

# **CORRUPTION IN UKRAINE 2020: UNDERSTANDING, PERCEPTION, PREVALENCE**

*REPORT BASED ON INTERVIEWS WITH  
ENTREPRENEURS, EXPERTS, AND THE PUBLIC*

# CORRUPTION IN UKRAINE 2020: UNDERSTANDING, PERCEPTION, PREVALENCE. REPORT BASED ON INTERVIEWS WITH ENTREPRENEURS, EXPERTS, AND THE PUBLIC. — Kyiv, 2020.

This Report was prepared based on the results of the second wave of sociological research based on the Methodology of the Standard Survey on the Level of Corruption in Ukraine, approved in 2017 by the NAPC decision. The survey was conducted in 2020 by the sociological company Info Sapiens. The interpretation of the results of the sociological research and preparation of this report was carried out by a team of Info Sapiens researchers, including I. Volosevych (team leader), A. Herasymenko, Yu. Makovetska, D. Savchuk, and A. Shurenkova.



The data of the research are presented in comparison with the first wave conducted in 2017 by the sociological company GfK Ukraine with the support of the OSCE Project Coordinator in Ukraine within the project "Support to Diagnosis, Monitoring and Prosecution of Corruption in Ukraine" (see Corruption in Ukraine: Understanding, Perception, Prevalence. Report based on interviews with entrepreneurs, experts and the public/Team of authors. - Kyiv: Vaite, 2018. - 42 p.). The structure of the report, the description of the methodology, as well as some conclusions of the study (if they coincided with the conclusions of 2020) are taken from the report 2017.

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## LIST OF MAIN ABBREVIATIONS

**ATO** – Anti-terrorist operation in eastern Ukraine, **JFO** (Joint Forces Operation) – since 2018

**EU** – European Union

**EUACI** – the European Union Anti-Corruption Initiative in Ukraine

**FOP** – Individual entrepreneur

**HACC** – the High Anti-Corruption Court of Ukraine

**NABU** - National Anti-Corruption Bureau of Ukraine

**NAPC** – National Agency for Prevention of Corruption

**NGO** - Non-governmental organization

**OSCE** – Organization for Security and Co-operation in Europe

**pp** – percentage point

**SAPO** – Specialized Anti-Corruption Prosecutor's Office

**SBU** – Security Service of Ukraine

**TSNAP** – Center for providing administrative services

**UN** – United Nations

# CORRUPTION IN UKRAINE 2020: UNDERSTANDING, PERCEPTION, PREVALENCE. — RESUME

The research agency Info Sapiens conducted the second wave of sociological research on the level and perception of corruption. The survey was conducted in March-April 2020 according to the Methodology of the Standard Survey on the Level of Corruption in Ukraine 2017, adapted by the National Agency for Prevention of Corruption, with the financial support of the European Union Anti-Corruption Initiative in Ukraine (EUACI). This program is funded by the European Union and co-financed and implemented by The Ministry of Foreign Affairs of Denmark. The field stage of the research was conducted during the quarantine period of the COVID-19 pandemic in Ukraine, which could affect both the experience of corruption and its perception by respondents. In particular, COVID-19 could affect the current importance of corruption on society's agenda.

The data of this research are presented in comparison with the first wave conducted in May-July 2017 by GfK Ukraine with the support of the OSCE Project Coordinator in Ukraine within the project "Support to Diagnosis, Monitoring and Prosecution of Corruption in Ukraine".

Both waves of the research include three components:

- Nationally representative survey of the public (face-to-face interviews: 2585 interviews were conducted in 2017, 2516 interviews – in 2020): represents the adult population of Ukraine by sex, age, region of residence and size of the settlement, except for the residents of the occupied territories;
- Nationally representative survey of entrepreneurs (telephone interviews: 2017 – 1005 interviews, 2020 – 1093 interviews): the sample represents the structure of the general number of the enterprises by size, industry, and region of registration for the sample of legal entities and by region for the sample of individual entrepreneurs;
- Survey of experts (2017 – 118 interviews, 2020 – 98 interviews): the sample is evenly distributed between four categories of experts: 1) employees of research and development institutes and analytical centers, independent consultants; 2) experts with experience examining corruption cases; 3) civil servants working in the sphere of prevention and elimination of corruption; 4) representatives of specialized NGOs, international organizations, mass media (that focus on the issue of corruption), civil society activists

The study found that, according to the population, corruption ranks second among the main problems of Ukraine following the hostilities in Donbas. It is noticeable that the population, compared to experts and entrepreneurs, perceive the main state institutions as more corrupt, at the level of 3.98 on a 5-point scale (where 1 means that there is no corruption and 5 - very common), while entrepreneurs give 3.47 points, and experts – 3.36.

The public most often accuses of corruption those organizations that they rarely encounter in real life: **customs, courts, the Verkhovna Rada, the Prosecutor's office**, while **medical institutions** (which most people contact directly) were ranked 5th among the 23 institutions proposed for evaluation. At the same time, entrepreneurs and experts that have more experience in dealing with the authorities

and are better informed about their work also give these institutions the worst scores (in addition to the mentioned institutions, experts also give the worst scores to the police (patrol police was evaluated separately and it received higher scores). At the same time, entrepreneurs and experts consider **land issues, urban planning, and construction of large infrastructure facilities** to be the spheres with the highest level of corruption.

Compared to 2017, the survey of the public showed a deterioration in the assessment of corruption in **customs, health care, tax service, central executive bodies, patrol police, local authorities, NAPC, NABU, and the Armed Forces**. The only institution that received a significant improvement is the President of Ukraine, whose perception regarding corruption has decreased from 4.05 to 3.2, possibly due to a high level of personal trust in Volodymyr Zelensky. At the same time, entrepreneurs have begun to better evaluate the Verkhovna Rada, courts, prosecutor's office, health care, and central executive bodies in 2020. This could be the result of the declining prevalence of corruption in appeals to the state authorities (see below).

List of institutions with the highest assessed level of corruption on a 5-point scale, where 1 - no corruption, and 5 - very common

	Public	Entrepreneurs	Experts
Customs	↑ 4.50	4.19	4.16
Courts	4.43	↓ 3.97	3.98
Verkhovna Rada	4.37	↓ 4.08	3.90
Prosecutor's Office	4.33	↓ 3.84	3.92
Health care	↑ 4.32	↓ 3.65	3.91
Police (except the Patrol police)	4.08	↑ 3.45	3.98

Statistically significant changes ( $p = 0.05$ ) in the assessments of institutions between 2017 and 2020 are indicated by arrows.

List of spheres with the highest assessed level of corruption on a 5-point scale, where 1 - no corruption, and 5 - very common

	Entrepreneurs	Experts
Construction of large infrastructure facilities	4.07	3.99
Privatization of enterprises	4.04	3.63
Land issues	4.01	4.28
Urban planning	3.98	4.22
Public procurement	3.78	3.37
Energy	3.38	3.74

Empirical indicators of the success in the implementation of anti-corruption policy within this sociological research are given below:

1. **Share of the population/enterprises that willingly reject corrupt patterns of behavior.** In 2020, 42.5% of the population and 42.6% of business representatives express readiness for corrupt patterns of behavior, which roughly corresponds to 2017.
2. **Share of the population/enterprises that have experienced corrupt practices in the last 12 months.** In total, 41.7% of the population and 12% of entrepreneurs have encountered corrupt practices in at least one of the following spheres over the past 12 months.

## Public's and business experience with corruption over the past 12 months\*

Experience with corruption by spheres and institutions	Share of the respondents with corrupt experience among those who have contacted the relevant institutions**	
	Public	Entrepreneurs
Health care	↓ 57.0%	x
Educational institutions	↓ 57.0%	x
Law enforcement agencies	↑ 38.3%	↑ 32.9%
Judiciary	↑ 36.8%	court: 15.3%; enforcement of court decisions: 28.4%↓
Patrol police	↑ 26.6%	x
Services provided by energy companies	↑ 19.8%	↓ 29.9%
State authorities and local self-government bodies: administrative services	↑ 13.7%	↓ 19.1%

\* In 2020, the list of situations that show signs of corruption (bribes, nepotism, etc.) was expanded, so the overall indicators of corrupt experience are incomparable with the data of 2017. The arrows indicate statistically significant changes ( $p = 0.05$ ) in the prevalence of separate situations of interaction with particular institutions, which were mentioned both in 2017 and 2020.

\*\* The experts were not asked about their personal experience of corruption.

X – The representatives of enterprises were asked only about the experience of corruption in their work, not in their personal lives.

- Share of the population/enterprises that can be a whistleblower of corruption.** 10.1% of the population and 20.1% of entrepreneurs expressed their readiness to report the cases of corruption demands; these figures decreased from 14.5% and 24.7%, respectively, in 2017. However, among the representatives of the population who encountered corruption, the share of those who actually filed a complaint constitutes only 3.3%, and among businesses – 11.7%, so the real share of "whistleblowers" is 2-3 times less.
- The share of the population that is aware of and trusts the main anti-corruption agents.** In 2017, the share of the population that is "quite aware" of the work of anti-corruption agencies was 28.9%, while in 2020 it has decreased by almost half – to 16.6%. The share of the population that is "quite aware" of the results of the activities of the state agencies, which are authorized to combat corruption has also halved – from 23.2% in 2017 to 11.7% in 2020. This could be the result of the fact that the COVID-19 epidemic pushed the topic of corruption out of the information space, or the fact that in 2017, those were relatively new bodies, which were mentioned a lot in the media, while now we see a loss of interest.

Estimates of the effectiveness of the fight against corruption remained low, which was found in a previous study in 2017:

- The National Agency for Prevention of Corruption (NAPC) – 2.09 points in 2020 on a 5-point scale, where 1 means that the fight against corruption is completely ineffective, and 5 – that it is very effective (no changes since 2017);
- National Anti-Corruption Bureau of Ukraine (NABU) – 2.15 points in 2020 (no changes since 2017);
- Specialized Anti-Corruption Prosecutor's Office (SAPO) – 2.09 points in 2020 (was not evaluated in 2017);



- The High Anti-Corruption Court of Ukraine (HACC) – 2.04 points (was not evaluated in 2017).

These data show that the population is disappointed in anti-corruption agencies as key elements of the anti-corruption structure, which is enhanced by declining public interest and awareness. At the same time, experts give high scores to HACC (3.92) and NABU (3.5).

Evaluation of the effectiveness of anti-corruption agents on a 5-point scale, where 1 means that the fight against corruption is completely ineffective, and 5 - that it is very effective

	Public	Entrepreneurs	Experts
National Anti-Corruption Bureau of Ukraine (NABU)	2.15	↓ 2.44	3.50
Specialized Anti-Corruption Prosecutor's Office (SAPO)	2.09	2.44	3.08
The National Agency for Prevention of Corruption (NAPC)	2.09	↓ 2.36	2.87
The High Anti-Corruption Court of Ukraine (HACC)	2.04	2.34	3.92

Statistically significant changes ( $p = 0.05$ ) in the estimates of organizations between 2017 and 2020 are indicated by arrows.

# INTRODUCTION

Developing and introducing special tools as a basic element of the system that assesses the level of corruption is necessary due to recent requirements for mechanisms for drafting and implementing state anti-corruption policy, set forth in the UN Convention Against Corruption (2003). The Article 61 of the Convention states that each State Party shall, while consulting with experts, consider the possibility of analyzing corruption trends in its territory as well as the conditions under which corruption offenses are committed. In order to develop (as much as possible) common definitions, standards, and methodologies, they consider expanding statistical data, analytical expertise on corruption and the information, including best practices in preventing and combating corruption, and exchanging them through international and regional organizations. Each State Party considers monitoring its policies and practical measures in the fight against corruption, as well as assessing their effectiveness and efficiency<sup>1</sup>. These provisions are specified in the recommendations of international monitoring organizations, which are also introduced in the Ukrainian anti-corruption legislation. Thus, in accordance with paragraph 5 of Art. 11 of the Law of Ukraine "On Prevention of Corruption"<sup>2</sup>, the National Agency must ensure conducting the research to study the situation of corruption in Ukraine. The methodology of the standard survey on the level of corruption, approved by the NAPC, allows monitoring the situation in the field of preventing and combating corruption in Ukraine, which records trends in the indicators of the corruption prevalence and public perception of the effectiveness of anti-corruption activities.

