

Council of Europe
European Commission



Conseil de l'Europe
Commission européenne

MOLI-UA-2

Follow-up Project Against Money Laundering in Ukraine

Funded by the European Union and implemented by the Council of Europe

Inception Report

Date: 30 August 2006
Prepared by:
Przemysław Musiałkowski
Project Manager

Report cover page

| | | | |
|-----------------------|---|---|-------------------------|
| Project Title | : | Follow-up Project against Money Laundering and Terrorist Financing MOLI-UA-2 | |
| Project Number | : | TACIS/2006/120-437 | |
| Country | : | Ukraine | |
| | | Local operator | EC Consultant |
| Name | : | Serhij Hurzhiy | Przemysław Musiałkowski |
| Address | : | SCFM of Ukraine | Council of Europe |
| | | 01008 Kyiv | 67075 Strasbourg Cedex |
| | | UKRAINE | FRANCE |
| Fax number | : | +380 44 425 81 84 | +33 388 41 37 34 82 |
| Contact person | : | Stanislav Klushke | Przemysław Musiałkowski |

Date of report : 30 August 2006
Reporting period : 1 Inception Phase (May – August 2006)
Author of report : Przemysław Musiałkowski, Project Manager

I hereby certify that the Final Report has been approved:

Signed for the Beneficiary Country's
Project Partner Serhij Hurzhiy,
Head of the SCFM

Signed for the Council of Europe
Mr Alexander Seger
Head of Technical Cooperation

Date:

Date:

Index

| | |
|--|----|
| 1. Background information..... | 4 |
| 1.1 Beneficiary country and entity | 4 |
| 1.2 Contracting authority | 4 |
| 1.3 Implementing organisation..... | 4 |
| 1.4 Relevant country background..... | 4 |
| 1.5 Legal basis to combat money laundering in Ukraine | 5 |
| 2. Project | 6 |
| 2.1 Project duration..... | 6 |
| 2.2 Project team..... | 6 |
| 2.3 Beneficiaries – their roles and needs to be addressed | 7 |
| 2.1.1. SCFM (FIU) | 7 |
| 2.1.2. Financial sector supervisors and regulators | 8 |
| 2.1.3. Law enforcement and criminal justice authorities | 11 |
| 2.1.4. Judges | 13 |
| 2.1.5. Obligated institutions | 13 |
| 2.4 Project team’s activities..... | 14 |
| 2.5 Project outputs | 14 |
| 2.6 Project planning | 20 |
| 3 Conclusions | 20 |
| ANNEXES | 21 |
| The National Bank of Ukraine (NBU)..... | 22 |

1. Background information

1.1 Beneficiary country and entity

Ukraine, State Committee for Financial Monitoring (SDFM)

1.2 Contracting authority

European Commission (EC)

1.3 Implementing organisation

Council of Europe, Technical Co-operation Section, Directorate General of Legal Affairs (COE)

1.4 Relevant country background

In the late 1990s and in the first years of the XXI century when economic crime expanded all over Europe and the phenomenon of money laundering increased to levels unknown before, Ukraine lagged behind the international community in terms of effective steps to combat this phenomenon. This resulted in placing Ukraine on the list of non co-operating states by the FATF in 2001. A year later counter-measure against Ukraine had been recommended but they were lifted in February 2003 as a result of adoption of basic AML legislation and creation of the State Department of Financial Monitoring (FIU). In 2004 thanks to strong commitment of the Ukrainian authorities and with the assistance of the MOLI-UA projects Ukraine was removed from the NCCT (February) and became a member of the Egmont Group (June).

Start-up of the MOLI-UA project in February 2003 coincided with the nomination of the new management of the SDFM charged with a mission of developing a fully functional FIU. Until June 2005 when the project ended the SCFM (name and status changed as of 1 January 2005) developed significantly and, armed with the new AML law of 2004, became a well established FIU with full international recognition. Some employees of the SCFM acted as experts under other technical assistance projects. It is worth noting that the IT system of SCFM, built from scratch, is now one of the most modern and most powerful system of this kind in the world. Single Information System is also a powerful tool that only a few other states possess.

The economic crime situation has not changed much since the previous project. Criminal income is in most cases proceeds of the following crimes: fraud, bankroll fraud, appropriation of somebody else's property by abusing official position, smuggling, drug trafficking. Techniques of committing these crimes continue to develop. Most common money laundering typologies refer to the use of :

- legal business, where laundering is carried out by overstating the real incomes and expenses depositing funds on bank accounts or concluding fictitious transactions;

- fictitious companies created specifically for money laundering purposes,
- transfers to offshore zones where not only proceeds can be hidden but also taxation can be avoided.

The AML/CTF system is relatively well prepared to fight with these phenomena. There is an efficient FIU and pretty good co-operation between all actors in the system. Their actions are coordinated by the interagency working group, which is a formal body created by the Resolution of the Cabinet of Ministers of Ukraine No. 1565 of October 02, 2003, and chaired by the Head of the SCFM. National Bank of Ukraine, Ministry of Interior, prosecutor's office and other agencies play vary active roles in this process. Single Information System created by the Resolution of the Government and administered by the SCFM will ensure online access to the databases of all participants in the system. For the moment, 13 agencies are connected to the Single Information System. A network of regional offices of the SCFM is now being created to ensure good co-operation and information flow with the law enforcement agencies in these regions. 7 such offices are operational and connected to the corporate segment of the Single Information System, 21 have been formally created and are at the stage of establishment and staffing.

Most important shortcomings of the current system lie certainly in the level of professional qualifications and knowledge of AML/CTF matter in certain agencies and serious gaps in the legislation. The last major revision of the relevant legislation took place in 2004 while to important international standards – the 3rd EU Directive and the COE Warsaw Convention (ETC 198) were adopted in 2005. Detailed comparative analysis will be necessary but even now the following serious gaps can be identified: SCFM having no right to freeze the suspicious transaction (they can only do it when there a suspicion of terrorist financing but not in the case on money laundering), lack of a modern regime of seizure and confiscation of criminal assets, lack of assets management system, absence of criminal responsibility of corporate bodies.

1.5 Legal basis to combat money laundering in Ukraine

The first law to fight money laundering was the "Law on Prevention and Counteraction to Legalization (Laundering) of Proceeds of Crime #249-IV" (so called Basic Law) adopted on 28 November 2002 and in force since 12 June 2003. It defined the main principles and created the main institutions of the AML system. It was amended in 2004 by the "Law on amending some legislative acts of Ukraine on prevention to legalization (laundering) of the proceeds from crime and terrorist financing", taking into account, inter alia, the legal opinion provided by the MOLI-UA project; and by the "Law on Amendments to the Article 4 of the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime" which changed the status of FIU: SDFM, a department in the Ministry of Finance became SCFM, an independent agency responsible directly to the Prime Minister.

