researchers, and experts
- Research reports, infographics, operational materials, e-learning courses, and interactive platform developed
- Collection of large, structured data set – nearly 50,000 listings from six relevant cryptomarkets over a two-year period (2016-2018) – allowing innovative assessment of offline/online illegal criminal trafficking

Description of grantee:

RISSC (Research Centre on Security and Crime) is an Italian non-profit research center, based in Turin. Since 2005, RISSC has undertaken research on security and crime at local, national, European, and international levels. It analyzes criminal and social issues, develops strategies for risk prevention and damage reduction, and provides technical assistance and training for public authorities and private organizations. RISSC is currently developing a knowledge hub on technology-driven illegal trafficking activities and related crime.

Duration:

October 2017 – November 2019

Status:

Completed

Geographic scope:

Italy/Europe

Project name:

Project DNT: Improving knowledge on the trafficking in drugs, NPS, and tobacco

Project description:

Research – combined with educational and awareness activities – focusing on the illegal trafficking of drugs, New Psychoactive Substances (NPS), and tobacco products, both offline and online, particularly on the Darknet. A criminological approach is applied to analyze categories and typologies of substances and products, and connections among them. The project also considers the respective modus operandi used in the deep web, surface web, and offline, and their interdependencies. Online trafficking routes, including main countries of origin and destination, are compared with new and traditional offline trafficking routes. The most relevant criminogenic factors – including legal and policy issues, market regulation, enforcement activities, and market asymmetries – are also investigated to outline actual and future possible scenarios. The interconnections among criminal markets of NPS, plant-based drugs, and tobacco, along with new trends in illicit drugs and non-combustion tobacco devices, are explored.

Progress so far:

- **Project DNT website** live
- A public intermediate research report, **The illegal trafficking in drugs-NPS-tobacco**, analyzes the existing interplay between the offline and online illicit markets, trafficking routes, the related supply chain, and delivery methods in five key substances related to criminal activities: heroin, cocaine, cannabis, NPS, and tobacco products
- Completed criminological analysis of drug trafficking on the Darknet (final research report restricted – available upon request). A cross-sectorial criminological analysis on six relevant cryptomarkets was developed, based on data retrieved from crawling sessions performed between 2016 and 2018. Key opportunities for discussion of drug trafficking, psychoactive substances, drugs, and tobacco through the Darknet are provided
- Interactive platform developed to store and assess Darknet-related dataset
- Project results shared (among others) with INTERPOL, CoE Pompidou Group, Italian customs and law enforcement agencies, Department for Antidrug Policies (DPA), Anti-mafia National Agency (DNA), Central Directorate for Antidrug Services (DCSA), private couriers, toxicologists, and researchers at events in Turin (December 2018), Rome and Vienna (May 2019)



“The support of PMI IMPACT represented an important opportunity for RISSC. The research team has had the possibility to work with stability and independence on the development and implementation of the DNT project. This allowed it not only to investigate a complex and fast-changing phenomenon, which is redesigning illicit traffic and posing new threats for people and public health, and new challenges for law enforcement agencies, but to experiment with innovative methodologies and approaches.”

Mara Mignone, Ph.D. Criminologist, RISSC-Research Centre on Security and Crime



Project at a glance:

- Compares criminal justice approaches to combating illicit trade in South Eastern Europe, and identifies related practical challenges and obstacles
- Devises cross-sectorial policy recommendations for relevant leaders and policy-makers
- Conducts national and regional strategic dialogues to build knowledge and skills and foster cooperation in partnership with Europol, the Southeast European Law Enforcement Center (SELEC), and Organization for Security and Co-operation in Europe (OSCE) among other bodies active in the region

Description of grantee:

The Siracusa International Institute is an independent non-governmental, non-profit law and policy organization committed to the global protection of human rights through the rule of law. Established in 1972, the Institute is recognized, and cooperates closely with, Italian justice and law enforcement authorities. The Institute has consultative status with the United Nations and contributes to a wide range of crime and security forums including the UN Crime Prevention and Criminal Justice Programme Network and the OECD Task Force on Countering Illicit Trade. The Institute conducts technical assistance projects, training, and research with a focus on emerging and converging criminal phenomena.

Duration:

September 2017 – April 2020

Status:

Ongoing

Geographic scope:

Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Kosovo, Montenegro, North Macedonia, Romania, Serbia, Slovenia, Turkey

Project name:

Strengthening the Fight Against Illicit Trade in South Eastern Europe (SEE-IMPACT)

Project description:

SEE-IMPACT aims to strengthen the criminal justice response to illicit trade in South Eastern Europe on the basis of a comprehensive understanding of local vulnerabilities in their regional context. The project will: assess practical challenges and obstacles faced by criminal justice officials in the fight against illicit trade through desk research, interviews, and inter-agency dialogue; devise cross-sectorial policy recommendations for national leaders and policy-makers as well as other key stakeholders; conduct tailored capacity-building activities for fostering inter-agency and regional cooperation. On the basis of national and regional assessments of the criminal justice response to illicit trade, and tailored capacity-building events, SEE-IMPACT will develop a regional publication with innovative cross-sectorial recommendations that could serve as a platform for future collaboration.

Progress so far:

- National experts were engaged to assess the criminal justice response to illicit trade in each project country, supported by further national consultations and capacity-building events. An overall regional assessment is currently being prepared for publication
- The Institute convened the first of two Regional Strategic Dialogues in December 2018, involving more than 100 national politicians, policy-makers and senior criminal justice officials, as well as directors of international agencies such as INTERPOL, Europol, SELEC, and the UN Office on Drugs and Crime. The second RSD will be held in 2020 when the regional publication is publicly launched
- From May to October 2019, National Strategic Dialogues were conducted in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Romania and Serbia



“Illicit trade is not unique to South Eastern Europe; it is a global phenomenon requiring global solutions. Countries of this region are committed to identifying common challenges, leveraging expertise and synergies across government and the region as a whole, and stepping-up cooperation. The Institute stands ready to support these communities of stakeholders throughout the crucial final stages of SEE-IMPACT and into the future.”

Filippo Musca, Acting Director General, The Siracusa International Institute for Criminal Justice and Human Rights



Project at a glance:

- Analysis of the illegal flow of cigarettes through the EU in connection with surrounding countries
- Examines three main trafficking routes targeting Europe
- Recommends policies to tackle the transnational flow of illegal cigarettes

Description of grantee:

Transcrime is the joint research center of the Università Cattolica del Sacro Cuore in Milan, the University of Bologna, and the University of Perugia.

Based in Milan, the center analyzes criminal phenomena, evaluates crime prevention policies, identifies criminogenic opportunities in legislation, and develops risk assessment models and crime prevention strategies. Its director, Ernesto Ugo Savona, is professor of criminology at the Università Cattolica del Sacro Cuore.

Duration:

December 2017 – April 2019

Status:

Completed

Geographic scope:

30 European countries (28 EU, plus Norway and Switzerland) and 27 EEMA countries (covering the Balkans, North Africa, and the Middle-East)

Project name:

ITTP Nexus in Europe and beyond

Project description:

Identification and analysis of illegal cigarette trade routes throughout Europe and in the Middle East, North Africa, and Central Asia. The project focused on how these routes are connected to social, political, and legislative frameworks within the various affected countries. It made operational and policy recommendations to tackle illegal trade routes and develop preventive measures for reducing specific risk factors. It also aimed to increase awareness of the illegal tobacco trade and help governments and industries forecast and prevent it.

