



Follow-up Project Money Against Laundering and Terrorist Financing in Ukraine

Start-up conference

Kyiv, 20 September 2006

Press release

The Follow-up Project Money Laundering and Terrorist Financing in Ukraine is an initiative of the European Commission and the Council of Europe to assist the authorities of Ukraine in further development of their capacities to fight money laundering and the financing of terrorism. The Project builds up on the success of the Project Against Money Laundering in Ukraine MOLI-UA (2003-2005) and will focus on three issues: the legislative framework to fight money laundering and terrorist financing in line with the new international standards; the enhancement of the human capacities of key institutions of the anti-money laundering and counter terrorist financing (AML/CTF) system of Ukraine and the development of the organisational and technical infrastructure of the AML/CTF system.

The main counterpart institution in Ukraine is the State Committee for Financial Monitoring. The project will last until April 2009 with a budget of Euro 5.3 million funded by the European Commission with co-funding by the Council of Europe.

The Start up Conference will be held in Kyiv, Lybid' Hotel on 20 September 2006 from 9.00 to 16.00..

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Please also see www.coe.int/economiccrime; www.coe.int/moli; www.delukr.ec.europa.eu





Follow-up Project against Money Laundering and Terrorist Financing in Ukraine

(MOLI-UA-2)

– project summary –

Project title	Follow-up Project against Money Laundering and Terrorist Financing in Ukraine (MOLI-UA 2)
Project partner	State Committee for Financial Monitoring of Ukraine (SCFM)
Funding	European Commission (TACIS Regional Co-operation Programme)
Implementation	Council of Europe (Economic Crime Division, DG Legal Affairs)
Budget	EURO 5 300 000 €
Duration	36 months (1 May 2006 – 30 April 2009)

BACKGROUND

Thanks to the commitment of the relevant authorities of Ukraine, in particular of the State Committee for Financial Monitoring (Ukrainian FIU), and to the implementation between February 2003 and June 2005 of the Project against Money Laundering in Ukraine (MOLI-UA)¹, significant improvements in the Ukraine's anti-money laundering system have been noted in the recent years. The legislative base to fight money laundering has improved, the state system to combat money laundering has developed and the international and interagency co-operation has been enhanced. The political commitment to improving the anti-money laundering regime has also been evidenced by the allocation of significant human resources and an impressive IT infrastructure to the FIU.

Ukraine has been removed from the NCCS list by the FATF, has become member of the Egmont Group and has entered into co-operative relations with a number of other FIUs.

Following the success of the MOLI-UA Project, continued efforts are necessary to further improve the mutual understanding and co-operation of various agencies in the AML/CTF system of Ukraine and to further increase qualifications of staff of these agencies. Efforts should concentrate on education and training for the staff not only to be able to do their work better but also to co-operate more effectively with their partners within the system. Continued training should be provided to the SCFM staff, supervisors and regulators, law enforcement and criminal justice agencies as well to judges who should be able to adjust their working methods to meet the requirements of other partners. Important capacity building efforts undertaken by the Ukrainian Governments should also be supported.

The follow-up project is essential to make sure that the momentum in the fight against money laundering and terrorist financing, gained in the recent years thanks to the MOLI-UA project will not be lost. Given the size of the country and of its economy continued international assistance is necessary for Ukraine to keep developing its AML/CTF policy in line with the European standards and increase efficiency in fighting economic crime. This will contribute to the international effort to combat organised cross-border

¹ Financed by the European Commission and implemented by the Council of Europe

crime and in particular money laundering and threat of terrorism to which both the European Union and the Council of Europe are committed.

The project seeks to address these issues by providing advise on legislative matters, organising training activities and indeed a training strategy, by supporting the establishment of a International and National Training Centre and the regional offices of the SCFM.