The recent change was the adoption in December 2005 of the "Law On Introduction Amendments to Some Laws of Ukraine on Improving Legal Regulation of International Cooperation in the Area of Prevention of Terrorist Financing" amending the Basic Law (in force as of January 1, 2006). Thus, the Basic Law is supplemented with the new Article (12¹) "Prevention and counteraction to terrorist financing", and the Article 16 of the Basic Law "Competence of state authorities concerning international cooperation in the area of prevention and counteraction to the legalization (laundering) of the proceeds and terrorist financing" has been revised accordingly.

The Article 12¹ of the Basic Law introduces procedure for suspension of financial transactions by financial intermediaries if its participant or beneficiary is enlisted to the list of persons, related to terrorist activity, as well as procedure of further suspension of

such transaction by FIU of Ukraine. It does, however, still not introduce the same right in case of suspicion of money laundering, which is major obstacle in seizing criminal assets and is in contradiction with the international standards.

Another recent fact is the presentation in September 2005 of another draft "Law on Introduction of Changes to the Law of Ukraine "On Prevention and Counteraction to the Legalization (Laundering) of the Proceeds from Crime" aiming at ensuring conformity with the revised 40+9 Recommendations of FAFT and the COE Warsaw Convention (ETS 198). This law was however withdrawn due to the expiration of the term of the Parliament (Verhovna Rada). The author of the report was informed during his mission that a new draft to the same effect is currently prepared by the government and is due to be re-submitted to Verhovna Rada in autumn 2006. The project will undertake a legal opinion on this draft to be sure it conforms to international standards.

Legislative effort has been intense in the past two-three years and a number of by-laws orders and resolutions were adopted by the Cabinet of Ministers, the SCFM, the National Bank of Ukraine, the State Commission on Financial Services Markets Regulation and the State Commission on Securities and Stock Market.

2. Project

2.1 Project duration

The project started on 1 May 2005 and will last 36 months.

2.2 Project team

According to the signed contract the project teams consist of:

Project Manager is Strasbourg – the role is performed by Mr Przemysław Musiałkowski, Technical Co-operation Section, Department of Crime Problems, Council of Europe who is assisted by Svetlana Anisimova, Assistant.

Long Term Adviser–Team Leader based in Kiev – Mr Jarosław Żółtowski (Poland) has been selected for this post and will resume his duties on 1 September 2006.

Office Manager – Ms Myroslava Korenevych had been appointed and took up her post on 1 August 2006.

Procurement Adviser - this post has been budgeted for 22 month only and will be filled in when necessary.

Due to a very high budget and intensity of activities, it is herewith proposed to strengthen the Project Team by the creation of a post of one more technical support staff who would mainly deal with bookkeeping and logistics while leaving the office manager more time to assist the LTA on more substantial issues such as reporting. This proposal is cost neutral as there are funds unspent during the first three months of the project that will suffice to fund the new post. Proposed division of labour between the two staff members and their job descriptions are proposed in Annex A.

2.3 Beneficiaries – their roles and needs to be addressed

2.1.1. SCFM (FIU)

Role and tasks

The SCFM was created by a decree of the Cabinet of Ministers of 10 January 2002. Its Head was appointed in May 2002 and originally had 10 staff. After adoption of the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime" of 28 November 2002 #249-IV (entered into force on 12.06.2003), the SCFM started to act as Ukraine's Financial Intelligence Unit (FIU). Originally within the structure of the Ministry of Finance has become an independent agency since 1 January 2005.

Thanks to the commitment of the Government of Ukraine, the SCFM has been constantly increasing from the original 20 staff in 2002 to 60 in early 2003, 100 in 2004 and more than 200 in 2005. On the date of the report, the SCFM employs 176 persons in the headquarter and 162 in the regional offices. The budget is available for the total of 338 (HQ and 25 regional offices combined).

The SCFM is an administrative FIU responsible for the collection and analysis of suspicious and threshold transaction reports. It does not have any investigative powers and the case referrals prepared by the SCFM are further investigated by the law enforcement agencies.

During the whole period of activity (from September 20, 2003 to August 01, 2006) the SCFM received more than 2 million reports on financial transactions, 97% of which came from banks.

During the whole period of activity (from September 20, 2003 to August 01, 2006) the SCFM prepared and sent to law enforcement authorities 1208 case referrals (726 initial and 482 additional to the previously transmitted case referrals), including:

General Prosecutor's Office – 211 (103 initial and 108 additional);

State Tax Administration – 250 (168 initial and 82 additional);

Ministry of Interior – 324 (195 initial and 129 additional);

Security Service of Ukraine – 423 (260 initial and 163 additional);

including 10 case referrals related to suspicion in terrorist financing.

According to the law enforcement agencies, during the mentioned period, in result of check-ups of 268 (36,9%) of case referrals, 69 criminal cases were initiated and 199 case referrals were used in 228 criminal cases.

From these cases, 17 criminal cases have been submitted to courts. Sentences have been pronounced in 3 cases so far where the perpetrators were found guilty.

Between January and July 2006 the SCFM prepared 370 case referrals and directed them to the law enforcement authorities (223 initial and 147 additional to the previously transmitted case referrals), including:

General Prosecutor's Office – 32 (13 initial and 19 additional);

State Tax Administration – 76 (47 initial and 29 additional);

Ministry of Interior – 97 (62 initial and 35 additional)

Security Service of Ukraine – 160 (101 initial and 64 additional).

According to the law enforcement agencies, in result of check-up of 75 (33,6%) of case referrals of the SCFM of Ukraine, 18 criminal cases were initiated and 57 case referrals were used in 66 criminal cases over this period, 5 of which have been submitted to the courts.

Problems to be addressed and proposed solutions

The SCFM is a young FIU and its personnel still lack the necessary experience. Some staff have undergone the basic and specialised training (including under the MOLI-UA project) but during the first three years of the SCFM existence staff training could not have been the No1 priority. Now when the process of the FIU organisation and shaping the legislative environment is close to an end, staff training can be addressed properly. The original TOR of this project provide inter alia for the creation of a AML/CTF training centre. During one year that has passed between the drafting of the project and its signing, the SCFM has already created the centre furnished it and started organising courses. That is why the project will now only support its development. The following urgent needs related to training will be addressed:

- all staff and particularly those newly recruited should undergo the basic FIU training to understand the role of the FIU and the structure of the AML/CTF system;
- increasing number of staff should undergo further training specific to their individual tasks;
- continuing training system analysts should be put in operation for them to be aware of the new money laundering trends;
- all staff should be retrained in regular intervals to be able to profit from the new experience gained internationally.
- access to information form other agencies needs to be made more efficient

To address these needs the project will support:

- the SCFM in a training needs assessment and the preparation of a training strategy, training plans and curricula;
- the organisation of a number of various training events (courses, workshops, study visits);
- the development of the International and National AML/CTF Training Centre which will not only serve the FIU staff but will also organise courses for other AML/CTF system participants (including obliged institutions);
- the establishment of the new regional offices of the SCFM;
- the further development of the Single Information System administered by the SCFM, as of 1 September 2006 the following agencies were connected: SCFM, State Tax Administration, Ministry of Interior, State Customs Service, Administration of State Border Service, Security Service of Ukraine, Main Control and Revise Office, State Commission on Financial Service Markets Regulation, State Commission on Securities and Stock Market, State Committee for Statistics, State Property Fund, Ministry of Economy, Ministry of Finance;
- the acquisition of a full package of the FIU.Net by the SCFM and becoming a Core Member thereof (if the problems currently faced by the FIU.Net are overcome);
- assist the SCFM and the interagency coordinating group with drafting further legislative amendments to ensure full conformity with the international standards.