Progress so far:

- [Research report](#) published
- Analyzed the illegal flows of cigarettes moving through EU countries by also examining the role of, and connections with, relevant countries in North Africa, the Middle East, and Central Asia
- Assessed the enabling factors behind transnational cigarette trafficking
- Provided an overview of the main characteristics of the transnational cigarette trafficking network in Europe and beyond
- Explained the trafficking of cigarettes along the three main routes targeting European markets (the North-Eastern Route, the Extended Balkan Route, and the Maghreb Route)
- Discussed the contextual factors and drivers behind cigarette trafficking and its evolution over time, relying on original estimates and analyses
- Put forward policy recommendations to tackle the transnational illegal flows of cigarettes, overcome regulatory gaps, and develop preventive measures for the reduction of specific risk factors
- Project results emphasized the importance of an integral and multilateral approach that involves multiple countries and simultaneously considers the demand, supply, and transfer of illegal cigarettes
- Project findings could be used to anticipate future scenarios, thereby helping governments and other stakeholders to forecast and prevent crime and to inform their regulatory choices
- Comprehensive methodological approach suggested by the project could potentially be used for analyzing other transnational illegal markets and criminal activities



“The study, like cigarette trafficking, extends beyond national and regional borders. This transnational dimension calls for an analysis that considers the interactions among 157 countries involved to reveal, understand, and monitor cigarette trafficking.”

Ernesto U. Savona, Director of Transcrime



Project at a glance:

- Research on the interaction between different kinds of illicit trafficking undertaken by criminal organizations in the Mediterranean Sea
- Human trafficking links to drug trafficking and cigarette smuggling examined
- Makes recommendations for innovative criminal policies for EU and Mediterranean countries
- Series of seminars organized to raise awareness of trafficking and smuggling in the Mediterranean

Description of grantee:

The University of Palermo (UNIPA) is a cultural, scientific, and teaching institution in Sicily. It has 20 research departments covering areas including information technology, biology, mathematics, medicine, and social sciences.

Duration:

November 2017 – February 2020

Status:

Ongoing

Geographic scope:

Italy, Spain, Portugal, Greece, Germany

Project name:

The new era of smuggling in the Mediterranean Sea

Project description:

Investigation into the extent to which illegal goods smuggling and human trafficking are committed by the same criminal organizations. Specifically, the project investigates the legal and criminological aspects of illegal trade and related crime – with a focus on human trafficking – and their connections to organized criminality. It also analyzes domestic and EU legislation for tackling smuggling and human trafficking by organized crime organizations and proposes preventive and criminal policies for European lawmakers. The project builds on existing academic and institutional partnerships between Italy, Spain, Portugal, Greece, and Germany. It includes a series of seminars and lectures for magistrates, lawyers, police officers, and university students to help create local networks and raise awareness on the issue.

Progress so far:

- [Project website](#) live
- [Draft reports published](#) on human trafficking, drug smuggling, and cigarette smuggling
- Series of 12 seminars at the University of Palermo Law School attended by around 70 people (per seminar) including students, academics, lawyers, prosecutors, and police officers from Italy, Spain, Portugal, Germany, the UK, and the Netherlands
- Seminar materials collected on dedicated [section of website](#), seminars booklet printed, and [Facebook page](#) created to disseminate research activities
- Roundtable with Italian experts on the specific topics covered in the research held at the Palace of Justice in Palermo



“The Mediterranean area, since ancient times, represented a space-movement (Braudel). In this very ancient crossroads of exchanges, it is important nowadays to analyze the existence of traffic and the role played by international criminal organizations. NESMeS Research offers numerous contributions to enlighten this hidden profile of mobility and globalization.”

Vincenzo Militello, Professor of Criminal Law, University of Palermo



Project at a glance:

- Cutting edge statistical modeling used to identify main drivers of illegal trade
- Guidelines for investment strategies for governments
- Face-to-face interviews with 6,400 residents in eight countries
- Project dispelled notion that all border towns are similar

Description of grantee:

Civitta is an independent management consultancy with offices across Central and Eastern Europe and in the UK. Its services include management consulting, grants and project management, market research and customer data analytics, entrepreneurship support and start-ups, public policy and development.

Project name:

Insight into CEE border-town smuggling economics

Project description:

The size of the shadow economy generated by cigarette smuggling in border towns in the Central and Eastern Europe (CEE) region was estimated using the MIMIC (Multiple Indicators and Multiple Causes) model. The project explored the economic importance of the illegal cigarette trade for residents of border towns, and provided policy recommendations for the development of the towns' economies in order to reduce the appeal of illegal trading.

Progress so far:

- Research report published: [Insight into CEE border-town smuggling economics](#)
- 48 border municipalities with highest potential to be involved in the illegal tobacco trade identified and analyzed
- Completed comparative statistical analysis with 48 nearby towns and districts not on the border
- Research data revealed huge variations between border towns, contrary to initial forecasts
- Quantitative research showed border municipalities across the region and within countries are different from each other, with varying perceptions of the shadow economy and tax evasion among residents, and also have varying tools and solutions for fighting the shadow economy
- MIMIC model revealed that the shadow economy in all eight countries is bigger in border municipalities than inland municipalities
- Registered income, GDP per capita, and gross investment are all lower in border municipalities, with this economic disparity greater in EU member states
- Key locations and main smuggling routes between EU and corresponding non-EU towns identified
- Recommendations developed on reducing the shadow economy for all local authorities of towns involved in the project
- MIMIC model was combined with other statistical data-driven tools to estimate the shadow economy at town level – a unique scientific achievement
- Project selected as 'Project of the Year' within the Civitta group and is regarded as the most successful project in the company's history



"It has been an absolute honor to be a part of the global PMI initiative and contribute to the creation of new methods for combating illicit trade. We are happy to say that the results of the project have gathered momentum in the region analyzed and have acted as a catalyst towards open discussion between government organizations, education, and private sector players. This step might be crucial towards big change."

Kestutis Jovaisas, Partner at Civitta



Project at a glance:

- Innovative training program for cargo scanning
- Lithuanian customs officials trained in image analysis and detecting suspicious objects
- Designed to enhance detection of illegal tobacco, explosives, firearms, and drugs
- Set for potential implementation in other customs authorities worldwide

Description of grantee:

INTA is an information technology company and was one of the first to provide photocopiers, telecommunications equipment, and support services for the Lithuanian market. It specializes in radiation safety, X-ray inspection, and cargo tracking, safety, and control.

Project name:

Cargo scanners image analysis and threat object recognition training

Project description:

Training program on image analysis and suspicious object recognition for Lithuanian customs officials working with cargo scanners. The training was designed to enhance the skills of every image analyst, making them proficient in image workstation software tools, as well as techniques for image interpretation and threat detection. The training provided customs officials with an understanding of the overarching security trends that affect inspection processes and taught them how to undertake image analysis effectively and efficiently (including for weapons, narcotics, currency, contraband, undeclared goods, and other items of interest). The project aimed to streamline communications between the screener and searcher on X-ray machines to enable a faster and more efficient screening process.

Progress so far:

- Image analysis and threat recognition training provided to 89 Lithuanian customs officials using a new tool, the Standard Test Container (STC)
- Training involved over 100 STC scans on four different types of cargo scanners, along with the creation of an STC library with 150 examples of suspicious objects
- Hundreds of real-life X-ray images were analyzed and an image-analysis methodology was devised
- Latvian, Estonian, and Finnish customs officials attended training as observers and all expressed an interest in undertaking the same training for their own cargo scanner operators
- Project advanced the European Commission's goal of decreasing illegal trade and related crimes through digital innovation
- Better capability to detect suspicious objects (e.g. tobacco, explosives, firearms, drugs) helps prevent illegal trade and related crimes

Duration:

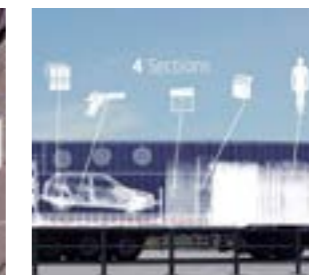
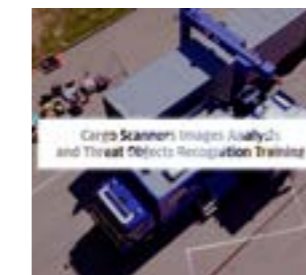
August 2017 – June 2018

Status:

Completed

Geographic scope:

Lithuania



"The PMI IMPACT grant allowed us to seek the results we did not even expect. The project for all our team was a challenging journey which continues up to now. Every stage of design and production of STC faced the same key task – to manufacture STC with as realistic smuggling situations as possible to make STC an effective and useful training tool. Positive feedback from customs officials regarding our training solution was the best assessment we can expect. We believe STC training helps customs authorities fight against illicit trade and smuggling."