The aim of this survey is a comprehensive assessment of the corruption situation in Ukraine in 2020. The objectives of the study include assessing the understanding and perception of corruption, determining the corrupt experience of the population and business, as well as assessing the prevalence of corrupt practices in the following spheres:

- Education;
- Healthcare;
- Judiciary;
- Law enforcement agencies;
- Patrol/ traffic police;
- Administrative services provided by the state authorities and local self-government bodies;
- Utilities;
- Public Procurement;
- Private sphere.

The tasks also include the assessment of the state anti-corruption activities in Ukraine. The 2020 study should track changes compared to 2017 when its first wave was conducted.

The survey consists of three components:

- a survey of the public,

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<sup>1</sup> UN Convention Against Corruption // [https://zakon.rada.gov.ua/laws/show/995\\_c16#o519](https://zakon.rada.gov.ua/laws/show/995_c16#o519)

<sup>2</sup> Law of Ukraine On Preventing Corruption // <https://zakon.rada.gov.ua/laws/show/1700-18#n159>

- survey of enterprises and entrepreneurs (FOPs – individual entrepreneurs),
- a survey of experts.

Surveys of the public and entrepreneurs ensure the reliability of evaluation (representativeness) of the fundamental indicators for Ukraine in general and for five economic geographic regions of Ukraine, namely:

- Northern region: Kyiv city, Kyivska oblast, Zhytomyrska oblast, Sumska oblast, Chernihivska oblast;
- Central region: Cherkaska oblast, Poltavska oblast, Kirovohradska oblast, Vinnytska oblast;
- Eastern region: Dnipropetrovska oblast, Donetsk oblast, Zaporizka oblast, Luhanska oblast, Kharkivska oblast;
- Southern region: Odeska oblast, Mykolayivska oblast, Khersonska oblast;
- Western region: Ivano-Frankivska oblast, Khmelnytska oblast, Chernivetska oblast, Lvivska oblast, Rivnenska oblast, Ternopilska oblast, Volynska oblast, Zakarpatska oblast.

The report does not include the comparison of the quantitative results of the survey of experts in 2017 and 2020, with the purpose of not to mislead the reader, as the expert sample is not randomized. Meanwhile, it is possible to draw limited conclusions for the experts, use quantitative data for illustrative purposes, and analyze within the sample of experts, as well as use qualitative data fully.

The first wave of the study was conducted in 2017, and the second wave – in 2020, during the COVID-19 epidemic, which could affect the results (for example, the fading of attention to the problem of corruption). The field stage in 2017 was implemented by specialists of the independent research company GfK Ukraine FC during the period from May to July 2017. The field stage of work in 2020 was implemented by specialists of the independent research agency Info Sapiens in the period from March to April 2020.

### **Survey of the public**

The sample of both waves of the survey represents the adult population of Ukraine by sex, age, area of residence, and size of the settlement, except for the residents of the occupied areas and territories that are not controlled by the government. The first wave was conducted from May 29 to June 21, 2017, and the second – from March 4 to April 6, 2020. During the first wave, 2585 personal interviews were conducted, and during the second - 2516. The respondents in the households were randomly selected for interviews based on the “most recent birthday” method.

### **Survey of entrepreneurs**

The sample of both waves of the survey represents the structure of the general number of the enterprises by size, industry, and region of registration for the sample of legal entities and by region for the sample of individual entrepreneurs (FOP). The first wave was conducted on June 12 – July 7, 2017, and the second – from March 12 to April 8, 2020. During the first wave, 1005 telephone interviews were conducted, and during the second – 1093. During the first wave, 804 interviews were conducted with legal entities and 201 interviews with individual entrepreneurs. Regarding the second wave, the decision was made to separately measure the prevalence of corruption among individual entrepreneurs and legal entities, and therefore the sample was divided into two parts: 574 interviews

were conducted with legal entities and 519 interviews – with individual entrepreneurs. For comparability with the first wave, the aggregated data were weighted so that the share of FOPs constitutes 20% of the sample. The vast majority of the respondents are owners, co-owners, directors or deputy directors of enterprises, in some cases, chief accountants, heads of departments and other respondents who held senior positions were interviewed.

The respondents were randomly selected from the Uniform Register of Enterprises, Organizations, and Institutions of Ukraine, except for enterprises registered in the occupied territories of Donetsk and Luhansk oblasts and the Autonomous Republic of Crimea.

### **Survey of experts**

The sample of both waves of the survey is evenly distributed between four categories of experts (each category constitutes 25% of the sample): 1) employees of research and development institutes and analytical centers, independent consultants; 2) experts with experience examining corruption cases (lawyers, judges, prosecutors); 3) civil servants working in the sphere of prevention and elimination of corruption; 4) representatives of specialized NGOs, international organizations, mass media (that focus on the issue of corruption), civil society activists. The first wave was conducted on June 1 – July 14, 2017, and the second – from March 17 to April 8, 2020. 118 interviews were conducted during the first wave, and 98 interviews – during the second. All interviews were conducted by phone, but, based on the expert's preference, it was also possible to meet face-to-face or fill it in online. The experts were selected on the basis of recommendations from other experts (snowballing) and information available in open sources. The 2020 survey was based on the 2017 expert base, which was supplemented by new contacts: one third of the experts from the first wave of the survey participated in the second wave. According to the design of the survey, prior to the beginning of the study, the respondents were told that the survey is anonymous, and its results would be used in the form of a summary only.

After introductory questions, there were questions about the importance of the problems, assessment of corruption situations, and self-assessment of awareness. All categories of the respondents were read the following information in order to have a more uniform understanding of corruption:

*“Corruption involves various forms of behavior. In this survey, we would like you to understand corruption as an abuse of power for personal gain. Thus, corruption occurs when people who receive money from the state budget for work, give or take bribes, gifts, or services, abuse their official position, use their influence for their personal gain, or express, for example, protectionism or nepotism (blat – favors). Corruption does not necessarily involve the transfer of money or gifts, but it almost always involves the abuse of power for personal gain”.*

To ensure high-quality data collection for measuring the level of corruption in Ukraine, the following instruments were used: survey questionnaires, instructions and reporting forms for interviewers, and instructions and reporting forms for field managers according to the standard NAPC methodology. To ensure comparability of survey results under three components, a significant part of the instruments was unified. For the same purpose, some of the instruments in 2020 repeated the instruments of the 2017 survey. After consulting the National Agency for Prevention of Corruption, the questionnaires in 2020 were slightly modified and supplemented, taking into account the

experience and shortcomings of the previous wave of research and ensuring adaptation to the current situation.

If the text, tables, or figures state the presence of changes in 2020 compared to 2017, it should be borne in mind that the level of reliability, 0.95, was taken for statistical calculations everywhere.

# SECTION 1. UNDERSTANDING AND PERCEPTION OF CORRUPTION

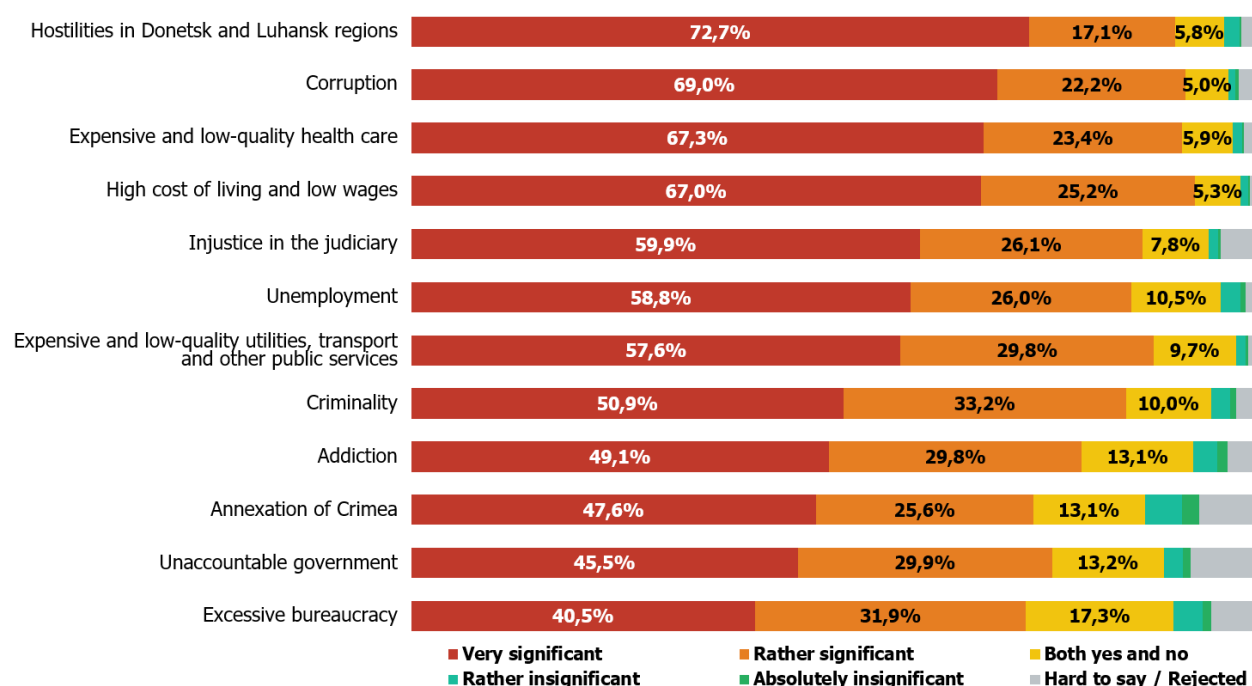
*The methodological accuracy of the definition and assessment of the basic indicators of perception and prevalence of corruption in society requires identification of individual background parameters of collective consciousness: a) awareness of corruption-related issues; b) understanding of corruption, and the correlation of these perceptions with the legal definitions of corruption.*

## 1.1. Perception of the importance of corruption

According to the survey of the *public*, corruption ranks second among the main problems, the list of which was offered to the respondents (Fig. 1.1). 69% of Ukrainians consider corruption a very significant problem.

Ukrainians consider hostilities in Donbas to be the most significant problem (72.7%). Following corruption, expensive and low-quality health care occupies the third place (67.3%). We can assume that this is the result of the COVID-19 epidemic (about half of the respondents were interviewed during quarantine), high cost of living and low wages occupies the fourth place (67%).

Figure 1.1. Perception of the main problems of Ukraine



If you combine the answers "very significant" and "significant", then three problems hit the first place with a statistically insignificant difference: high cost of living and low wages (92.2%), corruption (91.2%), expensive and low-quality health care (90.7%). Hostilities in Donbas somewhat trail the problem of high cost of living (89.8%).

According to the Info Sapiens Omnibus, which uses a different methodology for assessing the most significant problems for Ukrainians, corruption is also among the top 3 most important issues of concern to Ukrainians. So, as of March 2020, among the three most significant problems, Ukrainians most often mentioned corruption (37%), rising prices and the instability of the hryvnia exchange rate (36%), the military conflict in the East (35%), the crisis of public administration and breakdown of order (32%), inefficient system of medical services (28%). According to the GfK Omnibus (conducted according to the same methodology as the Info Sapiens Omnibus) in July 2017, about the same number (35%) of Ukrainians referred to corruption as the most important problem for them. Over the past year, the importance of corruption had peaked before the first round of the Ukrainian presidential election (44%) in April 2019 (apparently due to the anti-corruption rhetoric of candidates) and decreased to 33% after the parliamentary elections in August 2019 (probably due to the high level of trust in the newly elected government). Since November 2019, the level of importance of corruption has settled at 37-38%.