2.1.2. Financial sector supervisors and regulators

According to the legislation in force, the following agencies are responsible for regulation and supervision of the financial services sector¹:

¹ For detailed description see Annex B.

- National Bank of Ukraine.
According to the relevant Banking Legislation the National Bank has licensing, supervisory and regulatory powers over the activities of the commercial banks. NBU's AML department is currently staffed 7.
- State Commission for Securities and Stock Market.
The primary responsibility of the Commission is licensing and regulation of the Securities Market in Ukraine to protect the legal rights and interests of investors. They also have some law enforcement powers to investigate cases of fraud, theft and forgery.
- State Commission for Regulation of Financial Services Markets.
The Commission is staffed 290 out of who 5 are in the AML department. Its main tasks of the Commission are registration, licensing and supervision of the non-banking financial institutions (insurance companies, non-state pension funds, credit institutions (co-operatives), pawn shops, leasing companies and trusts) to ensure compliance with laws, including anti-money laundering legislation.

All these agencies are very active in exercising their supervisory roles. As a matter of example:

National Bank of Ukraine

Number of inspections carried out in banks

| Number of inspections | IV quarter of 2003 | 2004 | 2005 | I quarter of 2006 |
|-----------------------|--------------------|------|------|-------------------|
| banks | 77 | 177 | 157 | 46 |
| branches | 76 | 435 | 276 | 95 |
| total | 153 | 612 | 433 | 141 |

Number of violations detected in banks

| Violations detected: | IV quarter Of 2003 | 2004 | 2005 | I quarter of 2006 |
|--|--------------------|------|------|-------------------|
| of AML legislation | 31 | 434 | 2617 | 131 |
| of banking legislation | 16 | 199 | 62 | 30 |
| of their obligations to conduct financial monitoring | 116 | 970 | 2576 | 360 |
| Total | 163 | 1603 | 5255 | 521 |

Number of administrative measure applied for violations of AML legislation

| Measure: | IV quarter of 2003 | 2004 | 2005 | I quarter of 2006 |
|--|--------------------|------|------|-------------------|
| finances for banks: | - | 44 | 25 | 10 |
| written warnings: | 16 | 42 | 11 | 4 |
| administrative fines for bank officials: | 14 | 70 | 27 | 10 |

| | | | | |
|---|----|-----|----|----|
| suspension (limitation) of bank transactions: | - | 3 | 1 | 2 |
| temporary dismissal of banks directors: | - | 3 | - | - |
| total: | 30 | 162 | 64 | 26 |

State Commission for Regulation Financial Services

In 2005, 251 obliged institutions were inspected which resulted in application of 139 administrative measures.

In the 1st quarter of 2006, the Commission has carried out 237 inspections of entities of the initial financial monitoring (obliged institutions) and in particular:

- insurance companies – 55 planned inspections, 39 unplanned inspections, 9 administrative measures applied for violations of the AML legislations;
- credits unions – 82 planned inspections, 12 unplanned inspections; 20 influence measures were applied as fines for violations of the AML legislations;
- pawn shops – 29 planned inspections; 15 administrative measures were applied as fines for violations of the AML legislations;
- financial companies - 4 planned inspections; 1 measure of influence was applied as fines for violations of the AML legislations;

State Securities and Stock Market Commission

In 2005, the Commission carried out 231 inspections of obliged entities, 21 of which were unplanned. 124 violations of the AML legislations were found.

In the first quarter of 2006 the Commission conducted 42 inspections: securities traders – 16, registrars – 17, issuers who keep their own registers – 8, traders- keepers - 1. AML violations were found in the activity of 17 obliged entities for which penalties were applied.

There are also a number of self-regulating professional organisations (they are also listed in Annex B).

Problems to be addressed and proposed solutions

These agencies are, *inter alia*, responsible for supervision of the lawfulness of activities of financial institutions, including from the point of view of anti-money laundering legislation and international money laundering standards. This requires highly qualified staff that would be able, on one hand, to translate international standards into the national legal instruments and, on the other hand, supervise the implementation of the AML/CTF standards. The regulators, in recognition of the need to further improve staff competence in the respective sectors, have intensified their training efforts:

- The National Bank of Ukraine regularly organises and takes part in seminars on financial monitoring issues for employees of the commercial banks. During 2004, the NBU experts took part in 17 such seminars.

- The State Commission on Regulation of Financial Services Markets jointly with the SCFM has elaborated a model training program for employees of financial entities, responsible for execution of the initial financial monitoring (compliance officers). They also organise training and awareness raising seminars.
- The State Securities and Stock Market Commission of Ukraine concluded agreements with 8 educational institutions of Ukraine on cooperation regarding training of financial monitoring experts for the professional participants of securities market.

The project proposes the assistance for them in further intensification of their training efforts, elaboration of training plans and curricula and determination of national standards of compliance with relevant legislation and international standards and elaboration of the basic and further training strategies, plans and curricula. The project will also encourage the SCFM and/or the AML Training Centre to offer relevant courses to the financial sector institutions. As far as practicable the representatives of self-regulating professions should also participate in the activities.

2.1.3. Law enforcement and criminal justice authorities

Roles and tasks

The following agencies have competencies in investigating money laundering and terrorist financing cases:

- The Ministry of Internal Affairs (Criminal Police)
The Ministry bears responsibility for policing in Ukraine, including criminal investigations. This includes combating economic crime through a separate department. Within the Department for Combating Organised Crime with its 5000 officers there is a special 200-officer unit for the investigation of money laundering.
- Prosecutor General's Office
This Office is not only responsible for prosecuting all criminal cases in the Ukrainian courts, but it also co-ordinates investigations and has the power to seek information from banks and other institutions in the conduct of such investigations. Furthermore, it sends and receives mutual legal assistance requests related to investigations.
- National Security Service
The Security Service of Ukraine carries out measures to combat terrorism, aimed at prevention, detection and termination of terrorist activity, including the international one (Article 5 of the Law of Ukraine "On combating terrorism" of 20 March 2003 # 638-IV). A Counterterrorist Centre operates within the Service since 1999 which undertakes counterterrorist measures and co-ordinates activities of the authorities involved in the national AML/CTF system.
- State Tax Administration
The STA has the authority to investigate tax offences. It has played, and continues to play, a significant role in the anti-money laundering effort. Since the entry into force in September 2001 of the Criminal Code stipulating an all-crimes approach a significant percentage of the investigations into money laundering were related to such predicate offences as tax offences or tax frauds (e.g. illegal reimbursement of VAT). In addition, the STA holds data on company registration which is an important source of information to both SCFM and other law enforcement agencies. The STA also has a role in licensing and controlling business entities dealing in alcohol and tobacco products.
- Customs Service

The Customs Service investigative powers are limited to criminal cases of smuggling. In the national AML/CTF system, the CS is one of the main bodies which provide information to other state agencies. The CS runs a number of databases and registers and regularly supplies information to the FIU (trans-border cash-flows for example).

