Michele Sciurba

Implementation of State Anti-Corruption and Anti-Money Laundering Policy in the EU Member States

Models for Improving Public Administration in the Ukraine

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Preface

Despite its difficult economic, political and social situation, Ukraine is a young, independent country and a European power whose future development depends upon reforming anti-money laundering (AML) structures and practices and acting in concert with other countries in Europe. In an international comparison of corruption in 180 countries, Ukraine ranks 130th, making it one of the most corrupt countries in the world. Yet, Ukraine has an AML/Counter-Terrorist Financing (CTF) legal administrative framework that largely meets the current formal requirements of the Financial Action Task Force on Money Laundering (FATF). The Ukrainian AML/CTF framework has been refined significantly in recent years. Today, there is a clear understanding of money laundering and terrorist financing risks in Ukraine both at the administrative level and at the level of the supervisory authorities.

Nevertheless, this development cannot hide the fact that money laundering via shell companies is still part of everyday life in Ukraine. Since 2014, tax evasion has been considered a predicate offence under Ukrainian AML law as it is in the European Union (EU). This legislation includes the banking supervision of financial transactions of national public officials and other Politically Exposed Persons (PEPs). The Ukrainian criminal justice system continues to be heavily influenced by corruption and has failed to effectively combat it. Ukrainian cross-border prosecution of money laundering offences, in particular the confiscation of proceeds of crime in other countries, is ineffective due to a lack of experience and the absence of legislation spelling out direct areas of responsibility and formal procedures. A central problem is the lack of confiscation orders which impedes the efficient prosecution of corruption and money laundering.

Money laundering schemes are constantly evolving, which requires public authorities to constantly update their knowledge and implement state-of-the-art measures to combat corruption. An indispensable component of the Ukraine government's anti-corruption efforts is the prevention and combating of money laundering. Eliminating corruption helps ensure the national security of the state, the effective implementation of its national interests, and the creation of conditions for the development of a humane and civil society. Since international criminal organizations are constantly at work to improve their money laundering schemes, governments must continually educate state authorities and improve and modernize regulations.

Improving anti-corruption policy requires constant re-evaluation of strategic concepts and objectives, principles and priorities, and the implementation of long-term national programs. An objective of national reform in Ukraine is to create a system of territorial organization and power, which operates in the interest of citizens and which possesses sufficient mechanisms of democratic monitoring and control. Such a process of institutional transformation requires the creation and implementation of anti-corruption institutional mechanisms that embody the principles of social justice, integrity, transparency, and public accountability in state management. This monograph provides a general and systemic overview of the theoretical and legal bases as well as the organisational and legal mechanisms that are necessary to develop a coherent state policy to fight money laundering, using the experience of EU countries. Although there are a growing number of academic works that focus on the organizational component of anti-corruption policy, there are fewer that examine the mechanisms in the formation of state policy necessary to fight money laundering and fewer still that take into account the "best practices" of EU countries. This gap in the research was a determining factor for choosing the topic of this monograph.

This academic work demonstrates how the Ukraine can improve its implementation of the FATF Recommendations to fight money laundering and corruption and how it can better organize the mechanisms of state regulation and the monitoring of financial activities. The implementation of international "best practices" for state management of financial monitoring will increase the effectiveness of public administration and establish standards and mechanisms of state monitoring that will provide the high-quality, objective information required for effective public management of AML policy. Anti-corruption measures contribute to the national security of the state, the effective implementation of its national interests, and the creation of conditions for human development and civil society.

One of the integral components of national plans to fight government corruption is measures to prevent and combat money laundering, which is a serious problem at all levels of public administration, the economy and social life. The monograph provides a model for improving structures of public administration of agencies responsible for unshadowing financial flows in Ukraine. This model optimizes the processes of state agencies and public authorities, updates the state financial services unit, improves the service of local government agencies, and contributes to self-government and responsiveness of public officials ("public service"). The model implements a new anti-corruption policy within the context of the development of the Ukraine's political system and optimizes the work of special management agencies in combating corruption.

The research for this monograph is part of the postgraduate program at the Interregional Academy of Personnel Management in Kyiv to obtain the Degree of Doctor of Sciences in Public Administration. This academic work is based on Ukrainian academic standards, including the structure and citation format.

Michele Sciurba

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This monograph offers a new approach to implementing an anti-corruption strategy in Ukraine and suggests how the fight against corruption within government can be streamlined using modern methods and a risk-based approach. Drawing on the experience of EU countries through a comparative analysis of the rules and procedures for structuring public administration policy, this work proposes developing recommendations to strengthen the Ukrainian anti-money laundering and corruption policy. Corruption remains a widespread problem at various levels within Ukrainian public administration and it has significantly weakened public confidence in government and in the judicial system.

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