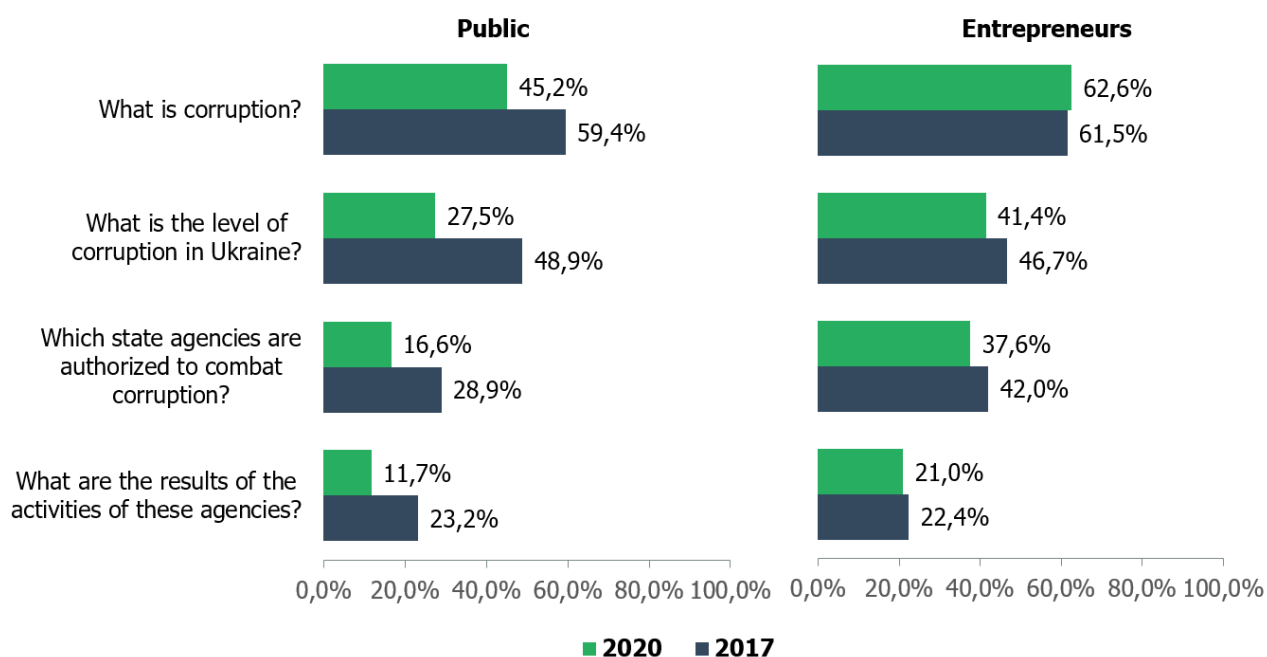
## 1.2. Self-assessment of the awareness of corruption-related issues

Self-assessment of the level of awareness of corruption, in particular, reflects the presence of this topic in the information space. Although the perception of the importance of the problem has not changed since 2017. As noted above, there has been a decline in *public* awareness of corruption. This could be the result of the fact that the survey was conducted during the COVID-19 epidemic, and the topic of corruption has receded into the background. There is also some decline in awareness among *entrepreneurs*, but to a much lesser extent than among the general *population*. This could be the result of the fact that they regularly encounter this problem during their professional activities.

Obviously, the self-assessment of the respondents cannot be considered a sufficient basis for unambiguous conclusions about the level of awareness, but it should be taken into account in further evaluations of the survey results. The most significant empirical facts revealed as a result of the study include the following:

- for the majority of the categories of respondents, the ability to identify corruption and its manifestations remains an issue: about half (51.9%) of the *population* recognize that they are either totally unaware or only slightly aware of corruption as such;
- The biggest gap is low awareness about the anti-corruption infrastructure of Ukraine and the efficacy of specialized agencies and their activities: only one in five respondents during the survey of the *public* has sufficient information about the existence of these agencies, and one in ten is aware of the results of their activities; while, 28.2% of the *population* report that they are “absolutely unaware” of the results of their activities. It should be noted that even *experts* point to the lack of information on the activities of anti-corruption agencies; 72.5% of *experts* indicate that their awareness is sufficient;

Figure 1.2. Awareness of corruption (share of the respondents who consider themselves sufficiently informed)



• The indicators measuring the level of awareness of corruption are apparently typical for social and political issues:

- slightly lower awareness indicators are demonstrated in rural areas (regarding the awareness of anti-corruption agencies – 13.8% in villages, people are sufficiently aware compared to 16.6% in Ukraine as a whole, regarding the results of their activities – 9.7% and 11.7%, respectively);
- men have a slightly higher level of awareness than women (32.9% of men and 23% of women consider themselves sufficiently aware of the level of corruption);
- the highest awareness indicators are demonstrated by the age group of 30-39 y. o. among the total population (regarding the level of corruption, 30.2% in this age group consider themselves sufficiently aware, and 23.8% among young people aged 18-29 years old);
- the size of the city does not affect awareness of anti-corruption issues;
- regional differences are not very significant except for the city of Kyiv (41% are sufficiently aware of the level of corruption) and the Northern region (40.4%), where these indicators are generally higher than the average for Ukraine (27.5%); in the Center, it is 25.7%, in the West – 24.4%, and it is only 17.7% in the East.

### 1.3. Understanding of corruption: social vs. legal

Any research strategy used for measuring corruption based on surveys has to take into consideration the standards and stereotypes that exist in a given society and how they influence a person's understanding of corruption. An individual usually assesses specific dimensions of



corruption using these standards for defining corruption, which never completely coincide with the vision of the nature and types of corruption provided for by law. This explains the extreme complexity of the interpretation of the survey results regarding the level of corruption.

In the legal sphere, there is presumed knowledge of the law, which means that for the purposes of applying the law, it is presumed that each citizen knows which types of behavior are classified as corruption offenses.

However, social realities differ significantly from the normative model of anti-corruption legislation.

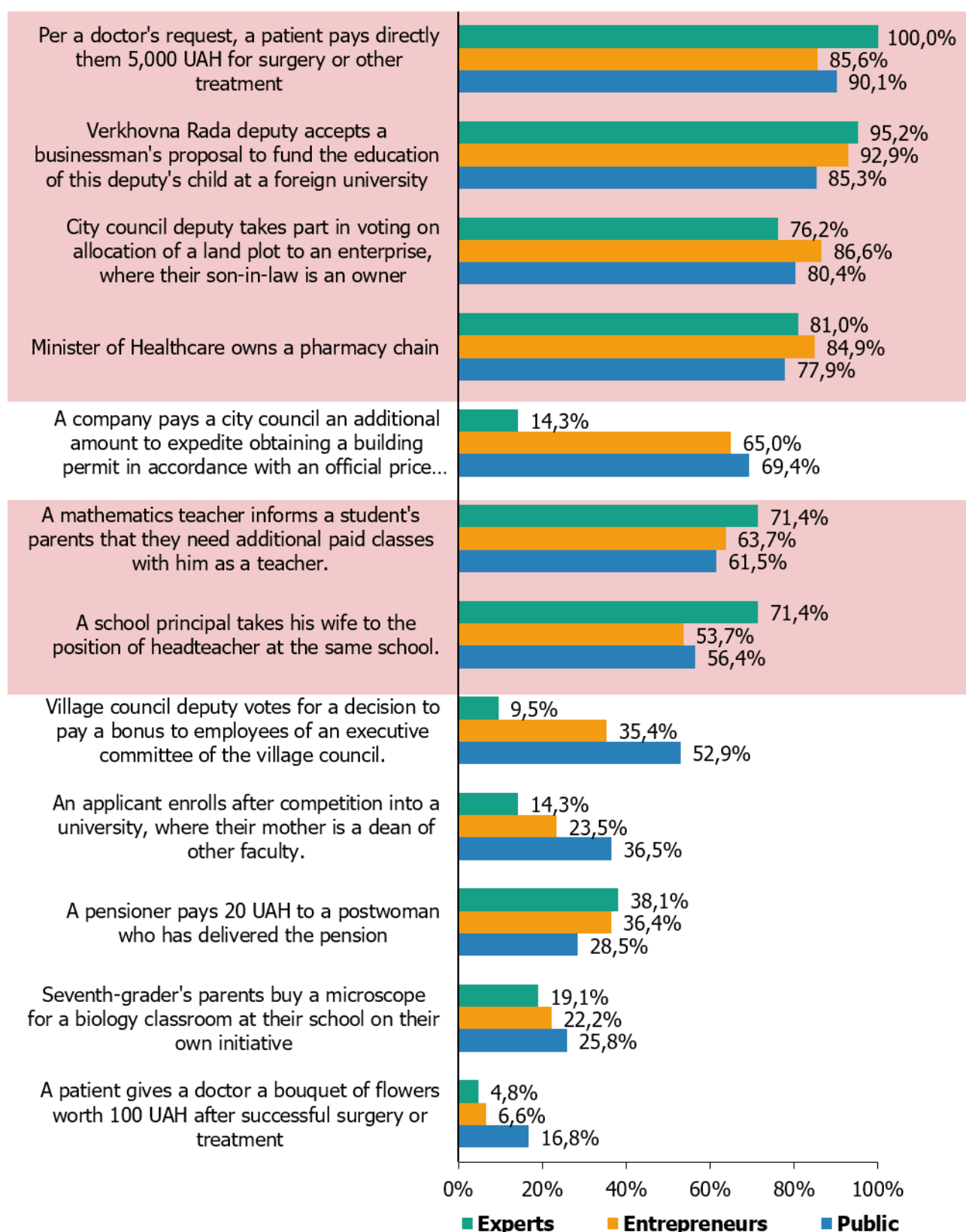
In the collective consciousness, different identification criteria can be used with regard to corruption, and the legislative model is not always acceptable or simple enough for the public. Moreover, there are various models of behavior that look like corruption but are not corrupt from a legal point of view, and vice versa. It is important to explore how ordinary people define corruption in specific commonplace or everyday situations because the understanding of corruption determines the assessment of perception of its prevalence.

This survey uses hypothetical situations as a method. The respondents (*public, entrepreneurs, experts*) were offered a set of typical, real-life situations (which are hypothetical and are in no way related to specific individuals) and were asked to identify the presence or absence of corruption in them. The results of this survey component are shown in Figure 1.3.

The results of the 2020 study generally coincide with the conclusions of 2017:

- Rigorism and maximalism of assessments of the *public* and *entrepreneurs* are detected: one third of the population considers cases that are not corrupt according to the law to be corruption. As a result, there is a high probability of seeing corruption where it is absent. At the same time, maximalism tends to reduce: in 2017, a third of the population considered corruption a situation where a pensioner pays 20 UAH to a postwoman who delivered her pension, while it is not corruption, and there are already 28.5 % in 2020.
- There is a difference in the interpretation of the corrupt situations among respondents from different regions: the difference can be up to 14 percentage points. The explanation of such differences requires a separate study. The biggest difference is found in situations that are not corrupt according to legal criteria. For example, the situation "An applicant enrolls after competition into a university, where their mother is the dean of other faculty", is recognized as corruption by 48% in the East, in the North – 40.5%, in the West – 31.7%, in the Center – 28.3%, in the South – 26.8%.
- Age also matters. In particular, young people aged under 29 years old have about 4 pp lower indicators of identification of corruption than the general population for separate types of behavior.

Figure 1.3. Identification of corruption: distribution of the share of answers to the situations which respondents identified as corruption (in figure, corrupt situation according to the law are written on a pink background)



## **1.4. Perception of prevalence of corruption**

Surveying the perception of corruption is important for the development of the state anti-corruption policy and the evaluation of its implementation. At the same time, the perception of corruption does not always correspond to the objective prevalence of corrupt practices.