The law enforcement and criminal bodies have been very busy detecting and prosecuting money laundering offences within recent years which is clear from the statistics below:

574 criminal cases under the Article 209 CC of Ukraine, 2 cases under the Article 209-1 CC of Ukraine and 155 cases under the Article 306 CC of Ukraine were initiated and are under investigation by the following law enforcement authorities:

| | Article 209 CCU | | Article 209-1 CCU | | Article 306 CCU | |
|-----------------------------|-----------------|------|-------------------|------|-----------------|------|
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| General Prosecutor's Office | 306 | 333 | 2 | 1 | 1 | 5 |
| State Tax Administration | 72 | 89 | 0 | 1 | 0 | 0 |
| Ministry of Interior | 184 | 152 | 0 | 0 | 158 | 150 |
| Security Service of Ukraine | 49 | - | 0 | - | 0 | - |
| Total | 611 | 574 | 2 | 2 | 159 | 155 |

259 cases under the Article 209 CC of Ukraine, 1 under the Article 209-1 of the CC of Ukraine and 123 under the Article 306 of the CC of Ukraine have been submitted to courts.

| | Article 209 CCU | | Article 209-1 CCU | | Article 306 CCU | |
|-----------------------------|-----------------|------|-------------------|------|-----------------|------|
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| General Prosecutor's Office | 203 | 163 | 1 | 1 | 0 | 1 |
| State Tax Administration | 30 | 14 | 0 | 0 | 0 | 0 |
| Ministry of Interior | 109 | 82 | 0 | 0 | 136 | 122 |
| Security Service of Ukraine | 20 | - | 0 | - | 0 | - |
| Total | 362 | 259 | 2 | 1 | 136 | 123 |

In 2005, the law enforcement authorities received 321 case referrals from **the SCFM** which resulted in 130 criminal 9 of which have already been submitted to the courts.

Problems to be addressed and proposed solutions

Efficient investigation of economic crime and money laundering in particular needs specialisation and specific knowledge. Experience of other countries should also be available to the investigators. Good understanding of the applicable legislation and international standards and good practices is also a must. Comprehensive approach would involve all-level training on AML/CTF issues and special investigative techniques. Some of these agencies have their own training centres where such training might be organised. Therefore the project proposes to assist the law enforcement agencies in

assessing their needs and elaborating training strategies, plans and curricula. The project will support the organisation of a number of training events, including the trainers' training. The project will focus on the Ministry of Internal Affairs, prosecutors and the National Security Service. Other law enforcement agencies will take part in some training activities.

Limited amount of IT and /or telecommunications equipment may be offered to these agencies if likely to improve their operational capacities.

2.1.4. Judges

Problems to be addressed and proposed solutions

Hardly any money-laundering or terrorist financing case can lead to a conviction if judges do not understand the specific features of this crime. In particular, judges must understand international standards and best practices. This factor is of particular importance in Ukraine where jurisprudence has so far been quite conservative in its approach to money laundering cases and in particular to the burden of proof. In practice no conviction for money laundering would be possible without previous or parallel conviction for the predicate offence to money laundering. This issue becomes critical in the light of the new paragraphs 5 and 6 of Art. 9 of the Warsaw Convention². Training of judges is therefore of utmost importance for Ukraine to be able to ratify and implement the Convention.

Training of judges of utmost importance also in the light of statistics. Out of 9 cases referred to court in 2004 and 2005 only three have been taken up by the courts so far and only 1 verdict has been taken by the first instance court.

The project will address these problems through the proposed activities 2.6 and 4.6. In particular the project, in co-operation with one of the specialised training institutions, will support the needs analysis as well as the elaboration and delivery of specialised training to all categories of judges (including Supreme Court and Court of Appeals). Judges representatives will also participate in training activities organised for the law enforcement agencies and courses in the AML Training Centre.

2.1.5. Obligated institutions

Problems to be addressed and proposed solutions

These institutions are responsible for reporting all threshold and suspicious transactions to the SCFM and risk criminal responsibility for any failure to this obligation. It is therefore necessary for the staff of these institutions to know the applicable legislation, to understand their obligations, to be able to assess transactions and detect those that are suspicious, to apply indicator and fill in the report forms. This requires a specialised and complex knowledge that can only be provided through specifically tailored training. There is a great number of small, private companies located in peripheral areas, for whom organisation of such training directly or through a specialised company can be difficult or unaffordable.

Special attention should be given to non-banking financial and non-financial obliged. According to available statistics vast majority of disclosures come from banks. "More

² Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (ETS 198), Warsaw, 16.05.2005

disclosures need to be received from the non-bank financial institutions and from the securities market” as it was recommended by the Moneyval evaluators³.

The project proposes to develop specific curricula and courses for obliged institutions by the International and National Training Centre. These courses might be accessible via direct participation, e-learning or distributed on a CD. Ideally all compliance officers and other responsible staff in the obliged institutions should acquire training certificates from the INTC. Obligated institutions will also benefit from activities organised for the financial sectors supervisors and regulators.

In the light of the 3rd EU Directive, the relevant legislation of Ukraine needs to be reviewed. Meanwhile the training curricula for obliged institutions should take into account this directive and its new provision, such as -in particular - those concerning politically exposed persons.

2.4 Project team’s activities

Project manager has been selected and approved by both the donor and the beneficiary.

Advertisement was passed in the press to hire the office manager (in May).

Project Manager held two missions to Kiev during the inception phase:

19-20 May 2006 (on the occasion of activities organised under other projects), he met the SCFM staff to discuss future actions and make sure the beneficiary is ready to start implementation of the project. Beneficiary informed that it would take some time to have the project approved by the government. They were, however, ready to start as soon as it is signed. In particular as spacey office had been prepared for the project team.

26-30 June 2006 – interviews with the selected candidates and meeting with the beneficiaries to prepare the inception report.

In July, contracts were negotiated with the Officer manager and the long term experts and certain logistical issues were settled with the SCFM. The inception report has also been drafted and sent out for comments to the beneficiaries and the EC Delegation in Kiev.

In August, the Office Manager collected offers from suppliers of furniture and office equipment and sent them to Strasbourg for final selection and preparation of contracts. She also made the necessary arrangements for the organisation of the start-up workshop, prepared layouts of folders and boards in line with the visibility guidelines.

