

INTERNATIONAL ANTI-MONEY LAUNDERING DAY

The political and economic reforms supporting the EU integration across the Western Balkans countries are still facing many challenges due to poor governance and market competition, including limited public sector expertise, legal gaps, corruption, and instability within the law enforcement agencies. There is an increasing influence of business and oligarchy lobbies in government decision-making, weaknesses in the procurement system, conflicts of interest in building permits, licenses and public-private partnership contracts. Further, there is political interference in the judicial system in many Western Balkans countries. In the meantime, the [Illicit Financial Flows \(IFFs\)](#), predominantly stemming from corruption-related crimes, national and international organized crime, as well as fiscal evasion, are significantly impacting the exchange rates and fostering corrupt practices. The existing situation is heavily exploited by international organized crime groups and individuals with access to national resources which is deeply affecting the **state of democracy** and **economic growth in Western Balkans**.

The aggression of Russia in Ukraine and the consequent disruption of critical markets, such as energy and agricultural goods, coupled with escalating geopolitical tensions in the Middle East, have weakened the oversight capabilities of law enforcement agencies in curbing money laundering and terrorist financing. Consequently, illicit financial flows have become tools in the hands of totalitarian regimes, undermining security and emphasizing the urgent need to bolster the fight against money laundering and terrorism financing. **It is imperative for the countries in our region to work collectively to adhere to international standards on this issue.**

According to SELDI network, the actual implementation of the adopted legal framework is key to achieving better results in the fight against money laundering. Alternatively stated, staying only with the transposition of legal framework and best practices from the OECD countries is not enough. Further, there is a need to widely promote the formalization of the [informal sector](#) in the economy, enhance the collaboration with local and international

business organisations, ensure transparency and integrity in procurement and other public sector processes, including in the banking supervision sector. Also, the legislation establishing the use of electronic money (e-money, cryptocurrencies) should be urgently harmonised. The above measures are critical components of collective security and should be central to the economic policies of each individual government.

It is believed that reinforcing the necessary infrastructure, personnel, and coordination between state-owned and inter-state enterprises will facilitate the tracking and prosecution of tax evasion, economic crimes, corruption, and state capture. Implementing these measures will increase the number of convicted individuals & companies involved in money laundering, effectively combating this issue across the entire region.

[Assessments](#) indicate a significant increase in IFFs over the last decade in all countries from the Western Balkans, infiltrating sectors such as construction, real estate transactions, and gambling, with a noticeable presence in monetary economics. This requires higher attention and broader engagement of civil society in raising public and business awareness. Regular monitoring of law enforcement agencies' activities, as well as boosting their capacities and that of business organizations, is crucial in combatting this detrimental phenomenon, ensuring the economic sustainability and the European future of the Western Balkans countries.

CSOs from the region (members of the SELDI Network), remain steadfast in their commitment to provide essential IFF-related data and analysis, highlighting the importance of regulatory measures to increase the transparency and knowledge about the intricacies of money laundering, including identifying the beneficial owners associated with it. Additionally, they emphasize the need for [more comprehensive policy recommendations](#) to expedite the European Union integration of Western Balkans countries, particularly in response to the dynamics of strategic investments from countries like Russia and other non-friendly states in the region.