Donatas Limantas, Director of Projects Department, INTA



Project at a glance:

- Cross-country research project covering six European countries
- Methodology developed to measure the level and drivers of the shadow economy
- Policies for combating illegal trade in the six countries evaluated
- Project results disseminated through conferences and media coverage

Description of grantee:

The Lithuanian Free Market Institute (LFMI) is a non-profit organization that promotes ideas of individual freedom and responsibility, free market, and limited government. LFMI's work includes research and economic policy analysis, evaluation of legislative proposals, advocacy, awareness raising, and educational initiatives.

Duration:

September 2017 – October 2019

Status:

Completed

Geographic scope:

Lithuania, Latvia, Estonia, Poland, Sweden, Czech Republic

Project name:

Unfolding drivers of illegal trade through Baltic and Nordic cross-country micro-analysis

Project description:

Cross-country research, awareness-raising, and advocacy project that examines the extent and drivers of shadow economies in Lithuania, Latvia, Estonia, Poland, Sweden, and the Czech Republic. It is the first study of its kind on the drivers of illicit trade and undeclared economic activity across the Central, Eastern, and North European region that applies quantitative econometric analysis of micro-level survey data and a novel cross-country policy assessment to elicit the accuracy of existing policy strategies. Policy and decision-makers in the legislative and executive sphere, opinion leaders, business confederations, and academia are engaged in debates to stimulate evidence-based policy alternatives to address the root causes of illegal trade. Cross-country communications and media campaigns publicize the research findings and boost awareness and support from diverse stakeholder groups to create policy change.

Progress so far:

- Research report Shadow Economy: Understanding Drivers, Reducing Incentives (estimated 700+ recipients)
- Research report Reducing Shadow Economies. From Drivers to Policies (estimated 350+ recipients to date)
- Two policy briefing documents in Lithuania and the Czech Republic
- Two policy conferences in Vilnius and a conference panel in Estonia (230 participants)
- Two launch events and panel discussions in Brussels with a total of 130 attendees
- Four briefings to policy and decision-makers in Lithuania, the Czech Republic, and Estonia

- Four media campaigns with a total of 150 media hits in Lithuania, Latvia, Estonia, and the Czech Republic



"The fight against the shadow economy is at its most productive not when illegitimate activities are eradicated, but when they are transitioned from the informal to the formal economy. This project has built a unique body of cross-country research and evidence that helps us to understand why people choose to go illicit. It has also served to navigate policy strategies that would enable people to create economic well-being untarnished by the onerous individual and societal costs associated with illicit activities."

Aneta Vaine, Vice President, Lithuanian Free Market Institute



Project at a glance:

- Assesses impact on illegal trade of recent political, legal, and technological changes
- Examines potential role of Brexit on illegal trade in tobacco products
- Investigates future relationship between the EU/UK and the tobacco industry
- Explores role of intellectual property right laws in combating counterfeit cigarette trade

Description of grantee:

Established in 1956, the Institute of Law Studies of the Polish Academy of Sciences (PAN) is a scientific research body that coordinates and conducts basic research in legal studies from a theoretical and practical perspective.

Duration:

September 2017 – July 2020

Status:

Ongoing

Geographic scope:

EU

Project name:

Controlling the illegal trade of tobacco in an era of fast change

Project description:

Identifies trends and required modifications in the control of illegal trade in tobacco products and e-cigarettes in the EU, taking into account a number of recent political, legal, and technological changes. These include the Brexit referendum, the decision not to prolong EU-tobacco industry agreements, and the emergence of new tobacco products.

Progress so far:

- Examined the criminal law approach to combating the illegal trade in tobacco products
- Investigated possible forms of cooperation between the EU/UK and the tobacco industry after termination of their agreements
- Assessed illegal trading in counterfeit cigarettes and the role intellectual property rights laws and their enforcement could play in repressing it
- Examined the operation of EU/tobacco industry agreements, identifying their advantages and disadvantages in terms of limiting the illegal trade of tobacco

- Evaluated the consequences of Brexit for the illegal trade in tobacco products in the EU and UK



"The project 'Controlling the Illegal Trade of Tobacco in an Era of Fast Change' is a complex and comprehensive legal study aiming to analyze trends, mechanisms, and systems that will further inform the relevant policy-makers and enforcement agencies on available options to reduce illicit trade in the EU. The PMI IMPACT grant allows us to conduct research – inter alia – on states' policies with regard to combating illegal tobacco trade, which we would not have been able to do otherwise."

Professor Celina Nowak, Director of the Institute of Law Studies of the Polish Academy of Sciences



Project at a glance:

- Increasing the efficiency of the Romanian Police in detection and disruption of smuggling criminal networks at EU borders
- Focuses on Romania's borders with Ukraine, Republic of Moldova, and Serbia
- Builds police's tobacco detection capabilities with new patrolling river boats and the increased capacity of the dog training facility
- Launched Facebook campaign that reached 40,000 people living in border areas

Description of grantee:

The Romanian Police is the national police force and main civil law enforcement agency in Romania. It reports to the Ministry of Administration and Interior and is led by a General Inspector with the rank of Secretary of State.

Duration:

October 2018 – September 2020

Status:

Ongoing

Geographic scope:

Romania



Project name:

DETECT – Enhanced capabilities for detecting and investigating tobacco smuggling at EU border

Project description:

Procurement of patrolling and tobacco detection equipment, coupled with training and coordination activities, to disrupt criminal smuggling networks in Romania and at its borders with Ukraine, Republic of Moldova, and Serbia.

Progress so far:

- Ongoing purchasing:
 1. Two river boats for patrolling and control to increase the efficiency of water patrolling in two smuggling hotspots – Galati (border with Republic of Moldova) and Drobeta-Turnu Severin (border with Serbia). The boats will enhance the Transport Police's fluvial tobacco detection capabilities (night patrolling) in Galati and Drobeta-Turnu Severin, where small high-speed boats are used for smuggling
 2. Specialized dog breeds for tobacco detection (20 dogs) – new breeds of service dogs will be introduced and the existing pool of service dogs will be improved. This is part of the capacity-building activities of Project DETECT to support the Romanian Police Dog Training Centre "Dr. Aurel Greblea" Sibiu with tobacco detection dogs and to train Transport Police staff as dog handlers
 3. Four veterinary medical kits to ensure adequate medical support for the tobacco detection dogs
- In May 2019 an inter-institutional workshop was conducted, aimed at improving coordination between authorities and other stakeholders (private organizations and civil society) working to counter tobacco smuggling. The workshop was designed to foster cooperation between public and private organizations, both at national and regional level, and to enhance the fight against tobacco smuggling at the EU border. It also aimed to tackle the illicit distribution of tobacco products and the resultant health hazards for consumers
- Conducted a Facebook campaign to raise awareness of illicit tobacco smuggling. The campaign has reached 40,000 people living in the border areas, greatly surpassing the project target of 2,000 people

"The prevention and countering of tobacco smuggling is a top priority for the Romanian Police, and the project DETECT - enhanced capabilities for detecting and investigating tobacco smuggling at EU border is an important example of the cooperation between the public and the private sectors, aiming at limiting the negative effects generated by this criminal phenomenon.