2.5 Project outputs

The project foresees 3 specific objectives and 8 outputs:

³ See: Summary of the Second Round Mutual Evaluation Report on Ukraine, Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (Moneyval) , Council of Europe [Moneyval (2005) 25].

| | |
|----------------------------|--|
| Project objective 1 | To make Ukraine’s legislation compliant with the 3 rd 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 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 training plans 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 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. |

37 project activities have been planned under these outputs and 4 others within the inception phase.

As a lot of work has been done by the SCFM between the end of the MOLI-UA and the beginning of this project, certain outputs and/or activities need to be updated. Table below shows the proposed changes:

| | Original | Proposed changes |
|------------------------|--|---|
| Inception phase | | |
| 0.1 | Recruit project staff | No changes |
| 0.2 | Equip project offices | No changes |
| 0.3 | Prepare a detailed work plan and an inception report, identify indicators | Prepare a detailed work plan and an inception report. – <i>correction of a technical mistake: indicators are already part of the logframe.</i> |
| 0.4 | Organise a start-up workshop | No changes |
| 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) | No changes |
| 1.1 | Undertake a comparative analysis of the Ukraine’s legislation in the light of the new European standards | No changes |

| | | |
|-----------------|--|---|
| 1.2 | Provide legal opinions on the Ukrainian legislation in force and/or proposed amendments | No changes |
| 1.3 | Organise up to 6 workshops/roundtables on the issues AML related to the new European AML/CTF standards | No changes |
| 1.4 | Provide assistance in the drafting of the legislative instruments identified as necessary for Ukraine to comply with new European standards | No changes |
| Output 2 | The SCFM training strategy elaborated and implemented | No changes |
| Activities | | |
| 2.1 | Review training needs of the SCFM and its regional offices | Assist the SCFM in completing a review of training needs of the SCFM and its regional offices. – this process has been initiated by the SCFM |
| 2.2 | Support the SCFM in elaboration of the basic and further training plans for the HQ and regional offices staff | No changes |
| 2.3 | Train the core groups of the SCFM and its regional offices staff as trainers and assist them in carrying out up to 4 training courses for other staff | No changes |
| 2.4 | Support the SCFM in the organisation of up to 6 training seminars for the staff of the regional offices on issues of priority concern to these offices and their partner agencies in these regions | No changes |
| 2.5 | Organise up to 3 in-country workshops for analytical staff on the operational experience of other FIUs in the analysis of data and the investigation of money laundering and terrorist financing | No changes |
| 2.6 | Organise up to 2 joint training activities to enhance cooperation between SCFM, prosecutors and judges | No changes |
| 2.7 | Organise one CFT/AML typologies meeting | No changes |
| 2.8 | Continuing training for the IT staff and analysts | Ensure follow-up training for the IT staff and analysts. – this a purely semantic change making the meaning of the activity clear |
| Output 3 | The SCFM National AML Training Centre created and operational | The SCFM National AML Training Centre fully operational. – the Centre has been already created by the SCFM |
| Activities | | |
| 3.1 | Assist in the development of organisational structure and staffing requirements of the INTC | Assist in further development of organisational structure and staffing requirements of the INTC. – initial work has been done by the SCFM |

| | | |
|-----------------|--|--|
| 3.2 | Assist in the development of curricula, yearly training plans and training materials (including publication thereof) | No changes |
| 3.3 | Organise up to 3 study visits for the INTC staff and SCFM trainers to training institution abroad | No changes |
| 3.4 | Support SCFM in further training the of the INTC staff | No changes |
| 3.5 | Support INTC in organisation of up to 3 training courses | No changes |
| 3.6 | Support INTC in creation and development of distant teaching / e-learning system (hardware, software and methodology) | No changes |
| 3.7 | Support the organisation of the INTC library and establishment of a list of books and /or other material to be acquired | No changes |
| 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 | No changes |
| Activities | | |
| 4.1 | Assist the Ministry of Interior in the training needs assessment, development of training plans, curricula and training materials | No changes |
| 4.2 | Assist in the training of staff of the law enforcement training institutions in delivery of training in financial crime and money laundering investigations and related topics | No changes |
| 4.3 | Organise study visits for trainers to experience the training solutions adopted by the law enforcement agencies within other European countries | No changes |
| 4.4 | Support the delivery of specialist anti money laundering training to the operational investigation units of the Ministry of Internal Affairs and its regional structures and the specialist anti money laundering and terrorist finance teams, including the information and intelligence requirements | No changes |
| 4.5 | Organise a workshop on legislative issues and AML/CFT international standards | No changes |
| 4.6 | Support the delivery of a specialist anti money laundering training to judges | Support the specialist training centres for judges and the INTC in the delivery of a specialist anti money laundering training to judges. <i>– to stress the importance of introducing AML/CTF training to the general training of judges.</i> |

| | | |
|-----------------|--|---|
| Output 5 | Regulators and supervisors of the financial services sector implement basic training plans in international standards and best practices in countering money laundering and terrorist financing | No changes |
| Activities | | |
| 5.1 | Assist the financial sector regulators in the determination of national standards of compliance with relevant legislation and international standards | No changes |
| 5.2 | Organise up to two three 2-day training workshops for regulators/supervisors | No changes |
| 5.3 | Organise seminars and workshops for the regulators/supervisors to highlight the best practices available in other European countries | No changes |
| 5.4 | Assist financial supervisors and regulators in elaboration of training plans and curricula for obliged institutions in their sectors | No changes |
| Output 6 | The International and National AML Training Centre established and equipped | The International and National AML Training Centre equipped. – <i>the process of establishment has been initiated and significantly by the SCFM.</i> |
| Activities | | |
| 6.1 | Assist the SCFM in analysing the needs of the INTC in terms of technical equipment and software and producing detailed specifications | No changes |
| 6.2 | Organise and carry out the procurement of the equipment and software for the INTC according to specifications | No changes |
| 6.3 | Organise and carry out purchases of books/materials for the library and finance translations of some of them | No changes |
| Output 7 | 22 regional offices of the SCFM established and equipped | 18 regional offices of the SCFM established and equipped The process of creation of four more regional offices has been initiated. |
| Activities | | |
| 7.1 | Assist the SCFM in analysing the needs of the regional office in terms of repair work, equipment and software and producing detailed specifications | No changes |
| 7.2 | Organise and carry out the procurement of repair work, equipment and software for the regional offices according to specifications | No changes |

| | | |
|-----------------|---|---|
| Output 8 | The Single Information System extended to include the Ministry of Internal Affairs, pension funds and the Ministry of Transport | The Single Information System extended Agencies mentioned in the original text have already be connected. New text allows flexibility in extending the SIS in line with the changing needs and within the available budget. |
| Activities | | |
| 8.1 | Assist the SCFM in analysing the needs in terms of work, equipment, services and software necessary to extend the SIS and producing detailed specifications | No changes |
| 8.2 | Organise and carry out procurement of work, equipment, services and software necessary to extend the SIS according to specifications | No changes |
| 8.3 | Connect the SCFM to the FIU.Net as a Core Member | Assist the SCFM in getting online access to new international sources of data – as the development of the FIU.Net slowed down significantly in, it may be more interesting for the SCFM to get other sources of the information than upgraded statute in the FIU.Net. The new formulation includes the possible extended connection to the FIU.Net if this is judged useful. |

2.6 Project planning

The project work plan modified in line with the changes proposed above to be introduced in the outputs and activities is attached in Annex C.

