Corruption in the Economy of Ukraine

Kofanov Andrii

Legal Advisor to the Council of Europe Programme “Decentralization and Territorial Consolidation in Ukraine”, PhD of Juridical Sciences, Associate Professor, Professor of Department of Forensic Support and Forensic Expertise of the National Academy of Internal Affairs, Kiev, Ukraine
ORCID ID 0000-0002-5242-2518 kofanov_andrey@ukr.net

Pavlovska Nataliia

PhD of Juridical Sciences, Associate Professor, Associate Professor of Theory and History of Law, Kyiv National Economic University, Kiev, Ukraine
ORCID ID 0000-0003-3311-0364 wwwpav@gmail.com

Kulyk Maryna

PhD of Juridical Sciences, Associate Professor of Criminal Produce of the National Academy of Internal Affairs, Kyiv, Ukraine
ORCID ID 0000-0003-1373-6749 coolss777@ukr.net

Tereshchenko Yuliia

PhD of Juridical Sciences, Professor of the Department of Criminal Procedure of the National Academy of Internal Affairs, Kyiv, Ukraine
ORCID ID 0000-0002-5353-0887 vladysikter@ukr.net

Symchuk Anatolii

Senior Teacher at the Department of Criminal Procedure of the National Academy Internal Affairs, Kyiv, Ukraine
ORCID ID 0000-0002-8663-8210 symchukas@gmail.com

Abstract

The research was conducted on the basis of the method of system analysis and generalization of information obtained during the survey conducted by different categories of law enforcement officers who carry out pre-trial investigation of the said crimes, as well as reports from the Ministry of Internal Affairs of Ukraine, the National Police of Ukraine, National Anti-Corruption Bureau of Ukraine, etc. for 2016-2019. The most relevant motives and methods of committing corruption crimes were analyzed and found that bribery and corruption were the first among economic crimes, and the increase in the number of these crimes was facilitated by the high corruption of state bodies in various spheres of public life. The key issues that will reduce the level of corruption in the state are outlined.

Keywords: National Anti-Corruption Bureau (NABU), investigation of criminal proceedings, corruption, organized economic crime.

Introduction These are the National Agency for the Prevention of Corruption (NAPC), the National Agency for the Identification, Search and Management of Assets Obtained from Corruption and Other Crimes (ARMA), the National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SACPO). ARMA is similar to the return and asset management institutions and operates successfully in EU member states; one of the main functions of the NAPC is to verify the declarations of officials; NABU detectives investigate corruption crimes at the highest level of government. The SACPO assess this investigation and refer criminal proceedings to the court, where they support the prosecution during the proceedings (Tab. 1-3).

Starting in 2015, the first criminal proceedings on embezzlement of funds of state enterprises for the total amount of about 1 billion hryvnia were included in the Unified Register of Pre-Trial Investigations (URPI). As of February 1, 2016, the Office's detectives are entering 56 proceedings into the pre-trial investigation register. Most of the proceedings – 19 were referred to the Office by the Attorney General's Office. Fifteen production facilities are included in URPI on the basis of own developments of detectives and analysts of the Bureau, as well as on the basis of information provided by individuals and legal entities. However, it should be noted that in 2016, the most corruption-related crimes were detected by the national police (Fig. 1).

Figure 1. The number of criminal proceedings filed in the Unified Register of Pre-Trial Investigations 2016/ *5 months of 2017 [1]

In terms of types of economic activity, most of the proceedings are related to the spheres of public administration, defense, compulsory social insurance – 22; transport, warehousing, postal and courier activities – 6; electricity, gas, steam and air conditioning – 5, as well as financial and insurance activities. In the context of persons subject to verification of

involvement in corruption offenses, most of the proceedings concern the activities of heads of state enterprises – 19 proceedings, judges – 13 proceedings, civil servants and officials of local self-government 1 and 2 categories – 11 proceedings, senior officials – 6, prosecutors – 5.

In accordance with article 65 of the Law of Ukraine "On prevention of corruption" from 14.10.2014 №1700-VII "persons specified in the first part of article 3 of the Law, for committing corruption or corruption-related offenses in accordance with the procedure established by law are subject to criminal [2], administrative, civil [3] and disciplinary liability" [4].

Within the framework of the pre-trial investigation of criminal proceedings, the first arrests for cash in hryvnias and foreign currency were imposed – UAH 400,7 thousand, USD 109 thousand, EUR 2.4 thousand, 2 thousand RUB. Also, applications were filed in the amount of 346.2 million UAH.

For 2014-2018, 15.8 thousand bribe-takers were revealed. The general tendency of the results of the fight against bribery has improved somewhat, both by the number of exposed bribes (+ 7% for 2018 vs. 2014) and by the share of bribery in the total number of crimes in the field of official activity (15% in 2014 against 18% in 2018). Only in 2018 were bribery cases of 1800 worth 60.7 billion UAH, including 179 bribes, the amount of which exceeded 100 thousand UAH (for the five-year period of such crimes disclosed 585). The number of bribes amounting to more than UAH 250 thousand has more than doubled in 2018 compared to 2014.