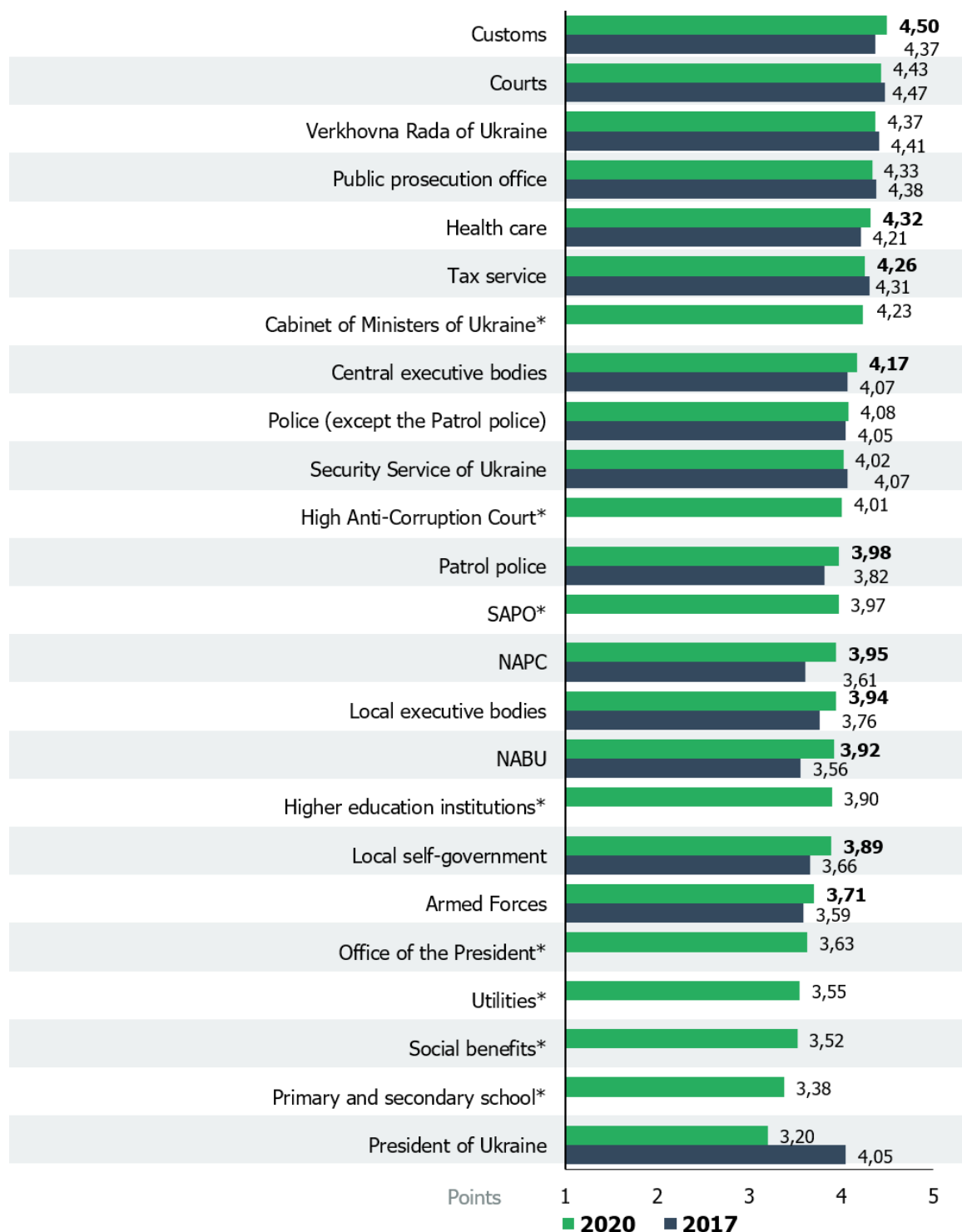
This survey used several methodological techniques to identify the indicator that characterizes the perception of prevalence of corruption, which was calculated in all cases as an average value according to a 5-point scale (hereinafter – the perception of prevalence of corruption index):

1. based on a direct question about the prevalence of corruption in Ukraine in general;
2. based on a direct question about prevalence of corruption in individual spheres or institutions;
3. based on the calculation of an average value of the perception of prevalence of corruption index using the indicators for individual spheres and institutions;
4. all indicators were analyzed separately for each of the three categories – public, entrepreneurs, and experts.

The index scale was based on a question when respondents were asked to rate the prevalence of corruption in the following way: "5" – very common, "4" – somewhat common, "3" – sometimes common, sometimes not, "2" – almost absent, "1" – is absent. The value of the index should be interpreted according to the above classification.

The perception of prevalence of corruption index in individual spheres or institutions was calculated separately for the public, entrepreneurs, and experts. However, in the case of experts, an extended list of spheres was used (Figure 1.6).

Figure 1.4. Perception of prevalence of corruption index in individual spheres and institutions based on assessments by the public<sup>3</sup>

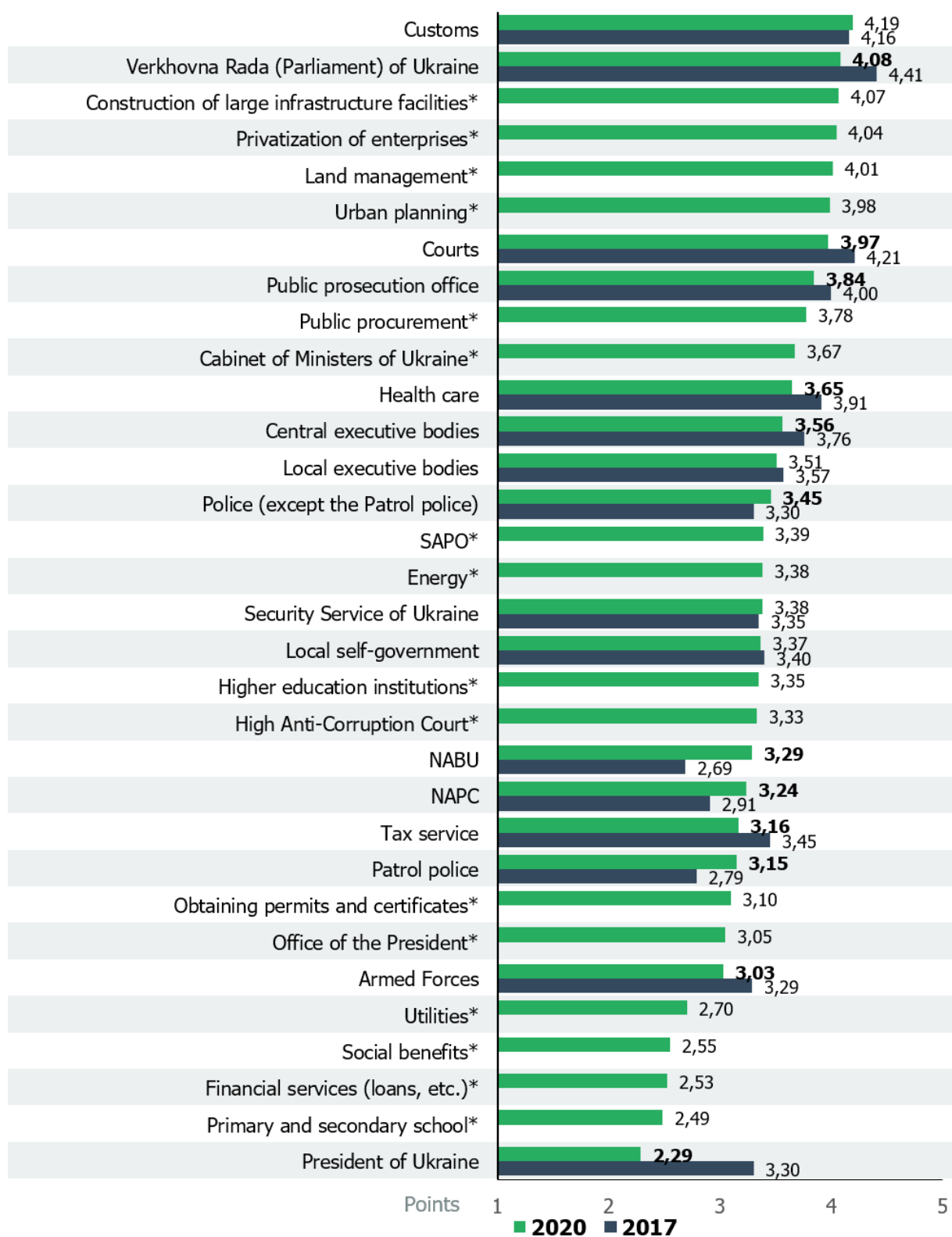


\*Option added in 2020 only

The option "Health care" in the study 2017 was formulated as "Health care".

<sup>3</sup> Hereinafter, the data in the graphs, which are statistically significantly different from the data of 2017, are marked in bold. The level of significance is 0.95.

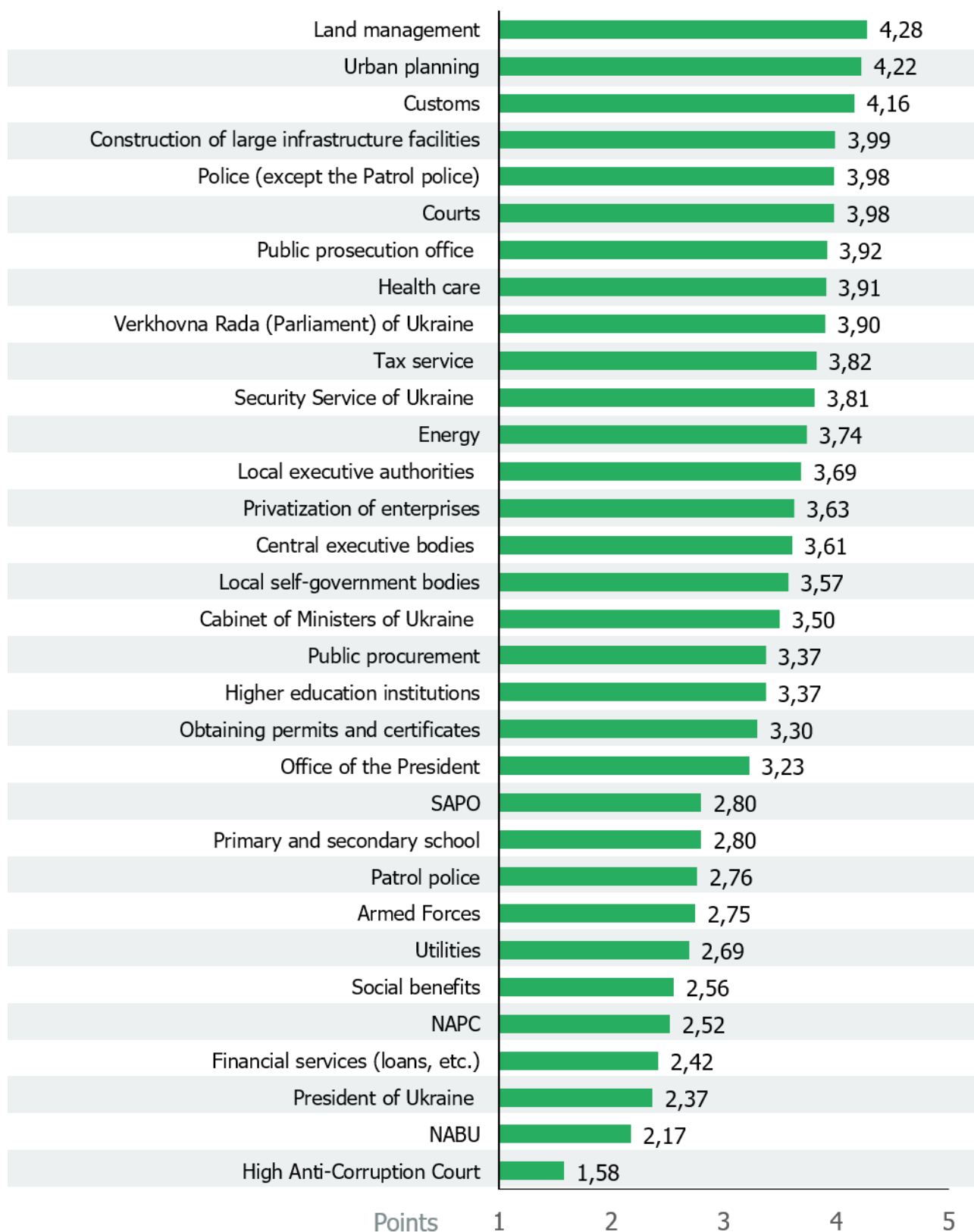
Figure 1.5 Perception of prevalence of corruption index in individual spheres and institutions based on assessments by the entrepreneurs



\*Option added in 2020 only

The option "Health care" in the study 2017 was formulated as "Health care", and "President of Ukraine" and "Office of the President of Ukraine" - as one option "President of Ukraine, Administration of the President of Ukraine" in 2017. (2020 wording is more understandable for respondents).

Figure 1.6. Expert assessment of perception of prevalence of corruption in individual spheres or institutions



The general assessment of prevalence of corruption in Ukraine was calculated using a unified 5-point scale in two ways:

a) on the basis of a direct question included in questionnaires, with the following results:

- 4.46 – assessment by the public (statistically insignificant change compared to 4.50 in 2017);
- 4.23 – assessment by entrepreneurs (statistically significant decrease from 4.52 points in 2017);
- 4.41 – assessment by experts;

б) on the basis of calculating average assessments for individual spheres and institutions (see Figure 1.4, Figure 1.5, and Figure 1.6), with the following results in 2020<sup>4</sup>:

- 3.97 – assessment by the public;
- 3.39 – assessment by entrepreneurs;
- 3.36 – assessment by experts.