OBJECTIVES AND EXPECTED RESULTS

Overall objective:	To contribute to the prevention and control of money laundering and terrorist financing in Ukraine in accordance with the European and other international standards and best practices
Project objective 1	To make Ukraine’s legislation compliant with the 3rd EU Directive on the Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing, and the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism
Output 1	Draft amendments to the relevant legislation prepared in line with the 3 rd EU Directive and the Council of Europe Convention (ETS 198).
Project objective 2	To enhance the human capacities of key institutions of the anti-money laundering system of Ukraine (State Committee for Financial Monitoring, law enforcement agencies and judiciary and financial sector regulators/supervisors)
Output 2	The SCFM training strategy elaborated and implemented
Output 3	The SCFM National AML/CTF Training Centre created and operational.
Output 4	The law enforcement agencies and judges have their training plans in investigating money laundering and terrorist financing cases and are able to implement them.
Output 5	Regulators and supervisors of the financial services sector implement basic and further training plans and curricula in international standards and best practices in countering money laundering and terrorist financing.
Project objective 3	To develop the organisational and technical infrastructure of the anti-money laundering and counter terrorist financing system.
Output 6	The International and National AML/CTF Training Centre established and equipped.
Output 7	22 regional offices of the SCFM established and equipped.
Output 8	The Single Information System extended to include the Ministry of Internal Affairs, pension funds and the Ministry of Transport.

INPUTS

The project will provide funding for:

- a long-term technical adviser
- a number of short-term advisers
- project support staff
- in-country training events in Kyiv and different regions
- the preparation of training materials and guidelines
- legal opinions
- international study visits
- internships and training in FIUs of other countries
- IT and other equipment

Partnerships with FIUs from a number of other European countries will ensure experience exchange and international cooperation, and facilitate the delivery of short-term inputs.

IMPLEMENTATION ARRANGEMENTS

All project activities are carried out through the SCFM (the project partner) with the support of the Council of Europe.

The Council of Europe is responsible for the implementation of the project and the use of the project funds under a contract with the European Commission.

The Council of Europe made available a long-term adviser, procurement adviser and local support staff based in Kyiv and working directly with the SCFM. This team is responsible for the implementation of project activities on behalf of the Council of Europe.

Within the General Secretariat of the Council of Europe in Strasbourg, the Technical Cooperation Section of the Directorate General of Legal Affairs is be responsible for management and supervision of the project.

A project Steering Committee set up and headed by the Chairman of the SCFM monitors and guides project implementation.

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Council of Europe activities against economic crime

Background information

Economic crime undermines democracy, the rule of law, human rights and economic and social progress, that is, the very objectives which the Council of Europe stands for. This includes corruption, organised crime, trafficking in human beings, cybercrime, money laundering and other forms of serious crime.

The Council of Europe has been taking measures against such crimes for some three decades, and not merely to prevent and control crime but to make a positive contribution to democracy, the rule of law and human rights. The strategy of the Organisation is implemented through an approach which consists of three inter-related elements:

- Setting European standards, in particular in the form of conventions, protocols, recommendations and resolutions aimed at the prevention and control of crime in general or particular forms of crime.
- Monitoring compliance with European or other relevant international standards. Monitoring mechanisms include in particular the Group of States against Corruption (GRECO) and MONEYVAL (focusing on international anti-money laundering and counter-terrorist financing standards).
- Technical cooperation aimed at building capacities to enable member States to ratify and implement relevant standards or to follow up on recommendations resulting from monitoring exercises.

Following the 2nd Summit of the Heads of State and Governments in 1997, the activities in all three areas gained momentum. With regard to technical cooperation, the Octopus Programme against Corruption and Organised Crime in States in Transition – a joint activity of the Council of Europe and the European Commission – was the principle capacity building measure from 1996 to 2000. Since Council of Europe projects against crime have multiplied.

It can be expected that the technical cooperation programmes against economic crime will further expand in the near future. The Declaration and the Action Plan adopted at the 3rd Summit (Warsaw, May 2005) task the Council of Europe to undertake specific measures against corruption, organised crime, money laundering, cybercrime, trafficking in human beings and other forms of serious crime. These measures are to include technical cooperation projects.

In 2005, technical cooperation activities against economic crime again involved a wide range of countries and organisations. Some 230 activities were carried out under 12 programmes and projects. Some of these are annual programmes and subject to the annual approval of the Council of Europe budget (including the Octopus programme). Others are fully funded or co-financed through voluntary contributions and may have a duration of several years.

Please refer to www.coe.int/moli to see detailed information on other AML/CTF project implemented by the Technical Co-operation Section of the Department of Crime Problems.