The activities to be organised from October to December , as discussed at the start-up conference include:

- Legal opinion on the new draft legislation to ensure conformity with the Warsaw Convention (ETS 198) and the 3rd Directive (draft currently prepared by the government) – to be undertaken urgently as two drafts are ready (August/September),
- Workshop to discuss the legal opinion,
- List of short-term experts to play the leading role in implementation of the outputs,
- Planning meetings of the LTA with the groups of beneficiaries to fix timeframes of activities under outputs 1-5.
- Establishment of the working group to deal with Output 1 (national and foreign experts)
- Needs assessment – equipment for the INTC
- Needs assessment – IT equipment for regional offices

3 Conclusions

The SCFM and other beneficiaries of the project are confirmed partners whose commitment to combat money laundering and terrorist financing is well known. Their cooperation with the Project staff of the MOLI-UA was exemplary which promises a very good and effective cooperation under MOLI-UA2. Despite certain delay in the signature of the project by the government of Ukraine the SCFM has been very co-operative from the very beginning and ensured a comfortable and spacey premises to accommodate the project office.

The project team and the beneficiaries are mobilised to deliver and a slight delay in the inception phase will be easily made up in the coming months. As none of the risks mentioned in the project's TOR is likely to happen there should be no obstacles in achieving the planned results by the end of the project.

ANNEXES

ANNEX A *Proposed changes in the support staff of MOLI-UA-2*

| Proposed posts and job descriptions | |
|---|--|
| Public Relations and Communications Officer | Project Officer |
| <ul style="list-style-type: none">- coordinate the work of the project office and the project events, such as meetings of project participants, conferences, training events, and media through timely interaction, communication and engagement of participants at all levels, focusing on maintaining relationships and projecting the image of a credible and reliable partner;- assist the Project Manager and the TL with the implementation of project activities;- in cooperation with the TL and under the supervision of the Project Manager, draft the project narrative monthly reports and project updates and assist the TL in other reporting tasks; take minutes of the project activities;- in cooperation with and under the supervision of the Project Manager ensure the visibility of the project through public information activities, which include compilations of conference and seminar materials, briefing papers, project updates, entries for the website, and production of various promotional items;- maintain effective communication with the project beneficiaries;- undertake other duties as required (e.g. providing interpretation for the TL (excluding project activities); ensuring translation of work-related documents; rendering support to the Procurement Adviser).- support as necessary the Project Officer in execution of her duties. | <ul style="list-style-type: none">- provide the necessary assistance, including secretarial support, to the TL in his everyday work,- prepare draft budgets of activities,- ensure collection and filing of financial documents,- run office accounting and assist the TL in preparing financial reports,- ensure coordination with the COE Secretariat in Strasbourg and the COE Office in Kiev on issues relating to finance,- ensure purchase of office consumables,- ensure management of petty cash,- under the supervision of the Project Manager prepare draft financial documents and submit them to PM for approval and follow-up,- provide interpretation to the TL as necessary on a daily basis (this does not include interpretation during project activities),- translate working documents for the TL as necessary- support as necessary the Public Relations and Communications Officer in execution of her duties. |

ANNEX B

Financial Regulatory Authorities and Self-Regulatory Bodies

The National Bank of Ukraine (NBU)

The main function of the NBU is to determine the monetary policy of Ukraine for the purpose of achieving price stability, to foster the stability of the banking system and to exercise banking regulation and supervision. On 1 January 2005, the Ukrainian banking system consisted of 160 commercial banks.

The NBU is the central bank of Ukraine and the licensing authority for the commercial banks. Its main responsibilities are the following:

- to contribute to the maintenance of the stability of the national currency;
- to assist in the establishment and functioning of efficient payment mechanisms;
- to issue banknotes and coins;
- to carry out licensing of bank activity and transactions;
- to issue licenses for currency (value) transactions;
- to issue permissions on clearing payment transactions;
- to maintain a Register of banks, bank branches and bank representations and currency exchanges;
- to perform regulatory functions (on carrying out bank transactions, on payments in foreign currency, on standards and rules of bank accounting, on clearing, on currency regulations and currency control);
- to supervise bank activities;
- to carry out on-site inspections;
- to carry out currency control;

to apply sanctions, including withdrawing issued licenses.

Following the enactment of the Law "On Prevention and Counteraction to Legalization (Laundering) of the Proceeds from Crime", the NBU has assumed a very active role in money laundering prevention. To this end, on 7 February 2003, a special department has been created within the NBU, the "Department of Methodological, Normative and Organizational Support of Financial Monitoring", the main tasks of which include the development of appropriate legislative and normative acts in accordance with the legislation for the prevention of money laundering in the banking system, the issuing of recommendations relating to the methodological approach for on-site inspections of banks, analysis of the results of on-site inspections of banks and generalizing the results of supervision over the banks' compliance with their legal anti-money laundering requirements. The Department is staffed by 15 persons and is divided into three Sections: the Section of legal provision of financial monitoring; the Section of co-ordination of interaction with other bodies of state financial monitoring; and the Section of methodological documents on control of banker's compliance with legislative requirements on financial monitoring.

On-site inspections of banks are performed by the Prudential Supervision Department which consists of 81 persons from the Central NBA and 296 persons from the 25 territorial branches of NBU.

The National Bank of Ukraine is continuously organising and taking part in seminars on financial monitoring issues for employees of the commercial banks. During 2004, the NBU experts took part in 17 such seminars.

The State Commission for Regulation of Financial Services Market

The State Commission for Regulation of Financial Services Markets of Ukraine was established on 11 December 2002, in accordance with the Financial Services Law of Ukraine, enacted on 12 July 2001. The main tasks of the Commission are the following:

- Implementation of a unified policy on the provision of financial services;

- Registration, licensing and supervision of the non-banking financial institutions to ensure compliance with laws, including the anti-money laundering legislation.

At present, the non-banking financial sector of Ukraine accounts for approximately 8% of the entire financial market (banking and non-banking) and is mainly dominated by insurance companies.

One of the top priorities of the Commission is to identify, register and license all entities providing financial services in Ukraine which existed prior to the enactment of the Law. This includes 372 insurance companies, 57 non-state pension funds, 1094 credit unions (co-operatives), 234 pawn shops and 30 leasing companies.

In the course of their registration and licensing by the Commission, all new financial institutions are required to submit information evidencing compliance with their anti-money laundering requirements. In this regard, financial institutions' corporate documents must exhibit implementation of anti-money laundering procedures, appointment of a compliance officer and provide an analysis of the sources of statutory capital.