Among the organizations evaluated by the *public*, *entrepreneurs*, and *experts*, customs has the highest, and therefore the worst, scores of the Perception of prevalence of corruption index. In 2020, the public perception of the prevalence of corruption in many organizations worsened. The only institution whose assessment of corruption has decreased is the President of Ukraine (from 4.05 in 2017 to 3.20). There is an opposite trend among *entrepreneurs*: the assessment of corruption in many organizations has improved, but the assessment of the level of corruption in NABU (from 2.69 to 3.29) and the NAPC (from 2.91 to 3.24) has deteriorated.

The perception of the most corrupt spheres is different. According to the *experts*, the corruption is most common in land issues (4.28) and in urban planning (4.22). While entrepreneurs consider the construction of large infrastructure facilities (4.07) and privatization of enterprises (4.04) to be the worst spheres.

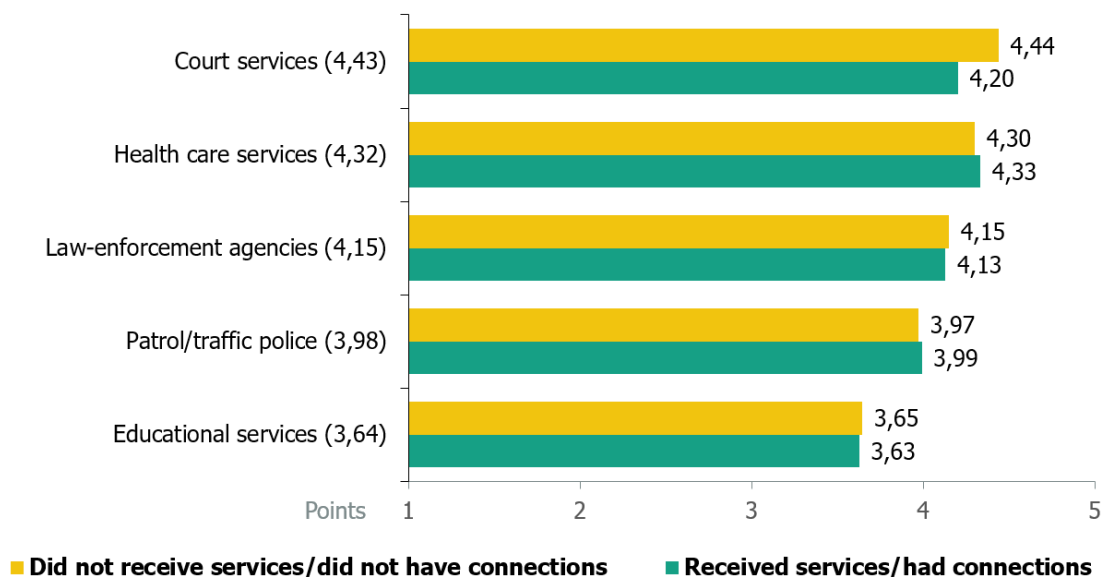
It is important to pay attention first of all to factors that have real and practical meaning. Firstly, this refers to a correlation between the Perception of prevalence of corruption index and the presence or absence of connections in respective agencies or institutions, which can help us understand what caused a specific indicator of perception of prevalence of corruption – an information campaign and stereotypes in the collective consciousness or a real situation?

Such analysis cannot be conducted with regard to all institutions or spheres that were assessed by the respondents, and it can only be done selectively. For instance, the majority of political institutions were left outside the scope of analysis (President, Verkhovna Rada (Parliament), Cabinet of Ministers of Ukraine, political parties, etc.). However, in other cases, this analysis gives quite interesting results. Figure 1.7 shows, using the example of social spheres, how a personal experience with connections in a respective agency influences the perception of prevalence of corruption (taking into account that only some of those connections had an element of corruption).

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<sup>4</sup> In 2017, there was a different list, so it is incorrect to compare the indicators based on the calculation of average scores by the indicators of separate spheres and institutions.

Figure 1.7. Estimates of the Perception of prevalence of corruption index depending on the presence/absence of contacts of the population with the relevant authorities or institutions



The quoted data give us grounds for several important observations:

- Personal experience of connections (positive or negative) compared to the absence of connections in the majority of cases does not have a significant impact on the level of perception of corruption;
- Only in some individual cases, when personal connections are present, assessment of prevalence of corruption decreases (on Figure 1.7 this can be seen with regard to assessments of courts);
- An assumption concerning the existence of information stereotypes can be seen with regard to the perception of prevalence of corruption in Ukraine.



## SECTION 2. THE PUBLIC'S EXPERIENCE WITH CORRUPTION

Social interactions may have different prevalence, levels of frequency, and intensity, which eventually determine the level of involvement of the public in corrupt practices. These interactions present a segment of everyday life, in which the real prevalence of corruption can actually be explored.

The study identified the following spheres of public contact with the government and utilities sectors (according to the list, which was analyzed in 2017):

- Health care – 47.1% of the respondents had interactions over the previous 12 months (own or other family members);
- Education – 41.1%;
- Services provided by energy companies – 17.2%;
- State authorities and local self-government bodies: administrative services – 15.7%;
- Patrol police – 7.0%;
- Law enforcement agencies – 5.1%;
- Judiciary – 3.2%;
- Vote buying: political corruption (in 2019, elections of the President and the Verkhovna Rada took place in Ukraine).

Analysis of the public's experience with corruption is based on the assumption that the identified spheres are sufficient for diagnosing the indicators of commonplace/everyday corruption.

If you ask questions without reference to a specific institution, then in the last 12 months, 15.6% of the population has personally encountered corruption, i.e., they either gave on their own or were demanded bribes, used connections, and so on. Another 11.4% of the respondents did not face it personally, but their family members did. In other words, a total of 27% of Ukrainian families encountered what they considered to be corrupt practices. If we take into account all those who mentioned the experience of corruption during the last 12 months in response to a general question about the prevalence of corruption in individual spheres, then there are up to 44.2% (if we take into account personal experience and experience of family members). This indicator is even lower than in health care (47.1%). This may indicate a high tolerance for corruption, when some practices are not recognized as corrupt ones, or they are not remembered and are therefore not mentioned in the general question regarding the experience with corruption, while in detailed questions about an experience in each institution, the respondent mentions them.

The high tolerance for corruption can also be evidenced by the fact that among those who indicated the experience with corruption in response to a general question without reference to the institution, only 3.3% filed a complaint to the authorities or law enforcement agencies regarding the case of corruption. On the other hand, the reason for this may be the general opinion about the ineffectiveness of appeals, the low probability of the effectiveness of such an appeal. In other words, it is believed that actually time for filing a complaint will be wasted, and the result will be negative.

The hypothetical willingness to report corruption is also low: among those who have not encountered corruption in the last 12 months, 15.9% of the respondents said they would file a

complaint to the authorities or law enforcement regarding the case of corruption, and the majority of the respondents (64.4%) would not have filed such a statement for sure.

## 2.1. Health care

An assessment of the prevalence of corruption in the health care sector is extremely complicated because of the social and legal ambiguity of informal relations within this sector, based on which the understanding of “medical corruption” is formed as part of the everyday life of the Ukrainian public.

Health care traditionally is believed to be one of the most corrupt spheres. When looking at the perception of corruption, it looks like a very simple and straightforward fact: the index of prevalence of corruption in this sphere, according to a *public* assessment, totals 4.32 points (ranks fifth after customs (4.5), courts (4.43), the Verkhovna Rada (parliament) of Ukraine (4.37), Prosecutor’s office (4.33).

**Interactions with health care institutions.** According to the survey, 47.1% of the respondents or their family members had to visit state/municipal health care institutions during the previous 12 months.

**Assessment of corruption during interactions.** Two instruments of assessment were used for the survey of the *public*: a) interactions during the previous 12 months, and b) the most recent interaction. In both cases, it is difficult to interpret the results as evidence of total medical corruption when using the formal legal definition. However, they illustrate very well the chronic problems in the health care system itself.

The issue of the prevalence of corrupt practices has been incomparable with 2017, as “charitable contributions” and the use of personal connections have been added to the list (see Figure 2.1).

Based on experiences of the most recent 12 months, less than half (43%) of those who visited health care institutions in 2020 said they did not encounter situations involving unofficial payments or practices that could be called corruption.

33.8% of the respondents were demanded to pay “charitable contributions”.

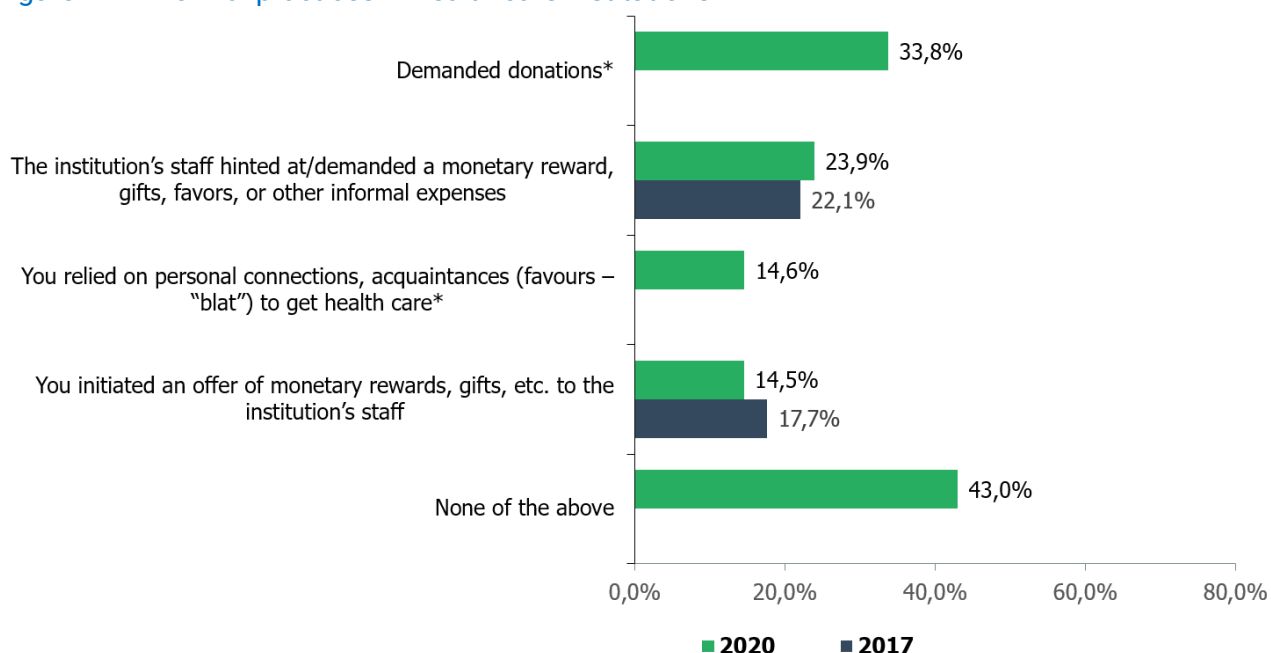
Every fourth patient mentioned the requirements for “unofficial payments” (there is an insignificant difference with 2017). At the same time, 14.5% of the respondents admit “paying to a doctor upon your own initiative”, while there were 17.7% in 2017 (the difference is statistically significant). Another 14.6% resorted to favors – “blat” (personal connections, acquaintances).

Based on the total population, 26.9% of Ukrainians (or 57% of those who have interacted with health care facilities in the last 12 months) reported some practices that show signs of corruption in state or municipal health care facilities.

The interviewed *experts* point out the same practices as the population: paying personally to a doctor upon the doctor’s demand (for consultation, surgery, acceleration of the queue), as well as remuneration to the doctor after the services received (“*the population got used to paying a doctor*”) and demanded donations from employees of the medical institution. Some experts attributed the need for patients to buy medications at their own expense to corruption. Single experts see

corruption risks for the population in the procedure of reviewing the disability group, which takes place once a year.

Figure 2.1. Informal practices in health care institutions



\*Option appeared only in 2020.

*"Despite all efforts to reform health care, there are still situations where people have to pay the doctors either for speeding up and getting in a queue for surgeries or to accelerate the provision of medical service, or simply to receive so-called free government supplies related to the provision of medical care: bandages, etc."*

## 2.2. Education

The prevalence of corruption index in this sphere, according to the *population* estimates, equals to 3.38 points in primary and secondary schools, and 3.90 points in higher educational institutions in 2020 (for comparison: for customs, which Ukrainians have recognized as the most corrupt institution in 2020, this figure is 4.50 points). The index of prevalence of corruption in primary and secondary schools is the lowest among all institutions, only the President of Ukraine has a lower level (3.2 points). At the same time, the perception of corruption can be influenced by such factors as tolerance of the population to certain forms of corruption (which become so widespread and common that they are no longer recognized as corruption) or mimicry of corruption for socially acceptable actions (e.g., charity). It is obvious that the conclusions about the state and dynamics of corruption indicators will be groundless without taking into account the real experience of the population.