Through the direct activities carried out together we are generating an efficient response against tobacco smuggling at the EU border, thus ensuring an increased level of safety for citizens."

Police Quaesstor Carmen Camelia Tuicu, Deputy General Inspector of the Romanian Police



Project at a glance:

- Setting up a state-of-the-art unit to increase the operational capacity of SELEC Law Enforcement Authorities against illegal trade
- Training for 120 specialists on the latest technology, techniques, and investigative methods for fighting smuggling of goods
- Conducting an anti-smuggling social media awareness campaign with a focus on cigarettes and tobacco products

Description of grantee:

The Southeast European Law Enforcement Center (SELEC) is a law enforcement, treaty-based international organization that brings together the resources and expertise of Police and Customs authorities to combat all forms of trans-border organized crime in Southeast Europe, prioritizing serious and organized crime.

SELEC provides support to its 11 Member States (Albania, Bosnia and Herzegovina, Bulgaria, Republic of North Macedonia, Hellenic Republic, Hungary, Republic of Moldova, Montenegro, Romania, Serbia, Turkey), having two decades of expertise in coordinating joint investigations and regional operations, facilitating the swift exchange of information and requests for assistance, supporting operational meetings, and preparing analytical products.

Duration:

November 2017 – September 2020

Status:

Ongoing

Geographic scope:

Albania, Bosnia and Herzegovina, Bulgaria, Croatia, North Macedonia, Greece, Hungary, Moldova, Montenegro, Romania, Serbia, Turkey

Project name:

FAIT – Fight Against Illegal Trade

Project description:

Increasing the operational capacity of SELEC and its Member States through training programs, procurement of equipment, infrastructure improvements, and awareness activities to efficiently respond to smuggling into the EU via the SELEC region.

Progress so far:

- Contracted IT consultancy services to set up the SELEC Operational Center Unit (OCU), including the SELEC Intelligence Reporting Application Tool (S.I.R.A.T), to ensure the fast collection, analysis, and exchange of strategic and operational information among case officers, national focal points, SELEC liaison officers, and SELEC analysts
- Completed the tender procedure for contracting infrastructure equipment and fitting. Contracted a consortium for developing the new OCU and creating S.I.R.A.T
- Developed 10 operational meetings/joint investigations for exchanging information related to illegal trade cases, especially in relation to smuggling of tobacco products in the Southeast Europe region. Following the meetings, the law enforcement authorities from SELEC Member States achieved significant results (including seizures of illegal products and arrests)
- Conducted workshops and undertook a needs assessment for future training activities organized within the project
- SELEC organized the 18th and 19th meetings of the Anti-Fraud and Anti-Smuggling Task Force – in April 2018 in Romania and May 2019 in Albania. The purpose of the meetings was to provide a forum in which participants could discuss regional approaches to preventing and countering customs fraud and smuggling, with the overall aim of strengthening regional cooperation between Customs and Police
- Contracted an advertising agency to design and implement the awareness campaign carried out in three Member States. The consumer-facing campaign, which started in June 2019, focuses on the risks of cigarette smuggling
- Conducting the social media awareness campaign against smuggling activities in three targeted countries. Up to now, the key performance indicators for all three countries were surpassed
- Establishment of OCU and creation of the S.I.R.A.T platform are almost finalized
- Purchased three vehicles for on-the-spot support of operational meetings, joint investigations, and regional operations

"Due to the firm commitment of SELEC Member States to effectively contribute and cooperate for reducing the criminal phenomena, as a law enforcement organization, SELEC represents a governmental response to the demand for a more secure region, thus ensuring a better economic and social environment for all South Eastern European states and citizens.

Project Fight Against Illegal Trade (FAIT) is an important tool for fighting illicit trade, supporting SELEC in developing and increasing its Member States operational capacities in order to create an efficient response for combating this crime."

Snejana Maleeva, Director General of SELEC



Project at a glance:

- Analyzes criminal backgrounds of European jihadists
- Investigates the existence of a crime-terror nexus in Europe
- Focuses on 11 EU member states with most terror-related arrests
- Develops recommendations for decision-makers and law enforcement

Description of grantee:

GLOBSEC is a non-governmental organization that aims to shape the global debate on foreign and security policy, both through research and by connecting key experts. Its research focuses mainly on defense, security, energy, and European issues. It organizes the annual GLOBSEC Bratislava Forum, one of the top global security conferences in the world.

Duration:

September 2017 – December 2019

Status:

Completed

Geographic scope:

The project targets the 11 EU countries responsible for the highest number of arrests for terrorism offences: Austria, Belgium, Bulgaria, France, Germany, Greece, Ireland, Italy, the Netherlands, Spain, and the UK

Project name:

From criminals to terrorists and back?

Project description:

Collects and codes data on the terrorism arrestee populations of the 11 EU countries responsible for the highest number of arrests for terrorism offences. Investigates whether the arrested individuals had prior criminal connections and, if so, whether a specific connection to illegal trade and illegal tobacco trade is a precursor to terrorism. The project assumes a crime-terror nexus exists, and aims to offer ideas on how it could be disrupted. It also explores how the respective strategies and tactics for combating organized crime, illegal trade, and terrorism could work together to help create a safer Europe. The project's overarching goal is to provide the knowledge that can be used to develop actionable recommendations for decision-makers and law enforcement agencies, and to ensure this information is disseminated through the different channels available to GLOBSEC.

Progress so far:

- Collected, collated, and analyzed data on terrorism convicts from the 11 EU countries with the highest number of arrests for terrorism offences
- "From criminals to terrorists and back?" project web page launched
- Disseminated project findings at GLOBSEC strategic forums and other international events attracting decision-makers, experts, law enforcement, and key private sector representatives



"A new form of public-private partnership, in which BOTH private entities and governments come together to work towards common good, means: a world with less or far less illicit trade."

Robert Vass, President, Globsec



Project at a glance:

- Studies key components of cigarette production, putting a spotlight on upstream industries that supply cigarette factories with such components
- Analyzes various solutions that industry and government stakeholders can employ to strengthen their control over the key components
- Presents a roadmap to tackle the problem of uncontrolled component trade

Description of grantee:

Cross-border Research Association is an independent research institute focusing on supply chain security, trade facilitation, crime prevention, and risk management. The association was established in Lausanne, Switzerland, in 2005.

Duration:

August 2017 – November 2019

Status:

Completed

Geographic scope:

Project management and research in Switzerland; field investigations in Bulgaria and Ukraine

Project name:

Precursors of Illicit Cigarette Trade (PRECISE)

Project description:

Any cigarette factory, whether legal or illegal, needs various raw materials, semi-finished goods, and manufacturing equipment to be able to produce cigarettes. Controlling key production inputs – especially tobacco leaves, filters, cigarette papers, and machinery – can become a powerful supply-side strategy against the illicit cigarette trade. But today, this opportunity remains largely unexploited. This project studies key components of cigarette production and analyzes ways to control them. A roadmap of actions is proposed to tackle the problem of uncontrolled component trade, which is known to fuel the production of illicit cigarettes.

Progress so far:

- The report "Key components of illicit cigarette production: a roadmap to controlling production-critical materials, intermediate goods, and machinery" is close to completion
- The report shows that the trade in key components of cigarette production remains largely uncontrolled
- The most promising targets for further controls appear to be acetate tow (the main ingredient of filters), filter rods, processed tobacco, and cigarette papers. These components are essential to cigarette production, cannot be substituted with other materials, and are specific to cigarette production. Yet currently, there is no concerted effort to control these production inputs
- Research reveals the chokepoints of the upstream value chain, where a single business activity is in the hands of a few companies. Focusing controls on the chokepoints – such as acetate tow production and first processing of tobacco leaves – can prove a cost-effective strategy to curtail access to the key components
- The report recommends that public and private stakeholders implement a set of solutions, including buyer due diligence, product tracking, and a clearing house for monitoring trade volumes at the industry level



"It's fortunate that PMI IMPACT welcomes innovative ideas with great potential. The program allowed us to embark on pioneering research on key components of illicit cigarette production."

