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## Project against Money Laundering in Ukraine

(MOLI-UA)

– project summary –

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| Project title   | Project against money laundering in Ukraine (MOLI-UA)         |
| Project partner | State Department for Financial Monitoring of Ukraine (SDFM)   |
| Funding         | European Commission (TACIS Regional Co-operation Programme)   |
| Implementation  | Council of Europe (Economic Crime Division, DG Legal Affairs) |
| Budget          | EURO 975 000  |
| Duration        | 24 months (1 February 2003 – 31 January 2005)                 |

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### BACKGROUND

Countries of central and eastern Europe are undergoing significant political and economic changes. Accompanying this transition, there has been a considerable rise in criminal activity – including organised crime, economic crime and money laundering – threatening democracy, the rule of law and social and economic progress.

Ukraine is considered seriously vulnerable to money laundering. Recognising this challenge, Ukraine has recently adopted legislation improving the basis for measures against money laundering, and established the State Department for Financial Monitoring which functions as the financial intelligence unit.

The present project will support the efforts of Ukraine to establish a fully functioning system against money laundering. It is funded by the European Commission under the TACIS Regional Co-operation Programme which in the field of justice and home affairs is designed to assist governments through a range of capacity building measures.

The project is implemented by the Council of Europe (Economic Crime/Directorate General of Legal Affairs). Ukraine is party to the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of Proceeds from Crime (ETS 141), and it has been evaluated under the MONEYVAL evaluation mechanism.

The SDFM is the project partner through which all project activities are carried out. Given its crucial role in the anti-money laundering system of Ukraine, the SDFM is particularly well placed for this task.

## OBJECTIVES AND EXPECTED RESULTS

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| <b>Overall objective</b> | <p>The project will contribute to the establishment of a fully functioning system to prevent the use of the financial system to launder the proceeds of serious crime and enable Ukrainian authorities to cooperate internationally in fighting money laundering in accordance with European and international standards.</p> <p>It is expected that by the end of the project, the SDFM will</p> <ul style="list-style-type: none"><li>- have completed its operational set up (in terms of staffing, premises, internal rules and procedures)</li><li>- have a complete legal basis for its work and its interaction with other institutions,</li><li>- have an operational information system</li><li>- cooperate with supervisory services, primary operators, law enforcement and criminal justice institutions</li><li>- exchange information with FIUs of other countries</li></ul> |
| <b>Project objective</b> | <b>To enable the State Department for Financial Monitoring to exercise its functions in accordance with relevant regulations</b>   |
| Output 1                 | Organisational set up of the State Department for Financial Monitoring completed in terms of staffing, budgeting and resourcing, and working procedures  |
| Output 2                 | Relevant legislation in line with the requirements of the new anti-money laundering law and proposals for amendments of other laws to enhance the effectiveness of the anti-money laundering system available  |
| Output 3                 | System for the collection, processing, analysis, protection and exchange of information on transactions in operation within the SDFM   |
| Output 4                 | Effective mechanisms are in place to ensure cooperation between the SDFM and law enforcement, criminal justice and regulatory authorities  |
| Output 5                 | Guidelines for primary financial operators on identification and analysis of suspicious transactions and reporting obligations available and a mechanism to review their effectiveness will have been elaborated by SDFM in cooperation with regulators and adopted  |
| Output 6                 | The number, quality, accuracy, and speed in processing of incoming and outgoing requests for information from and to other FIUs of all types will have increased measurably  |
| Output 7                 | Feasibility study and proposal for a follow up project available   |

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## 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
- software.

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 SDFM (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 project adviser and local support staff based in Kyiv and working directly with the SDFM. This team is responsible 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 coordination and supervision of the project.

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

## CONTACT

### **Council of Europe**

Technical Cooperation Section  
DG Legal Affairs, Strasbourg, France

Tel + 33 3 9021 4506  
+ 33 3 8841 3482  
Fax + 33 3 8841 3743  
Email [alexander.seger@coe.int](mailto:alexander.seger@coe.int)  
[przemyslaw.musialkowski@coe.int](mailto:przemyslaw.musialkowski@coe.int)

### **State Department for Financial Monitoring of Ukraine**

Tel +380 (44) 2015681  
Fax +380 (44) 2291748  
Email [sdfm@minfin.gov.ua](mailto:sdfm@minfin.gov.ua)

### **European Commission**

Delegation in Kyiv

Tel +380-44-462-00-10  
Email  
[francesco.luciani@cec.eu.int](mailto:francesco.luciani@cec.eu.int)

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