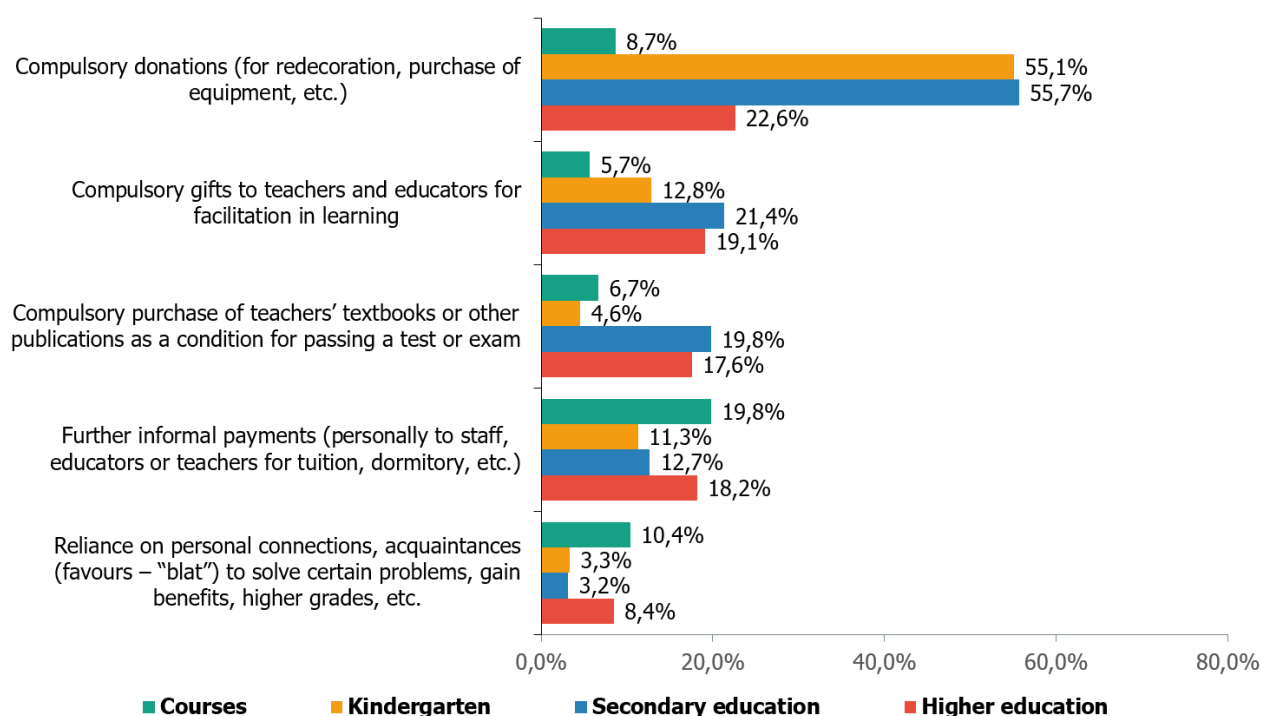
**Interactions of the public with the education system.** Education, although to a somewhat lesser extent than the health care system, is a public sphere with which the *public* has numerous and lasting contacts: 41.1% of the respondents said in 2020 that they or their family members studied during the previous 12 months in higher educational institutions, special secondary educational institutions (vocation training institutions, colleges, lyceums, etc.), schools or attended kindergartens or specialized courses (driving, foreign languages, etc.). The question concerned only state or municipal institutions.

Depending on the level of an educational institution, interactions have certain specific features:

- Higher educational institutions – 12% of respondents or their family members attended these institutions in 2020;
- Secondary educational institutions (general or special) – 24.4%;
- Pre-school institutions – 11%;
- Out-of-school (courses and the like) – 2.1%.

**Assessment of corruption during interactions.** Figure 2.2. illustrates the data concerning prevalence of certain informal practices in the education system. These practices are sometimes recognized as manifestations of corruption, and they are used as a basis for conclusions concerning the level of corruption in education in general.

Figure 2.2 Informal practices in the education system (% of those who encountered certain situations)



Analysis of the data makes it possible to identify specific characteristics of corrupt or questionable practices in the educational system:

- The patterns of corruption differ significantly depending on the level of educational institutions (higher educational institutions, secondary education, pre-school facilities) with regard to the prevalence of individual practices (see the following items);
- Direct corruption, i.e., receiving illegal remuneration by officials in the form of unofficial payments (such payments frequently have attributes that fit legal aspects of corruption, such as payment for exams; in other cases such attributes are absent, such as imposed private lessons), often is observed at the level of higher educational institutions (21.6 per cent of respondents had respective experience in 2017, while 18.2% - in 2020, the difference is statistically insignificant). In 2020, the highest level of this indicator was recorded among those who received educational services at the courses – 19.8%. In other educational institutions, this figure is lower, although it is still quite significant, from 11.3% in kindergartens to 18.2 – in higher educational institutions;
- For higher educational institutions, the use of trade in influence/favors (blat) is also more typical – 11.6 per cent in 2017 compared to 8.4% in 2020, the difference is statistically insignificant. However, in 2020 the highest level of this indicator was recorded among those who received educational services at the courses – 10.4%;
- Compulsory purchase of textbooks or other publications of the teachers has decreased in higher educational institutions (from 27% in 2017 to 17.6% in 2020), and in secondary education this figure has remained unchanged – 19.4% in 2017 and 19.8% in 2020;
- It is difficult to assess corruption in the practice of collecting charitable donations, which is often done legally and does not envisage direct receipt of money or property by the staff of educational institutions. In addition, the pressure does not always come from the administration, it often comes from other parents or pupils and students, so it can be difficult to identify whether it is administrative or social pressure. Whereas this practice is not so widespread in higher educational institutions (both in 2017 and 2020 about 23% of the respondents made such donations), in secondary schools and pre-school facilities, it is encountered by the majority – 72% in 2017 vs. 55.7% in 2020, and 68% in 2017 vs. 55.1% in 2020, respectively. Meanwhile, there is a decrease in the prevalence of this practice compared to 2017. Reforming financial relations, procurement business processes, and financial planning at the pre-school and secondary education levels is likely to have a positive effect on reducing this indicator. But in order to understand the nature of the problem of such "charitable" payments, what is the extent of the corruption and how to reduce it, research in greater depth is necessary to make conclusions about corruption in charity;
- A significant problem, which is not corruption as such but rather corruption-like, is a long-standing and socially more and more accepted tradition of giving gifts. This practice is

especially widespread in secondary (21.4%) and slightly less in higher educational institutions (19.1%) and pre-school institutions (12.8%) in 2020<sup>5</sup>.

In total, 57% of Ukrainians who have interacted educational institutions have encountered at least one corruption situation.

According to the *experts*, corrupt practices are widespread in the education sphere: both at the level of primary and secondary schools, as well as universities.

At the level of school education, corruption-related offenses include regular appreciation to teachers and school management, charitable contributions/fundraising for the common needs of the institution (*"Demanding of funds for things that should be free: cleaning, repairs"*). Some experts indicated the payment for additional services of a teacher (tutoring) and the queue for admission to the school as an activity with an increased risk of corruption.

*"Domestic corruption. From gratitude to pay for additional services of teachers, giving funds for common needs, part of which goes to the principle, management"*.

The *experts* most often mention the presence of corrupt practices in the context of higher education. Here, the emphasis of corrupt practices shifts to the use of "the use of trade in influence/favors (blat)", protectionism to address issues with the successful passing of exams and tests, as well as buying a diploma. Some experts attribute the sale of graduation research paper and plagiarism to corruption.

*"While passing the exam, the cases of extortion are widespread, the conditions are set so that the student will be forced to give a bribe, even if he did not want to – this is a very corrupt sphere"*.

In general, 23.4% of Ukrainians mentioned certain practices that show signs of corruption in state or municipal educational institutions.

The research shows that some corrupt or corruption-like practices become acceptable and common, and no longer affect the overall assessment of corruption. For example, the respondents could be categorical about the possibility of recognizing compulsory tutoring as corruption, but in reality, this does not affect their assessments of the level of corruption in the education system as a whole (as mentioned above, pre-schools and schools have the lowest perception of prevalence of corruption index among all institutions).

### **2.3. Services provided by energy companies**

In surveys of the Ukrainian public, corruption has rarely been examined to services provided by energy companies (electricity and gas supply). This was explained by the fact that these are private companies, and their relations with the public have an ordinary, contractual nature. However, in the

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<sup>5</sup> In 2017, there were no such options as "Further informal payments (personally to staff, educators or teachers for tuition, dormitory, etc.)" and "Compulsory gifts to teachers and educators for facilitation in learning."

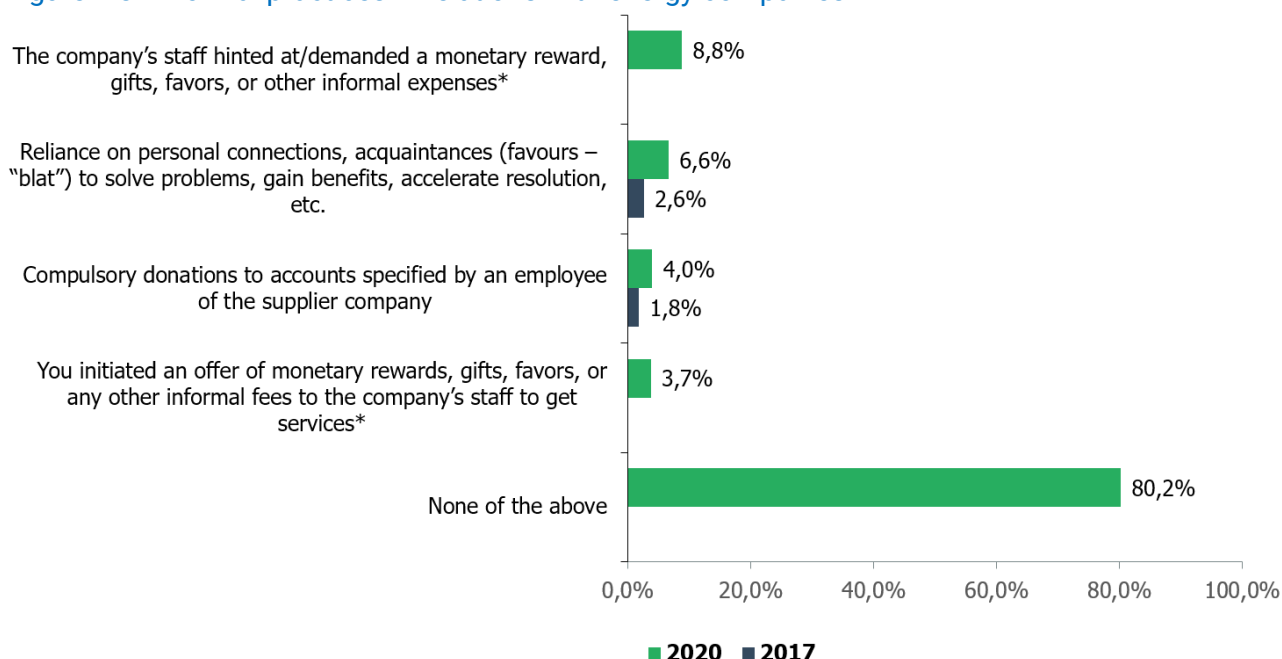
expert community and in the collective consciousness, there is a widespread opinion that corruption and the energy sector are inseparable, especially when talking about a “grand corruption”.

In recent years, in light of growing prices for these services, questions have been more frequently raised about potentially corrupt practices in the relationships between these companies and consumers. This is related to first of all, to business (for more detail, see Section 3). However, according to the results of a survey of the *public*, ordinary citizens also experience corruption in their interactions with energy companies.

**Interactions.** During the last 12 months, 17.2% of the respondents or their family members had to contact electricity and/or gas supply companies.

**Corruption during interactions.** The vast majority (80.2% in 2020) of those who had such interactions said that they did not encounter any circumstances in which they had to pay additional funds not provided for by the contract directly to the employees of the energy companies or enter into other corrupt or questionable informal relations (Figure 2.3, the data are incomparable with 2017, but the prevalence of some situations has increased).