Dr Toni Männistö, Head of Research, Cross-border Research Association



Project at a glance:

- Created tool to test if seizures data across Europe could be collated and used to generate insights
- Tool developed with feedback from law enforcement, the tobacco industry, and key opinion leaders
- Covers 70% of reported seizures in 2016 and 2017
- Findings suggest the development of an internal illegal tobacco production within the EU

Description of grantee:

KPMG is a global network of professional services firms providing audit, tax and advisory services. KPMG member firms operate in 153 countries, collectively employing more than 207,000 people, and serve the needs of business, governments, public-sector agencies, not-for-profits, and – through member firms’ audit and assurance practices – the capital markets.

Project name:

Analysis of seizures to inform policy and Law Enforcement Predictive Analysis Tool

Project description:

Research project to collate intelligence related to tobacco product seizures within the EU, Norway, and Switzerland. The collated intelligence was used to identify key trends in illegal tobacco trade activity across the countries within the study, presented in a way that helps law enforcement to act on trends identified and reduce illegal tobacco trade.

The data collected was sourced through open source channels and when combined and analyzed, may be used by law enforcement, policy-makers, and manufacturers to understand where tobacco seizures took place and how effective some of their initiatives may have been. The approach was ‘proof of concept’, in order to determine whether or not it was possible to collate the information and whether insights could be drawn from the online analysis tool created.

Progress so far:

- The objective of the Seizure Insight Analysis (SIA) project was to develop an [online interactive tool](#) (which is hosted on KPMG’s website) to track and monitor publicly available information on seizures of illicitly traded goods. The project started with tobacco products and pilots are under way to expand the tracking and look into other illicitly traded goods. By aggregating the seizures information, trends start to emerge across the EU. These trends can help stakeholders when formulating plans to fight illicit trade, on their borders, across the EU as a whole and within countries
- The project is presented as both a tool and insights report that collates some of the aggregated findings. The tool is designed for individual users to form their own conclusions. However, some key points in the insights report include:
 - The SIA Project research includes approximately 70% of reported seizures in 2016 and 2017
 - Large seizures of raw tobacco suggest the development of an internal illegal production within the EU
 - Seizures in Eastern Europe were on average smaller than Western Europe. The main smuggling routes in Eastern Europe to Western Europe require smugglers to cross land borders, often with relatively small amounts of tobacco
- 80% of seizures are made away from border checkpoints, in shops, tracked vehicles, or factory raids
- The [Seizures Insight Analysis Report](#) summarizes some of the key findings from the SIA project. The report does not seek to analyze every finding generated, but rather to provide the reader with an overview of some key insights generated during the course of KPMG’s work. Many of these insights were identified by interviews that KPMG undertook with customs officers and law enforcement experts. Some of the insights are overlaid with key data from other illicit trade research, in order to help provide a narrative to go with the online tool

Duration:

October 2017 – March 2019

Status:

Completed

Geographic scope:

The project analyzed seizures of tobacco products within the EU, Norway, and Switzerland



Project at a glance:

- Analysis of attitudes and behaviors that motivate consumers to buy counterfeit goods and the effectiveness of alternative strategies to combat illicit trade
- Research surveyed over 37,000 consumers, 5,500 businesses, and 2,500 public officials in 37 European countries
- Study looks at five representative categories with high levels of illicit trade: cigarettes and tobacco; alcoholic drinks; films, music and games; clothing and accessories; and medicines
- Develops recommendations to counter and contain illegal trade

Description of grantee:

Oxford Economics is one of the world’s foremost independent global advisory firms, providing reports, forecasts, and analytical tools on 200 countries, 100 industrial sectors, and over 7,000 cities and sub-national locations. It employs more than 250 professional economists, industry experts, and business editors. Its large team of macroeconomists and thought leadership specialists deploys the full range of research techniques and thought leadership capabilities from econometric modeling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

Oxford Economics was founded in 1981, as a commercial venture with Oxford University’s business college, to provide economic forecasting and modeling to companies, financial institutions, and governments globally.

Duration:

July 2017 – July 2019

Status:

Completed

Geographic scope:

Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland,

Project name:

Combating Illicit Trade – understanding perspectives and strategies

Project description:

Research and analysis of the motivations of consumers to buy illegal goods, and the strategies of businesses and policy-makers to counter illicit trade. The research aimed to provide detailed information – by product category, country, and several demographic factors – to help guide efforts to both improve enforcement actions and steer consumers away from buying illegal goods.

Progress so far:

- Year-long research project conducted by Oxford Economics’ Thought Leadership team and an advisory panel of distinguished experts, followed by amplification of results
- Research spanned 37 European countries, surveying over 45,000 consumers, executives, policy-makers, and law enforcement officers to learn what motivates consumers to engage in illicit activity and the strategies that can alter their behavior
- In-depth interviews with 15 leading executives, academics, and policy-makers to provide expert commentary on the findings
- Five product categories covered: cigarettes and tobacco; alcoholic drinks; films, music and video games; clothing and accessories; medicines and pharmaceutical products
- Identified four consumer segments (Critics, Activists, Opportunists, and Bargain Hunters) to group different consumer attitudes and behaviors and provide more targeted guidance on countering illicit trade
- Report launched with discussion of policy implications at the [Combating Illicit Trade roundtable event](#) in London in June 2018. Other presentations to policy-makers, trade associations, researchers, and influencers (for example in the US, Ireland, and Estonia)
- Full report “Combating Illicit Trade: Consumer Motivations and Stakeholder Strategies”, an interactive online dashboard, and individual country and product spotlight reports are available to view on the [Oxford Economics website](#). The full survey dataset has been made freely available for any interested parties to use in their research projects



“I consider the research ground-breaking in providing such detailed information on consumer motivation and the disparity between the views of stakeholders and consumers.”

Liz Allen, project Advisory Panel member and former HMRC Excise Divisional Head, Oxford Economics

France, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Malta, Netherlands,

Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, UK, Ukraine



Project at a glance:

- Europe-wide survey presenting an overview of links between crime and terrorism (the crime-terror nexus) in all 28 member states of the European Union
- Generates a more holistic understanding of threats from crime and terrorism and makes recommendations for how such risks can be mitigated
- Findings disseminated through papers, events, and workshops across the European Union to raise awareness
- Includes training sessions with officials and local stakeholders to develop new approaches for countering crime and terrorism

Description of grantee:

Panta Rhei Research is a British company specializing in research and educational activities about crime and terrorism.

Duration:

October 2017 – October 2019

Status:

Completed

Geographic scope:

The 28 Member States of the European Union

Project name:

The Crime – Terror Nexus

Project description:

Over the course of 18 months, the project investigated and documented links between crime and terrorism across the European Union, and identified better ways to counter them. Its findings were disseminated through papers, events, and training sessions.