In August 2003, the Commission set up a Financial Monitoring Section which has been assigned the duty of analyzing the results of on-site inspections of the supervision department and making recommendations on the inspection methodology. Members of the staff of the Financial Monitoring Section, which comprised 4 persons, are also participating in on-site inspections conducted by the Supervisory Department. The commission is legally empowered to impose sanctions, and penalties on financial institutions and their officers/managers. These sanctioning powers include the imposition of a fine, temporary suspension, withdrawal or permanent revocation of a license and compulsory liquidation, as well as seeking administrative and criminal penalties on officers/managers of financial institutions. The State Commission on Regulation of Financial Services Markets has elaborated jointly with SCFM of Ukraine the Model training program for employees of financial entities, who are responsible for execution of the initial financial monitoring. The State Commission on Regulation of Financial Services Markets and the SCFM also hold joint informational and advisory seminars.

The State Securities and Stock Market State Commission

The Commission was established on October 30, 1996 pursuant to the Law on "State Regulation of Securities Market in Ukraine". The main objectives of the Commission are to develop and implement a unified state policy for the smooth functioning and conducting of transactions on the securities market in Ukraine, and to supervise stock market participants. The Commission consists of a Central Office with staff, which amounts 234 persons, and 26 regional offices with staff of 450 persons.

As per January 01, 2004 the stock market participants comprised the following:

- 10 exchanges
- 867 stockbrokers
- 364 registrars
- 114 custodians
- 1 depository
- 142 joint investment institutions.

The Law of Ukraine "On Securities and Stock Market" regulates the issue concerning insider dealing (including the Article 232-1 "Disclosure and use of non-rpomulgated information concerning issuer or his securities" relates to the CC of Ukraine). The mentioned innovations correspond to the international norms, in particular to the Forty FATF Recommendations.

In August 2003, the Commission has set up a Financial Monitoring Unit, staffed with 5 persons, which is responsible for co-transaction with SCFM and other supervisory bodies, co-ordination and carrying out inspections with regard to anti-money laundering issues, monitoring the implementation of the anti-money laundering legislation by stock market participants and analyzing the effectiveness of anti-money laundering measures in the securities market.

Supervisory staff comprised 23 persons in the Central Office and 102 persons in the oversight sections of the Regional Officers. On site inspections are carried out on a scheduled basis once every two years but casual inspections are also carried out when deemed necessary.

The State Securities and Stock Market Commission of Ukraine has concluded agreements on cooperation with 8 educational institutions of Ukraine regarding training of financial monitoring experts for the professional participants of securities market.

Self-regulating organizations/professional participants of the securities and the stock exchange market

| № | Organisation | Number of members as per 1 January, 2005 | Number of members according to professional activity |
|----------|---|---|--|
| 1. | Professional association of registrars and depositaries | 667 | 276 – independent registrars 338 – emitters which keep their own register 52 – custodians 1 – depositary activity |
| 2. | Association “The First stock exchange trade system” | 149 | Traders in securities |
| 3. | Ukrainian association of investment business | 96 | Asset management – 92, traders in securities - 4 |
| 4. | Association “ Pivdennoukrainian (south ukrainian) trade and information system” | 144 | Traders in securities |
| 5. | Kyiv international stock exchange | 210 | Traders in securities |
| 6. | Ukrainian stock exchange | 112 | Traders in securities |
| 7. | Prydniprovije (at the Dnieper river) stock exchange | 108 | Traders in securities |
| 8. | Donetsk stock exchange | 66 | Traders in securities |
| 9. | Association of the stock exchange participants | 290 | 104 – independent registrars 186 – emitters which keep their own register |
| 10. | Ukrainian interbank foreign currency stock exchange | 47 | Traders in securities |

**ANNEX C
Work plan**

| YEC 1 | | 2006 | | | | | | | | | | 2007 | | | | | | | | |
|----------------------------|---|---|---|---|---|---|----|----|----|----|----|------|---|---|---|--|--|--|--|--|
| | | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 11 | 11 | 11 | 1 | 2 | 3 | 4 | | | | | |
| Output/Activity | | Implementing body/inputs | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | | |
| Inception phase | | | | | | | | | | | | | | | | | | | | |
| 0.0.1 | Recruit project staff | | | | | | | | | | | | | | | | | | | CoE HQ |
| 0.0.2 | Equip project office | | | | | | | | | | | | | | | | | | | CoE HQ Office and IT equipment |
| 0.0.3 | Prepare a detailed work plan and an inception report | | | | | | | | | | | | | | | | | | | LT Adviser |
| 0.0.4 | Organise a start up and final workshops | | | | | | | | | | | | | | | | | | | LT Adviser/CoE HQ |
| 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 3rd EU Directive and the Council of Europe Convention (ETS 198). | | | | | | | | | | | | | | | | | | | |
| 1.1 | Undertake a comparative analysis of the Ukraine's legislation in the light of the new European standards. | | | | | | | | | | | | | | | | | | | LT Adviser, ST adviser/report |
| 1.2 | Provide legal opinions on the Ukrainian legislation in force and/or proposed amendments. | | | | | | | | | | | | | | | | | | | LT Adviser, ST adviser/advice, opinions |
| 1.3 | Organise up to 6 workshops/roundtables on the issues related to the new European AML/CTF standards. | | | | | | | | | | | | | | | | | | | LT Adviser, ST adviser/advice, workshops |
| 1.4 | Provide assistance in the drafting of the legislative instruments identified as necessary for Ukraine to comply with new European standards. | | | | | | | | | | | | | | | | | | | LT Adviser, ST adviser/advice, workshops |
| Project objective 2 | To enhance the human capacities of key institutions of Ukraine's anti-money laundering system (State Committee for Financial Monitoring law enforcement agencies and judiciary and financial sector regulators/supervisors) | | | | | | | | | | | | | | | | | | | |
| Output 2 | The SCFM training strategy elaborated and implemented | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|-----------------|--|--|--|--|--|--|--|--|--|--|---|---|---|---|--|
| 2.1 | Review training needs of the SCFM and its regional offices | | | | | | | | | | x | x | x | x | LT Adviser, ST adviser/advice, workshops |
| 2.2 | Support the SCFM in elaboration of the basic and further training strategy, plans and curricula for the HQ and regional offices staff and its implementation. | | | | | | | | | | x | x | x | x | LT Adviser, ST adviser/advice, workshops |
| 2.3 | Train the core groups of the SCFM and its regional offices staff as trainers and assist them in carrying out up to 4 training courses for other staff. | | | | | | | | | | x | x | x | x | LT Adviser, ST adviser/advice, workshops, study visits |
| 2.4 | Support the SCFM in the organisation of up to 6 training seminars for the staff of the regional offices on issues of priority concern to these offices and their partner agencies in these regions | | | | | | | | | | x | | | | LT Adviser, ST adviser/ training workshops |
| 2.5 | Organise up to 3 in-country workshops for analytical staff on the operational experience of other FIUs in the analysis of data and the investigation of money laundering and terrorist financing | | | | | | | | | | | | | | LT Adviser, ST adviser/3 workshops |
| 2.6 | Organise up to 2 joint training activities to enhance co-operation between SCFM, law enforcement, prosecutors and judges. | | | | | | | | | | | x | | | LT Adviser, ST adviser/ 2 training activities |
| 2.7 | Organise two AML/CTF typologies meetings. | | | | | | | | | | | | | x | LT Adviser, ST adviser/advice, organisation meeting |
| 2.8 | Continuing training for the IT staff and analysts. | | | | | | | | | | x | x | x | x | LT Adviser, trainers/provision of training |
| Output 3 | The SCFM National AML/CTF (International) Training Centre created and operational | | | | | | | | | | | | | | |
| 3.1 | Assist in the development of organisational structure and staffing requirements of the INTC. | | | | | | | | | | x | x | x | x | LT Adviser, ST adviser/advice, workshops |
| 3.2 | Assist in the development of curricula, yearly training plans and training materials (including publication thereof). | | | | | | | | | | x | x | x | x | LT Adviser, ST adviser/advice, workshops |
| 3.3 | Organise up to 3 study visits for the INTC staff and SCFM trainers to training institution abroad. | | | | | | | | | | | | x | | LT Adviser, ST adviser/ up to 3 study visits |
| 3.4 | Support SCFM in further training the of the INTC staff. | | | | | | | | | | | | x | x | LT Adviser, ST adviser/advice, workshops |
| 3.5 | Support INTC in organisation of up to 3 training courses. | | | | | | | | | | | | | | LT Adviser, ST adviser/advice, organisation courses, supervision thereof |
| 3.6 | Support INTC in creation and development of distant teaching / e-learning system (methodology). | | | | | | | | | | | | | x | LT Adviser, ST adviser/advice, workshops, methodology |