Figure 2.3. Informal practices in relations with energy companies



\*The option was only in 2020.

These data demonstrate that most often the respondents encountered a situation when company's staff hinted at/demanded monetary reward, gifts, favors and other informal expenses (8.8%), as well as the situation of reliance on personal connections, acquaintances (favours – “blat”) to solve problems, gain benefits, accelerate resolution, etc. (6.6%).

According to the *experts*, minor corruption offenses in the provision of utility services are common: the most common abuses are related to extortion to avoid imposing fines on the population, including for disruption of the use of resources by the population.

*"Small-scale corruption is quite common, and it depends on the specific region. In some regions, there is a problem when citizens pay bribes to use meters, which can reduce the number of services consumed. In other regions, there is a problem with access to networks. "*

*"There is such a scheme in Kharkiv: gas service employees come and impose fines without violations, and people have to negotiate with them by offering some money. Kharkiv heating networks overestimate the volume of heat supply, if a meter is installed on the house, the volume of supply is also nominally overstated. Non-transparent charges, non-transparent tariffs, non-transparent repairs –all utility companies in Kharkiv have this."*

## 2.4. Judiciary

Corruption in the judicial system has been in the epicenter of public discourse in recent years as one of the most significant obstacles for the implementation of democratic reforms. The perception of corruption in courts remains unchanged. In virtually all public opinion surveys, the public assigns courts with one of the highest levels of corruption. According to the results of our study, the index of corruption in the judiciary totals 4.43 by the 5-point scale, where 5 means the highest level of corruption, which is the highest indicator after the customs (4.5) for all institutions subject to assessment. It is noteworthy that the experience of appeals to the court somewhat reduces the index of perception of the prevalence of corruption: respondents with judicial experience estimate the prevalence of corruption at 4.2, and without such experience – 4.4.

**Interactions with the judicial system: general overview of judicial services.** According to the survey of the *public*, during the previous 12 months 3.2% of the respondents received court services in 2020 (i.e. not taking relatives into consideration).

**Assessment of corruption during the provision of court services.** Due to sample restrictions, the survey results do not make it possible to present a complete picture of corrupt practices in courts that involved respondents.

The absence of any signs of corrupt or corruption-like (or questionable) practices was reported by 74.8% of the respondents in 2017 and 63.2% in 2020 (the difference is statistically insignificant) who received court services during the previous 12 months. In other cases (25.2% in 2017 and 36.8% in 2020), the respondents indicated an element of corruption (for more detail, see Figure 2.4).

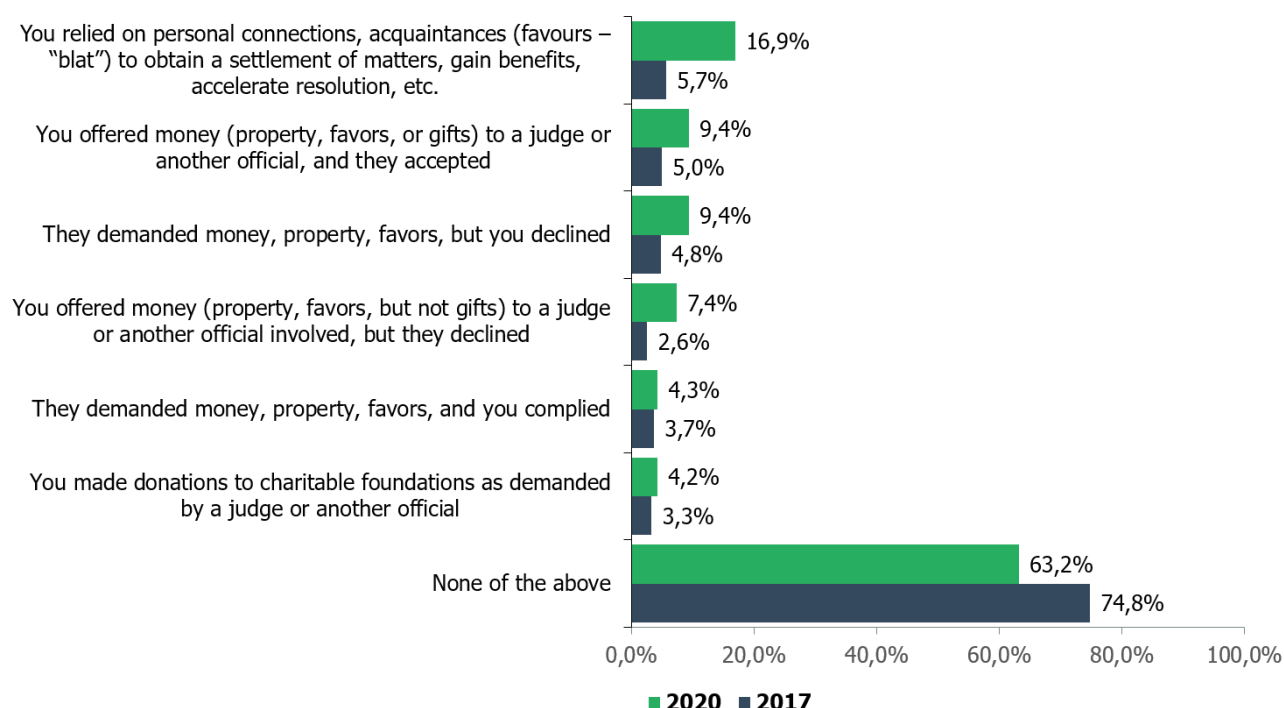
Thus, according to the data presented in Figure 2.4, we can draw the conclusion that out of all corrupt practices, favor – "blat" is likely to be used more often (this is stated by 16.9% of the respondents among the population).

According to the *experts*, the judiciary remains a sector with one of the highest levels of corruption risks, including for the population. The ability to influence court decisions is indicated as standard practice in resolving cases, including commercial and criminal ones.

*"From my own experience, there is a court case, and there is a specific offer to bring money, you have to pay for a certain court decision."*



Figure 2.4. Frequency of emergence of corrupted and corruption-like practices during provision of court services, %



At the same time, experts pointed out that there is almost no corruption in solving small household cases, imposing small fines, which is confirmed by a survey of the population.

**Enforcement of court decisions.** For the *public* (unlike entrepreneurs), interactions with the bodies responsible for enforcing court decisions are not a common practice — only 1.7% of respondents in 2017 and 1.6% in 2020 had such contacts over the previous 12 months. The research sample does not make it possible to analyze this issue substantially.

## 2.5. State authorities and local self-government bodies: administrative services

The public’s interaction with state authorities and local self-government bodies is one of the key factors forming opinions about the level of overall corruption. These interactions, in the majority of cases, are related to receiving administrative services that can be provided by both state executive bodies (central and local), and by local self-government bodies (namely, within the framework of delegated authorities). Administrative services were identified as a segment of activities of these bodies that are most realistic for evaluation. Other possible forms of corrupt practices (for instance, abuse of power) cannot be assessed correctly and comprehensively on the basis of a public survey. Research into corrupt practices in the provision of administrative services to business and the exercise of oversight powers by the state authorities is another separate subject for study.

The survey results show that personal experience does not have a decisive impact on the development of opinions about the level of corruption because the population mostly sees the

problem of corruption as a problem of political and high-ranking corruption, rather than daily corruption.

The survey demonstrates that, according to the indicators characterizing perception of corruption, this sphere is predominantly in the increased risk zone. The index of perception of corruption totals (according to the survey of the public):

- for central executive bodies – 4.17;
- local executive authorities – 3.94;
- local self-government bodies – 3.89.

A similar trend is present in *expert* assessments, although the mean of the perception of prevalence of corruption index is slightly lower than the assessment by the public and entrepreneurs (see Section 1.5).

**Interactions of the public.** 15.7% of the respondents had personal interactions with state authorities and local self-government bodies over the previous 12 months. In particular, 11.7% applied to the Center for providing administrative services (TSNAP), and 7.0% - directly to public authorities and local self-government bodies.

The vast majority of contacts with public authorities and local governments or TSNAPs took place at the local level (rayon, district in the city, city, village, etc.) – 88.9%, at the oblast/regional level - 3.8%, and at the central level – 1.7%.

The structure of contacts/appeals to TSNAPs by their subject is reflected in Figure 2.5. The most common reasons for applying to the Center for providing administrative services (TSNAP) are the issuance (renewal) of passport documents (national and foreign passport; travel document of the child) – 37.1%, registration of housing subsidy – 34.3% and obtaining certificates/duplicates of documents – 30.7%.

Public authorities and local self-government bodies were mostly approached for certificates and duplicates of documents (see Figure 2.6).

Figure 2.5. Subject matter of interactions of public interactions with the Center for providing administrative services (TSNAP)