Progress so far:

- A total of 15 country/regional working papers on the crime-terror nexus have been researched, published, and presented to audiences across Europe
- List of country/regional working papers:
 1. UK/Ireland
 2. Italy/Malta
 3. Belgium/Luxembourg
 4. France
 5. Netherlands
 6. Austria/Hungary
 7. Czech Republic/Slovakia
 8. Croatia/Slovenia
 9. Poland
 10. Finland/Baltics
 11. Germany
 12. Denmark/Sweden
 13. Bulgaria/Romania
 14. Greece
 15. Spain/Portugal
- The papers' empirical basis is a survey of open sources, including relevant government and inter-governmental reports, academic research, court documents, and newspaper articles, as well as interviews with practitioners
- All papers were launched with top partner institutions leading the policy and research agenda in their respective countries, and discussed with key players, influencers, and practitioners
- The findings have been discussed in six training sessions with officials and local stakeholders, including representatives of civil society, in Greece, Spain, the UK, Portugal, Italy, and Germany
- The findings have been summarized and discussed in light of feedback received during dissemination of two final European-wide publications: "The Crime Terror Nexus in Europe: A Comprehensive – Overview" and "Public-Private Partnerships in Security: Lessons from Banking, Cyber, and Infrastructure"

"PMI IMPACT enabled us to conduct timely research on the criminal backgrounds of jihadist terrorists in Europe. Our findings helped improve the capacity of national security agencies to understand recent trends and emerging threats"

Zora Hauser, Director, Panta Rhei Research



Project at a glance:

- Assesses the global response to Counter Terrorism Financing (CTF) since the 9/11 terrorist attacks
- Analyzes the current terrorist financing threat based on terrorist actor characteristics and the success of CTF measures taken against them
- Anticipates new terrorist financing threats including new technologies and the extreme right-wing
- Makes recommendations that align CTF strategy with global threats faced

Description of grantee:

The Royal United Services Institute (RUSI) is an independent think tank engaged in cutting-edge defense and security research.

A unique institution, founded in 1831 by the Duke of Wellington, RUSI embodies nearly two centuries of forward thinking, free discussion, and careful reflection on defense and security matters.

Duration:

July 2017 – March 2020

Status:

Ongoing

Geographic scope:

- EU countries including France, Belgium, the Netherlands, the UK, and Ireland
- Non-EU countries with particular terrorist financing and/or illegal trade challenges including the UAE, the Western Balkans, Israel, Indonesia, the Philippines, and Russia
- Relevant authorities and specific national authorities that are advanced in CTF, such as the USA, Canada, and Australia

Project name:

Rethinking counter-terror finance: Assessing the effectiveness of current policy responses

Project description:

Holds up a mirror to international policy-makers and national authorities to reveal weaknesses in CTF responses and the implementation shortcomings that concern the United Nations. By distinguishing between terrorist actors, fundraising methods, and responses, this project disaggregates the problem of terrorist financing and produces policy-relevant recommendations that more closely align the current CTF regime with the threat that we face today. It investigates terrorist financing methods including criminal activity such as illicit trade, kidnap-for-ransom, and petty criminality, as well as the use of legitimate funds, which is a prevalent trend in recent lone-actor and small-cell attacks in Europe. It also anticipates future threats, including right-wing actors, and the exploitation of new technologies and social media.

Progress so far:

- Review of current legislation on CTF
- Interviews with over 100 relevant CTF practitioners, policy-makers, and experts.
- Research on the proliferation of social media and its CTF vulnerability to promote fundraising
- Dissemination to raise awareness of the research/policy recommendations targeting key policy-makers, international governmental organizations and the private sector
- Presentation of research to international stakeholders including: The United Nations Counter-Terrorism Committee; ISIL/(Da'esh)/al-Qaida Sanctions Committee, 1988 Sanctions Committee; the Global Counter-Terrorism Forum (GCTF); the European Parliament; FATF-Style Regional Bodies including EAG and APG on the organized crime/terror nexus; South East Asia Counter-Terrorism Financing Summit; the World Bank, and the IMF
- Advised policy-makers, including UN Member States France and Peru with their Security Council Resolutions (2462 and 2482); the French Treasury leading up to the 2018 "No Money for Terror" Summit
- Sit on the UK Joint Money Laundering Intelligence Task Force (JMLIT) terrorist financing expert working group, where updates were provided to senior law enforcement and private sector actors
- Extensive publications including: 'Funding for Right-Wing Extremist Movements: How They Raise Funds and How to Counter It,' RUSI Journal (2019); 'Much Ado About the Nexus: Why Does the Crime/Terror Nexus Matter?' RUSI Newsbrief (2018); 'Social Media and (Counter) Terrorist Finance: A Fund-Raising and Disruption Tool,' Studies in Conflict and Terrorism (2018); 'Virtual Currencies and Terrorist Financing: Assessing Risks and Evaluating Responses,' European Parliament TERR Committee (2018); and 'From Lone Actors to Daesh: Rethinking the Response to the Diverse Threats of Terrorist Financing,' RUSI Newsbrief, (2018). Forthcoming publications include: A Shaper Image: Advancing a Threat-based Response to Terrorist Financing and Illicit Trade



"Terrorism remains a material global threat; targeting the financing of terrorist actors is thus a priority for both policy-makers and law enforcement around the world. The grant provided to RUSI by PMI IMPACT has allowed us to conduct an extensive global review of current CTF strategies and identify ways in which the international response to terrorist financing can be more clearly and effectively defined."

Tom Keatinge, Director, Centre for Financial Crime and Security Studies, RUSI



Project at a glance:

- Statistical analysis of how e-cigarette regulation affects demand for illegal tobacco products
- Analysis carried out in all EU countries
- Advice provided on links between e-cigarette policy and illegal trade
- E-cigarette policy recommendations developed

Description of grantee:

BOTEC Analysis Corporation helps governments and organizations find optimal policy solutions, particularly in crime and drug abuse control, by approaching public policy problems from a multi-disciplinary perspective. It provides expertise in areas including economics, public policy, law, psychology, public management, environmental policy, criminology, drug treatment, game theory, modeling, and operations research.

Project name:

Impact of e-cigarette regulation on illegal trade in tobacco products in the European Union

Project description:

Provides a statistical analysis of how e-cigarette use will affect demand for illegal tobacco products, and consequently the size of the illegal trade in tobacco products (ITTP) market, in the EU. The project aims to investigate the degree to which e-cigarettes might be substituted for illegal conventional tobacco products in the EU, and the effects of law and policy on the extent of this substitution. The goal of the project is to provide regulators in the EU with accurate information about the relationship between the ITTP and e-cigarette policies. Previously, no concrete data on this has been available.

Progress so far:

- Final report published
- Report uses econometric data analysis, along with a literature review, to generate a model that relates the size of the ITTP market to e-cigarette policies and market penetration
- Policy recommendations developed based on findings

Duration:

June 2017 – December 2019

Status:

Completed

Geographic scope:

EU

"BOTEC Analysis is delighted to have been selected for the first round of PMI IMPACT funding, and we are grateful to have had the opportunity to study the impact of e-cigarette regulation on demand for illegal tobacco products. Our report identifies the following novel findings, which we consider having important implications for the optimal regulation of both conventional tobacco products and Alternative Nicotine Delivery Systems around the world. Higher taxes/prices for licit cigarettes are positively associated with higher ITTP shares and illicit cigarette quantity, after controlling for other factors. The magnitude of that link shrinks, however, as the e-cigarette market grows. Thus, as e-cigarettes become more available, the positive association between cigarette prices/taxes and ITTP is attenuated. Apparently, e-cigarettes are a moderating factor for the link between cigarette prices and ITTP, suggesting that e-cigarettes are substitutes for illicit as well as licit conventional cigarettes."

Sam Hampsher, Managing Director, BOTEC Analysis



Project at a glance:

- First study of illegal tobacco trade on the dark web
- Explores whether cryptomarkets are facilitating illegal tobacco trade
- Social network analysis identifies key players in the online trafficking market
- Focuses on illegal vendors and websites based in the EU

Description of grantee:

The California State University, Long Beach Research Foundation is a non-profit corporation that carries out sponsored programs for research and other activities related to the university's mission. It also supports and engages in entrepreneurship, community service, and the acquisition of private resources.

Duration:

September 2017 – July 2020

Status:

Ongoing

Geographic scope:

EU

Project name:

The Darknet of the illegal tobacco trade

Project description:

Aims to examine the illegal tobacco trade on the Darknet, focusing both on single vendor shops and on cryptomarkets. It details the scope and characteristics of the international market, with a particular focus on websites and vendors based in the EU. The project aims to provide new insights by being the first to study the illegal tobacco trade on the Darknet, and by using social network analysis to identify the key players in the market.