| | | | | | | | | | | | | | | |
|----------------------------|---|--|--|--|--|--|--|--|---|---|---|---|---|--|
| 3.7 | Support the organisation of the INTC library and establishing a list of books and/or other material to be acquired as well as selection of books/material to be translated into Ukrainian. | | | | | | | | x | x | x | x | x | LT Adviser, ST adviser/advice |
| Output 4 | The law enforcement agencies, prosecutors and judges have their training plans in investigating money laundering and terrorist financing cases and are able to implement them. | | | | | | | | | | | | | |
| 4.1 | Assist the Ministry of Internal Affairs, Prosecutor General's Office and SBU in the training needs assessment, development of training plans, curricula and training materials. | | | | | | | | x | x | x | x | x | LT Adviser, ST adviser/advice, workshops |
| 4.2 | Assist the training of staff of the law enforcement training institutions in delivery of training in financial crime and money laundering/terrorist financing investigations and related topics | | | | | | | | x | x | x | x | x | LT Adviser, ST adviser/advice, workshops |
| 4.3 | Organise study visits for trainers to experience the training solutions adopted by the law enforcement agencies within other European countries | | | | | | | | x | x | x | x | x | LT Adviser, ST adviser/ study visits |
| 4.4 | Support the delivery of specialist anti-money laundering and anti-terrorist financing training to the operational investigation units of the Ministry of Internal Affairs and the SBU, their regional structures and the specialist anti-money laundering and terrorist finance teams, including the information and intelligence requirements. | | | | | | | | x | x | x | x | x | LT Adviser, ST adviser/advice, workshop study visits |
| 4.5 | Organise a workshop on legislative issues and AML/CTF international standards. | | | | | | | | | | | | | LT Adviser, ST adviser/ workshop |
| 4.6 | Support the training needs assessment and the delivery of a specialist anti money laundering training to judges. | | | | | | | | | | | | | LT Adviser, ST adviser/ workshop, advice, INTC or other training institution/training delivery |
| Output 5 | Regulators and supervisors of the financial services sector implement basic and further vocational training strategy, plans and curricula in international standards and best practices in countering money laundering and terrorist financing. | | | | | | | | | | | | | |
| 5.1 | Assist the financial sector regulators in the determination of national standards of compliance with relevant legislation and international standards. | | | | | | | | | | | | | LT Adviser, ST adviser/advice, workshops |
| 5.2 | Organise up two three 2-day training workshops for regulators/supervisors. | | | | | | | | | | | | x | LT Adviser, ST adviser/ workshops |
| 5.3 | Organise seminars and workshops for the regulators/supervisors to highlight the best practices available in other European countries. | | | | | | | | | | | | x | LT Adviser, ST adviser/ workshops |
| 5.4 | Assist financial supervisors and regulators in the elaboration of training strategy, plans and curricula for obliged institutions in their sectors. | | | | | | | | | | | | x | LT Adviser, ST adviser, workshops |
| Project objective 3 | To develop the organisational and technical infrastructure of the anti-money laundering / anti-terrorist financing system. | | | | | | | | | | | | | |
| Output 6 | The National AML/CTF Training Centre established and equipped. | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | |
|-----------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|---|
| 6.1 | Assist the SCFM in analysing the needs of the INTC in terms of technical equipment and software and producing detailed specifications. | | | | | | | | | | | | | | | | | | LT Adviser, Procurement adviser, ST adviser, COE Secretariat |
| 6.2 | Organise and carry out the procurement of the equipment and software for the INTC according to specifications. | | | | | | | | | | | | | | | | | | LT Adviser, Procurement adviser, ST adviser, COE Secretariat |
| 6.3 | Organise and carry out purchases of books/materials for the library and finance translations of selected books into Ukrainian. | | | | | | | | | | | | | | | | | | LT Adviser, Procurement adviser, ST adviser, COE Secretariat |
| Output 7 | 22 regional offices of the SCFM established and equipped. | | | | | | | | | | | | | | | | | | |
| 7.1 | Assist the SCFM in analysing the needs of the regional office in terms of repair work, equipment and software and producing detailed specifications. | | | | | | | | | | | | | | | | | | LT Adviser, Procurement adviser, ST adviser, COE Secretariat |
| 7.2 | Organise and carry out the procurement of repair work, equipment and software for the regional offices according to specifications.. | | | | | | | | | | | | | | | | | | LT Adviser, Procurement adviser, ST adviser, COE Secretariat |
| Output 8 | Enlargement of the Single Information System by means of improvement of the information analysis system, distribution of the Single Information System in the regional subdivisions of the SCFM and connection of additional important sources of information | | | | | | | | | | | | | | | | | | |
| 8.1 | Assist the SCFM in analysing the needs in terms of work, equipment, services and software necessary to extend the SIS and producing detailed specifications. | | | | | | | | | | | | | | | | | | LT Adviser, Procurement adviser, ST adviser, COE Secretariat |
| 8.2 | Organise and carry out the procurement of work, equipment, services and software necessary to extend the SIS according to specifications. | | | | | | | | | | | | | | | | | | LT Adviser, Procurement adviser, ST adviser, COE Secretariat |
| 8.3 | Connection of the SCFM to the FIU.Net as Core Member | | | | | | | | | | | | | | | | | | |