Table 1.

Distribution of proceedings according to sources of information [5]

Criminal proceedings	Only active proceedings as of 31.12.2016	Only active proceedings as of 31.12.2017
registered on the basis of applications of individuals and legal entities received by the NABU	19	12
registered for detectives and analysts` own developments	31	23
registered by detectives based on statements and reports of Ukrainian deputies	2	1,5
Transmitted by the Attorney General`s Office and other law enforcement units	31	31 + 3,3
Other:		

registered on the basis of materials from other law enforcement units	8	6,1
registered by court order	9	21

In terms of the typology of offences, the most crimes investigated by the Detectives of Bureau fall within the scope of article 191 of the Criminal Code - "Appropriation, embezzlement or appropriation of property by abuse of office" (88 proceedings); the second most common article is article 364 of the Criminal Code - "Abuse of power or official position" (53 proceedings); and the third largest number of offences under article 368 of the Criminal Code - "Acceptance of an offer, promise or receipt of an undue advantage by an official" (45 proceedings).

Table 2.

The activity of NABU [6]

	as of 31.12.2017	as of 31.12.2018
Criminal proceeding in work	487	635
Criminal proceedings referred to the court	107	176
The amount of damage caused by crimes	153,3 billion ₴	220,02 billion ₴
Was indemnified for damages	253,3 million ₴	452,37 million ₴

Table 3.

Information about combating economic crimes [7]

	2016	2017	2018
Criminal offences in the Budget sphere	2449	3504	3700
Administrative protocols on corruption have been drawn up	804	2297	8000

Crimes in the sphere of economic activity are revealed

Crimes in the field of official activity are revealed

Crimes related to the use of budget funds are revealed

Figure 2. The results of police work in countering economic crimes [8]

As of June 30, 2018, appropriation, misappropriation or seizure of property by abuse of office - 33.5 % (Article 191 of the Criminal Code of Ukraine), acceptance of a proposal, promise or obtaining an unlawful benefit by an official - 26.9 % (Article 368 of the Criminal Code of Ukraine), abuse of power or official position – 11 % (Article 364 of the Criminal Code of Ukraine), fictitious business - 3.5 % (Article 205 of the Criminal Code of Ukraine), creation of a criminal organization - 2.6 % (Article 256 of the Criminal Code of Ukraine) [9].

The most common deficiencies in the interaction of special units in the fight against economic crime are the following: insufficient exchange of information (concealment) – 25 % of respondents, inconsistency of actions – 20 %, conflict of interests – 15 %, low qualifications and poor vocational training – 12 %.

Regarding shortcomings in the exchange of information between regulatory and law enforcement units, 25% of respondents indicated that full information is not provided; 14 % - that there is no legislatively established mechanism for implementing the exchange of information; 10% - insufficient technical capabilities for reference information exchange; 7.2% - the actual lack of information sharing. In addition, the respondents drew attention to the violation of the deadlines for completing assignments; the existence of internal "card systems" of indicators (as a result, everyone works only on "his" indicator); lack of close cooperation; parallelism of work of many services and duplication of functions; unhealthy competition and rivalry even within one unit, and even more so with other departments; formalism in solving specific issues; lack of bilateral exchange of information; insufficient level of professional training of employees of supervisory authorities and so on (Materials of the survey conducted

by the employees of various special units) [10].

DISCUSSION AND CONCLUSION

The research results give the following conclusions: 1. The problem of corruption and organized economic crime in Ukraine has become quite threatening. It has received wide distribution in all spheres of society, among all branches of government. 2. Corruption among the ruling political and economic elite has become the norm of behavior, not the exception. It remains inaccessible to law enforcement units, which themselves are partially affected by corruption and do not have sufficient opportunities to combat it. 3. Corruption and organized economic crime have gone beyond state borders and undermine state and international institutions of power and economy, threaten social institutions, democracy, human rights, moral principles of society, and impede economic development [11]. 4. Anti-corruption legislation is applied only selectively, mainly with respect to the lowest categories of public servants and officials or individual high-ranking officials who have extremely discredited themselves in the eyes of the public and their own elite. 5. Purposeful fight against corruption cannot be carried out as a result of one-time and short-term actions of any degree of activity and rigor at any level, but needs long-term socio-economic, political and legal transformations. This activity should be based on a combination of preventive and repressive measures. At the same time, the priority role should be given to preventive measures in general social and specially criminological nature, which would create a transparent system for effective state and public control.

In order to improve the activities of special units that carry out the detection of corruption and economic crimes, it is necessary: resolve the conflict existing in the current legislation regarding the procedure for providing information to law enforcement units regarding the funds and property of certain legal entities and individuals; to unify and specify in a single legislative act the conditions and procedure for the provision of marked information to law enforcement and other authorities; to determine the specific mechanisms of interaction of special units that carry out the detection of malfeasance with other units, to which the legislation imposes the obligation of operational, technical, informational and other support for activities [12].

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