Progress so far:

- Data collection and analysis on cryptomarkets and size and scope of tobacco-related Darknet data completed
- First paper published, "[Size and scope of the tobacco trade on the dark web](#)"
- Data collection and analysis on cryptomarket diversification and vendor activities completed

"This research has helped shine a light on the recesses of the dark web and we are thankful to PMI IMPACT for their support and commitment to research on illicit markets".

Aili Malm, Professor of Criminology and Criminal Justice at the School of Criminology, Criminal Justice, and Emergency Management, California State University, Long Beach Research Foundation



Project at a glance:

- Carries out in-depth research on the complex dynamics of criminal activities inside Italian ports
- Analyzes regulation of port security and operations of organized crime networks
- Assesses the impact on other EU countries receiving goods smuggled through Italy
- Proposes measures to bolster the fight against illegal activities without undermining ports' main function

Description of grantee:

Turtle Group Consulting provides consulting services on security-related matters. Its governor, Dr. Lorenzo Vidino, has spent 15 years studying issues related to terrorism, extremism, and organized crime. He currently manages over a dozen researchers at a center at the George Washington University, Washington D.C.

Project name:

The impact of illegal activities inside Italian ports

Project description:

Seeks to understand the complex phenomenon of illegal maritime trafficking in Italy and its economic, security, and social consequences in Italy and Europe. The wide array of illegal activities taking place in Italian ports constitutes a major commercial, fiscal, and security challenge, not just for Italy but also for other EU countries, which are often the final destinations of the goods smuggled through Italian ports. The Italian authorities' response to this issue is undermined by limited resources, corruption, and the presence of sophisticated criminal networks. The project will shed light on the complicated dynamics of criminal activities inside Italian ports through in-depth research.

Progress so far:

- Accurate analysis of the current regulation governing port security and the actors in charge of it
- Analysis of illegal traffic and the modus operandi used by the various organized criminal groups able to infiltrate seaports
- Extensive fieldwork activity in key Italian seaports, with the involvement of relevant authorities in charge of ensuring security
- Extensive engagement and amplification of findings to increase awareness and promote recommendations
- [Italian Port Security project website](#) launched



Duration:

September 2017 – November 2019

Status:

Completed

Geographic scope:

Mainly Italy, with some activities in Belgium, Malta, Spain, USA

"The Italian port security project's aim is to find new ways to strengthen the fight against illicit trade infiltrating Italian seaports. No approach can begin without the reinforcement of the cooperation among all key actors, both from the public and private sector. This horizontal approach is the only comprehensive instrument we have to enhance security without compromising business necessities. With this premise, dialogues aimed at establishing new measures - proposed in our findings- can be correctly implemented and the expected results will soon be visible."

Clarissa Spada, Project Manager, Turtle Group Consulting

Second Funding Round

Overview of Projects

The selected projects have begun their implementation process in 2019, and are expected to be completed over the next two years. They will address multiple aspects of illegal trade – ranging from tobacco, alcohol, and pharmaceutical products to the trafficking of rare animal species. Beyond illegal trade, the projects will tackle a broad network of related crimes such as drug trafficking, money laundering, and modern-day slavery.

Gendarmería Nacional Argentina

Argentina

Project name:

Triple Frontier Impact

Project description:

Creation of a Center for the Analysis and Investigation, Command and Control in the fight against organized crime and illegal activities in the Brazil-Paraguay-Argentina Tri-Border Area. The Center will focus on combating and investigating crimes, such as human trafficking and exploitation, drug trafficking, organized crime, money laundering, counterfeiting, and other economic crimes.

No Peace Without Justice

Belgium

Project name:

The Human Rights Impact of Illicit Trade in conflict: the case of Syria and Iraq

Project description:

A project to expose and address the impact of illegal trade on current and future human rights. Its aim is to increase awareness, understanding, and commitment among relevant stakeholders, including policy and decision-makers, as well as to secure potential new allies within the human rights community.

Centre for Policy and Governance

Bosnia and Herzegovina

Project name:

Shadow Economy in Western Balkans Region

Project description:

Research on the shadow economy in the Western Balkans region focusing on informal labor and illegal trade of high-tariff goods.

JHM Pesquisa e Consultoria em Seguranca

Brazil

Project name:

Census of Illicit Markets - Public platform of spatial data about crime problems which involves illicit trade, related crimes and socioeconomic data for the formulation and assessment of public policies between the Brazil-Paraguay-Argentina triple border

Project description:

Development of a public platform to analyze illegal trade and related crimes around the Brazil-Paraguay-Argentina Tri-Border Area, and the main regions of consumption up to the metropolitan region of São Paulo, using socioeconomic data to support the formulation, and assessment of public policies.

São Paulo University Support Foundation

Brazil

Project name:

Illicit Markets and Organized Crime at the Triple Frontier: The Challenge of Police Cooperation

Project description:

The Institute of International Relations from the University of São Paulo will develop a course for police officers from Brazil-Paraguay-Argentina Tri-Border area incorporating different analytical models to explore issues such as the organization of crime, transnationalization of illicit markets and crime, and operational structure of the main illicit markets.

Centre for Liberal Strategies EFN

Bulgaria

Project name:

IT for Illicit Trade Risk Management (IT2RM)

Project description:

Development of a database with analytical capabilities to identify key trends and main drivers of illegal trade at a regional level, focusing on Eastern Europe and the Middle East.

Université de Montréal

Canada

Project name:

Disrupting The Darknet: Law Enforcement Operations And Their Impact On Darknet Offenders

Project description:

This research assesses offline and online law enforcement interventions and their impact on Darknet offenders. It is based on online data collection as well as interviews with law enforcement officers to better understand their perception of their interventions. The research results will be broadcasted at an international workshop.

InSight Crime

Colombia

Project name:

Mapping and Containing Criminal Economies, Homicides, and Corruption in the Northern Triangle and the Tri-border Area

Project description:

A project to map and analyze criminal dynamics in the border provinces of Guatemala, Honduras, El Salvador, Paraguay, Brazil, and Argentina, looking at the relationships between different types of transnational organized crime, violence, corruption, and criminal actors.

Fraunhofer FKIE

Germany

Project name:

FIFI Fraud Information Fusion Intelligence

Project description:

Creation of a digital platform to identify and track critical processes and produce relevant intelligence in the context of illegal trade. Intelligence processes have been developed, tested, and proven by governmental security services. The creation and development of the platform in this project will take the knowledge about these processes to adjust them to the private sector's needs so that the project develops and makes available a platform intended to support companies affected by the problems of illegal trade.

The Mekong Club

Hong Kong

Project name:

Leveraging Private Sector Engagement to Reduce Trafficking in Persons in Target Sectors

Project description:

A project to engage the banking, manufacturing, retail, and hospitality sectors in tackling the issue of modern slavery by developing tools, data collection techniques, and trainings.

National Tax and Customs Administration of Hungary

Hungary

Project name:

Tackling cigarette smuggling in passenger traffic at the Serbian and Ukrainian borders

Project description:

Procurement of X-ray scanners and training of staff at the crossing points of the Ukrainian and Serbian borders for passengers' baggage to prevent illegal smuggling

The Foundation for International Human Rights Reporting Standards (FIHRRST)

Indonesia

Project name:

Combating Illegal, Unreported and Unregulated Fishing and Its Related Crimes in South-East Asia

Project description:

A project to raise awareness and help combat illegal, unreported, and unregulated fishing in South-East Asia, examining the issue and its commonly associated crimes such as illegal trade and human rights abuses.

Transcrime

Italy

Project name:

DC-iFlows – Displacement and Convergence of Illicit Flows (humans and goods)

Project description:

Research on the displacement and convergence of human smuggling and drug trafficking in North Africa. The project will enhance the knowledge among policy makers, experts in the field, regulators, students, the civil society, and the general public.

Mykolas Romeris University

Lithuania

Project name:

Interdependence between illegal trade in tobacco and corruption money laundering and organized crime

Project description:

Research into the impact of illegal tobacco trade in Ukraine, Armenia, Serbia, Georgia, Moldova, and Albania, exploring aspects related to corruption, money laundering, and organized crime. This project aims to strengthen cooperation between public authorities, the business sector, and academic communities.

Group-IB

Russia

Project name:

CyberIceberg

Project description:

Research and in-depth analysis of the international online criminal community to deliver actionable information for the prevention of crimes. The research will examine the most dangerous types of hi-tech crimes including illegal trade in rare species of animals, counterfeiting of alcohol and tobacco products, intellectual property infringements, and technology crimes.

Faculty of Business Economics and Entrepreneurship

Serbia

Project name:

Combating Illegal Trade Through Research, Education and Awareness

Project description:

A combination of research, modern education techniques, and awareness activities to address illegal trade in the Balkans, including Serbia, Albania, Kosovo, Montenegro, and Bosnia and Herzegovina. The project will focus on the illegal trade of tobacco, alcohol, and drugs, analyzing the links between illegal trade, corruption, and money laundering.

Portcullis International Business Consulting (S) Pte. Ltd.

Singapore

Project name:

To improve awareness and enforcement of Intellectual Property Rights (IPR) Crimes on Pharmaceutical consumer products in Indonesia, Malaysia and Singapore

Project description:

A project to identify the gaps, misconducts, and failures in supporting and protecting Intellectual Property Rights (IPR), for pharmaceutical consumer products in Indonesia, Malaysia, and Singapore. The study will focus on the causes of the illicit trade, the impact of corruption, and the success factors for effective enforcement.

Center of Business Excellence of the Faculty of Economics, University of Ljubljana

Slovenia

Project name:

Broader impacts of illicit cigarette trade in Europe: Key drivers, main trafficking routes and capacity building

Project description:

Research to identify the key drivers of tobacco trafficking routes between Asia and Europe as part of the existing organized crime networks. The findings will be used to identify best practice recommendations and to train specialists in countries of the Balkan region.

Basel Institute on Governance

Switzerland

Project name:

Stop corruption from fuelling illicit wildlife trafficking (IWT) along the East Africa - Southeast Asian trading chain

Project description:

An initiative to promote systematic, intelligence-led action against illegal wildlife trafficking (IWT) networks along the East Africa – Southeast Asia trading chain. It focuses on uncovering and targeting illicit financial flows, strengthening the ability of law enforcement agencies to investigate and prosecute transnational IWT-related financial crimes, and improving coordination across public, private, and non-governmental sector actors.

International Organisation of Employers

Switzerland

Project name:

Business and Migration: strengthening the dialogue between the private sector and governments

Project description:

A project aimed at enhancing the dialogue between the private and public sectors on how to strengthen regular frameworks for migration. It will examine the barriers to recruiting foreign workforce, while also looking at the existing legal pathways that need to be carefully crafted to prevent the risks related to irregular migration.

Bahcesehir University

Turkey

Project name:

Analysis of Illegal Trade of Alcoholic Beverages, Cigarettes and Tobacco, Fuel and Mobile Phones in Turkey

Project description:

Analysis of the illegal trade in alcoholic beverages, tobacco, fuel, and mobile phones in Turkey with the objective to enhance the understanding of supply and demand factors. The project will develop proposals to fight these crimes through better utilization of existing penal legislation and taxation rules.

Transparency International Turkey

Turkey

Project name:

Initiative Against Illicit Trade: Strengthening Integrity Systems and Raising Public Awareness for the fight against Illicit Trade and Informal Economy in Turkey

Project description:

An initiative designed to strengthen integrity systems and raise public awareness to tackle illegal trade and the 'informal economy' in Turkey. The project will focus on research, advocacy, awareness raising, and capacity building activities.

Ukrainian Institute for the Future

Ukraine

Project name:

Combating Smuggling in Ukraine and Bordering Countries through Monitoring, Research, Advocacy and Changing of Public Policy

Project description:

The project is aimed at combating smuggling and illegal trade in Ukraine through monitoring (including the state border), sociological research, advocacy, and raising of public awareness activities.

Euromonitor International Ltd

United Kingdom

Project name:

Tackling Illicit Trade: From Accurate Data and Intelligence to Action

Project description:

A project to develop cross-sectoral policies to counter illegal trade. It will explore and assess the issue in up to 80 countries in Africa, Latin America, and Asia, quantify and qualify the market size, trends, and drivers in 10 selected countries, assess the robustness and effectiveness of regulatory frameworks, and draw correlations across categories and regions.

The Royal United Services Institute (RUSI)

United Kingdom

Project name:

Assessing Free-Trade Zone Integrity

Project description:

A project to bridge the gap between the general recognition that Free Trade Zones (FTZs) pose a range of criminal risks and the limited understanding of the scale and nature of those risks to date. The first of its kind, the project will provide a mechanism to enable authorities and business partners to assess overall risk levels in individual FTZs.

West Sands Advisory Ltd

United Kingdom

Project name:

Illicit Trade & Corruption: Reconsidering the Role of State-Affiliated Actors in Organized Crime

Project description:

A project to address the involvement of state-affiliated actors in illegal trade by developing a typology and testable models, covering different types of involvement - from complacency to complicity. This project will ultimately seek to better inform and engage policy makers and the public through media engagement, events, and public initiatives.

Freeland USA

USA

Project name:

"ACE" (Analytical Center of Excellence): Converging Governance to Address Convergence of Crime

Project description:

Development of a data fusion and analytics hub that will harness insights from open source data regarding illicit trafficking in general to inform and improve laws, policies, training, enforcement strategies, and behavior change campaigns in Asia, with connectivity to Africa and Latin America.

The Soufan Group LLC

USA

Project name:

North Africa: The Nexus Between Organized Criminal Groups, Terrorist Organizations and Illicit Trade

Project description:

Research to explore how terrorist organizations and organized criminal groups use transnational smuggling networks in North Africa. It will explore linkages between terrorism, organized crime, and the illegal trade, and highlight the transnational crimes of human smuggling, drugs, and arms trafficking.

Transnational Alliance to Combat Illicit Trade

USA

Project name:

From Assessment to Action – Global Business Report and Advocacy Initiative on Combating Illicit Trade

Project description:

Development of a Global Illicit Trade Business Report, drawing upon private sector experiences and identifying solutions to supply chain vulnerabilities common to all forms of illicit trade. It examines transportation modalities, customs, free trade zones, human trafficking, criminal activity, financial fraud, and regulatory gaps. Findings will be shared with all stakeholders in response to their calls to significantly upgrade the availability and exchange of information.

Looking ahead

Europe, the Middle East, South and Central America, South and Southeast Asia, North Africa... across the world, projects supported by PMI IMPACT will help advance the fight against illegal trade and its devastating consequences.

Illegal trade is mainly driven by criminal networks and goes beyond any specific country, region, or industry. This is why the response from the international community – including public and private sector, as well as civil society – has to be that of a network too.

PMI IMPACT is helping enable that growing community with a common sense of purpose: combating illegal trade and having a positive impact on society. Only through effective collaboration we will be able to succeed.

We are ready to welcome new projects that foster global partnerships, and create synergies to enable sustainable solutions in the fight against illegal trade and related crimes.

Let's make an IMPACT, together.



PMI IMPACT is an initiative of Philip Morris International Inc (PMI).
For information about the company visit www.pmi.com.

To learn more about our commitment to fight the illegal tobacco trade visit www.stopillegalcigarettes.com.

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