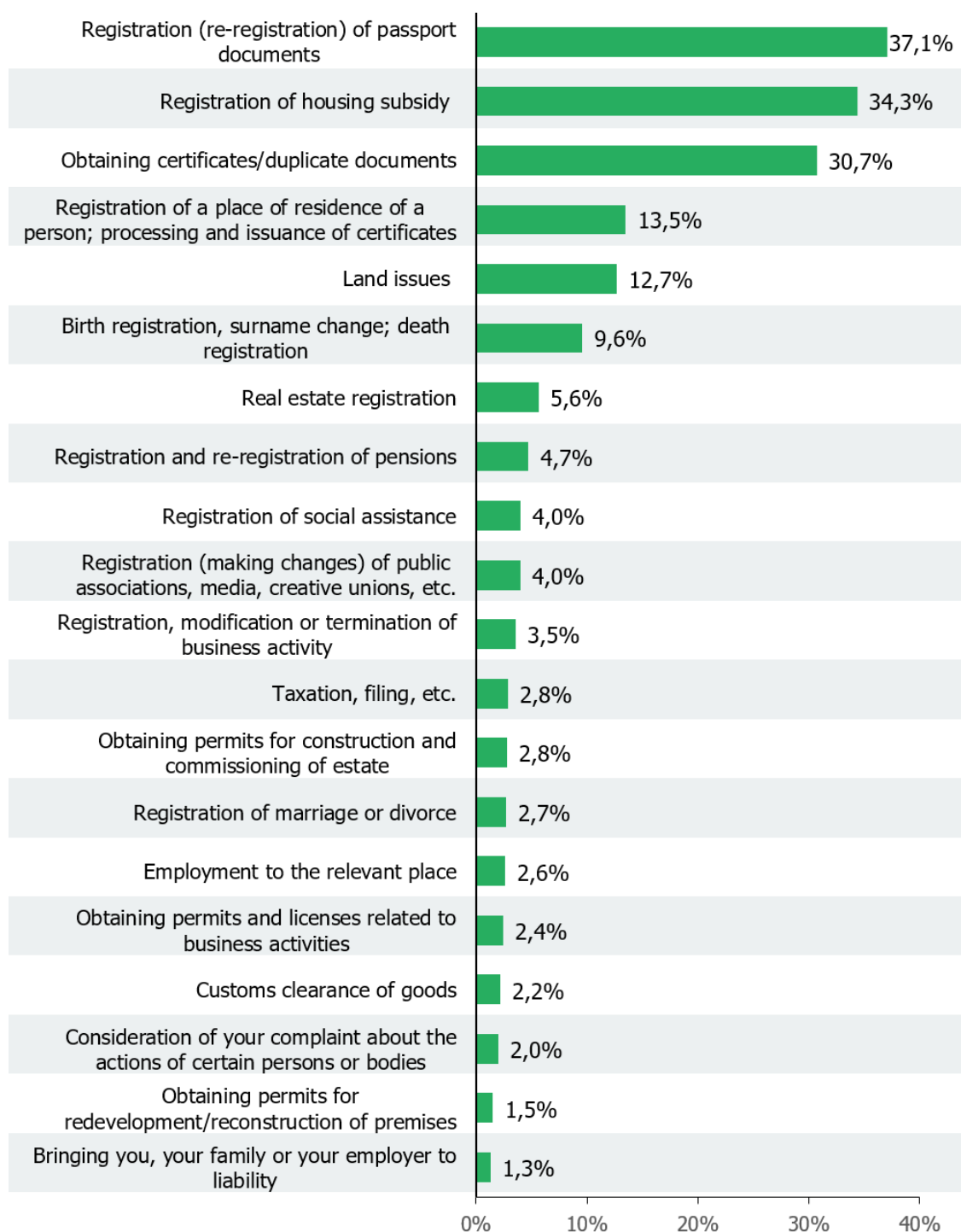
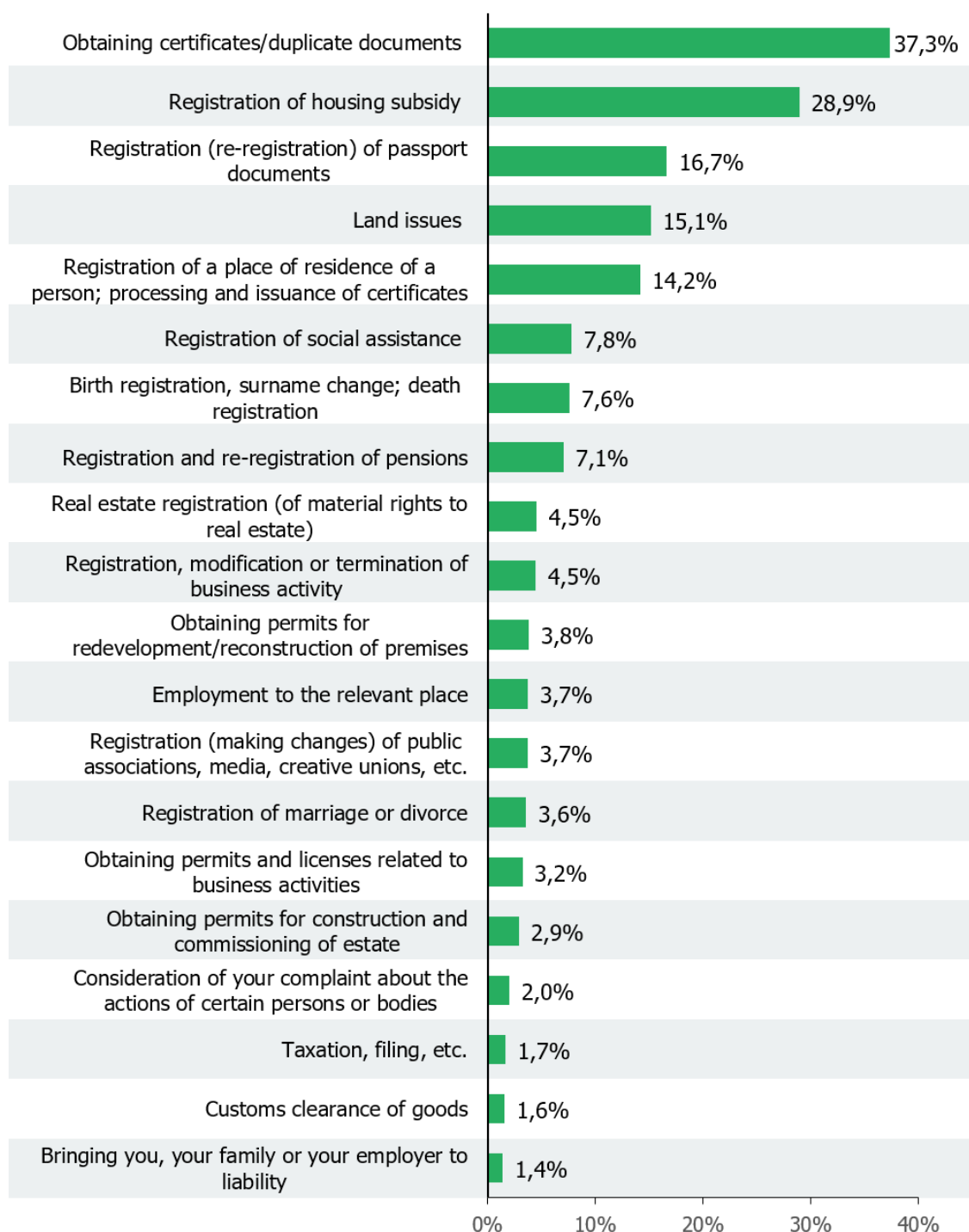


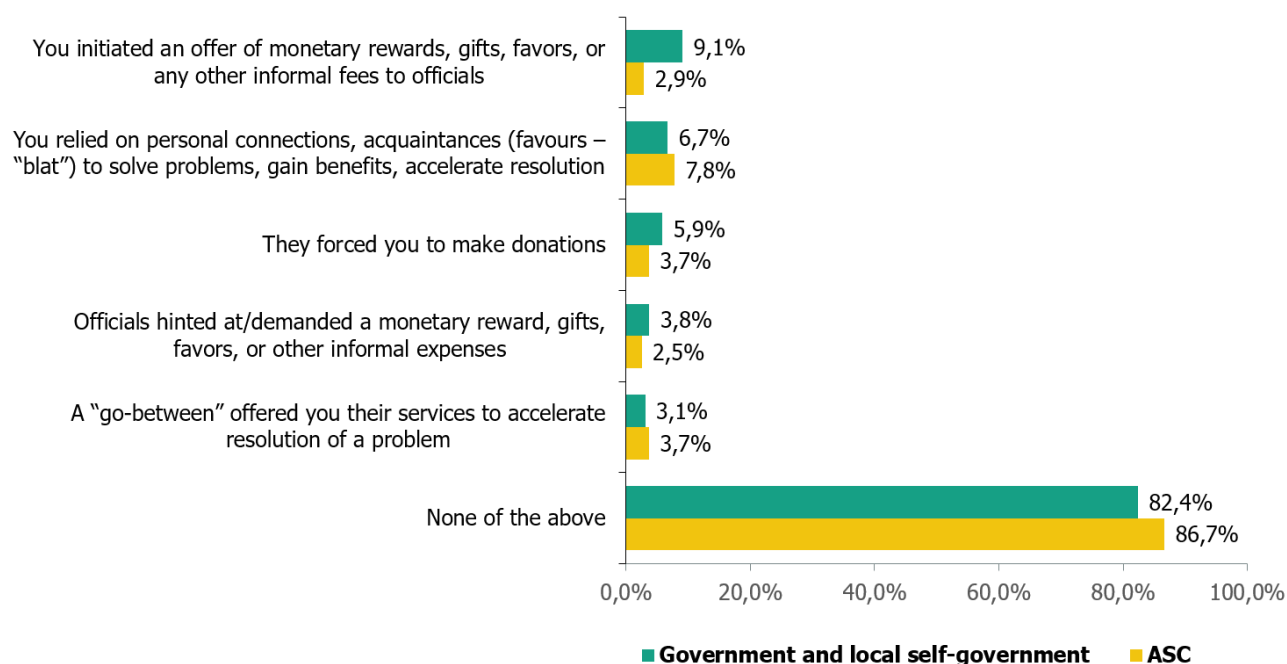
Figure 2.6. Subject matter of interactions of public interactions with state authorities and local self-government bodies not organized in TSNAP



**Corrupt practices during interactions.** The questions are incomparable with the data of 2017. In the 2020 survey, 13.3% of those who had contacts with TSNAPs and 17.6% of those who interacted with self-government bodies indicated the presence of signs of corrupt practices (a total of 13.7% from all who have interacted with at least one organization). Most of them relied on personal connections, acquaintances (favors – "blat") to solve problems, gain benefits, accelerate the resolution of the issue (7.8% - TSNAP and 6.7% - authorities), were forced to make donations (3.7% and 5.9%, respectively), received offers from the "go-between" to give a bribe to accelerate the receipt of services (3.7% and 3.1%), on their own initiative offered a bribe (2.9% and 9.1%), officials demanded bribes (2.5% and 3.8%) (see Figure 2.7).

The data are incomparable with 2017, because in the last wave contacts with TSNAPs were not separated from the contacts with the state authorities and the local self-government bodies, but in 2017 only 6% of the respondents mentioned experience with corruption, so the prevalence of corrupt practices has increased.

Figure 2.7. Corrupt practices in interactions with local self-government bodies and TSNAP, 2020 (% of those who had contacts)



Among all administrative services, the interviewed experts most often singled out land issues as the sphere with the highest risk of corruption offenses for the population as well. The experts consider land allocation and registration procedures to be non-transparent, which encourages the spread of corrupt practices in this area. There are widespread cases of extortion in order to accelerate the process: *"land can be registered only for money, you can wait for years if it's for free."* Experts also point out the situation with the provision of land plots to ATO veterans and their families: in reality, it is difficult to obtain a plot legally.

*"ATO veterans find out in village councils and district councils that their land, which they allegedly received, was leased to a local farmer. As a rule, it is very difficult to achieve the truth."*

## 2.6. Election process: vote buying (political corruption)

Political corruption is not a phenomenon typical only at the top levels of government. It can also be seen in everyday life of ordinary citizens.

The prevalence of vote buying has also been observed by our survey. Although in 2017, corruption practices were assessed by people who participated in the local elections of 2015 and 2016, and in 2020 – by all respondents, the data obtained are quite close:

- mention cases when they were offered remuneration for voting for a certain candidate or party or for joining a party;
- 5.4% in 2017 and 3.6% in 2020 mention cases when gifts, charitable assistance, etc. were offered instead of remuneration.

The *population's* perception of such practices reflects both cultural peculiarities and the degree of maturity of political values and orientations. The most indicative of political values is the likelihood of voting for candidates/parties who use vote buying, i.e., political corruption in its most basic or grassroots form.

Respondents who mentioned attempts at bribery were asked whether they had voted for such candidates: in 2017, 23.3% voted for the candidates with a dubious reputation, and in 2020 – 15.3%. The difference is statistically significant, but the progress can be explained by the more successful campaign of the current President, based on creative communication rather than votes buying, than a decline in tolerance for corruption. Thus, according to Info Sapiens data, on the eve of the 2019 elections, members of 9% of households were ready to sell their vote, and only 25% of Ukrainians said they would not vote for those who indirectly bribe voters<sup>6</sup>. The share of the respondents who do not see vote buying as a sufficient ground to not support a candidate/party during an election can be seen as an indirect indicator of a high level of tolerance regarding this type of political corruption.

## 2.7. Law enforcement agencies

This section analyzes corruption in the main law enforcement agencies – police, Prosecutor's Office, and the Security Service of Ukraine (SBU). A separate area of the survey is dedicated to patrol police, a legal successor to the state traffic inspection, which is always separated in similar surveys due to the specific nature of its work and widespread incidents of corruption.

In Ukraine, opinions concerning corruption in the law enforcement system have a long history. The 2017 and 2020 surveys demonstrate that according to the indicators characterizing perception of

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<sup>6</sup> More detailed information at <https://sapiens.com.ua/ua/publication-single-page?id=66>

corruption, this sphere is predominantly in the increased risk zone. The perception of prevalence of corruption index totals:

- Prosecutor's Office – 4.33 points (which means this institution is seen as one of the most corrupt, at the level of the customs, Verkhovna Rada and judiciary);
- Police – 4.08 points;
- SBU – 4.2 points.

**Interactions of the public with law enforcement system.** Only 5.1% of the respondents in 2020 had personal interactions with police agencies (not including traffic/patrol police), Prosecutor's Office, and the Security Service of Ukraine over the past 12 months. These were mostly interactions with police (86.1%); much less frequently, the public had interactions with the Prosecutor's Office (6.9%) and the SBU (3%).

The main reasons for the interactions with law enforcement agencies in 2020 included: issuing certificates, permissions, or other documents (23.1%); due to the fact that the respondents were witnesses (22.1%); related to offense committed in respect of the respondent or his relatives/relatives (21.4%) (see Figure 2.8).

**Presence of corrupt practices during the interaction.** An assessment of prevalence of corrupted practices was performed regarding the experience of the previous 12 months.

Over the previous 12 months, an element of corruption was reported in 19% of interactions with law enforcement agencies in 2017 and 38.3% - in 2020:

- 9.5% in 2017 and 13.3% of respondents in 2020 (the difference is insignificant) said that they experienced demands of illegal benefits (money, property, services);
- only 2.1% of respondents in 2017 said that they initiated the illegal benefits, but in 2020 this figure increased significantly up to 10.2%;
- The use of trade of influence/favors ("blat") is significant – in terms of gaining favors – "blat" those who do not work in the law enforcement system were more often approached (13.3%) than those who work there (10.7%); the frequency of appeals has significantly increased compared to 2017.
- 4.5% of respondents in 2020 said that they were forced to make charitable contributions (Figure 2.9).

Figure 2.8. The reasons for the last interaction with the law enforcement agencies

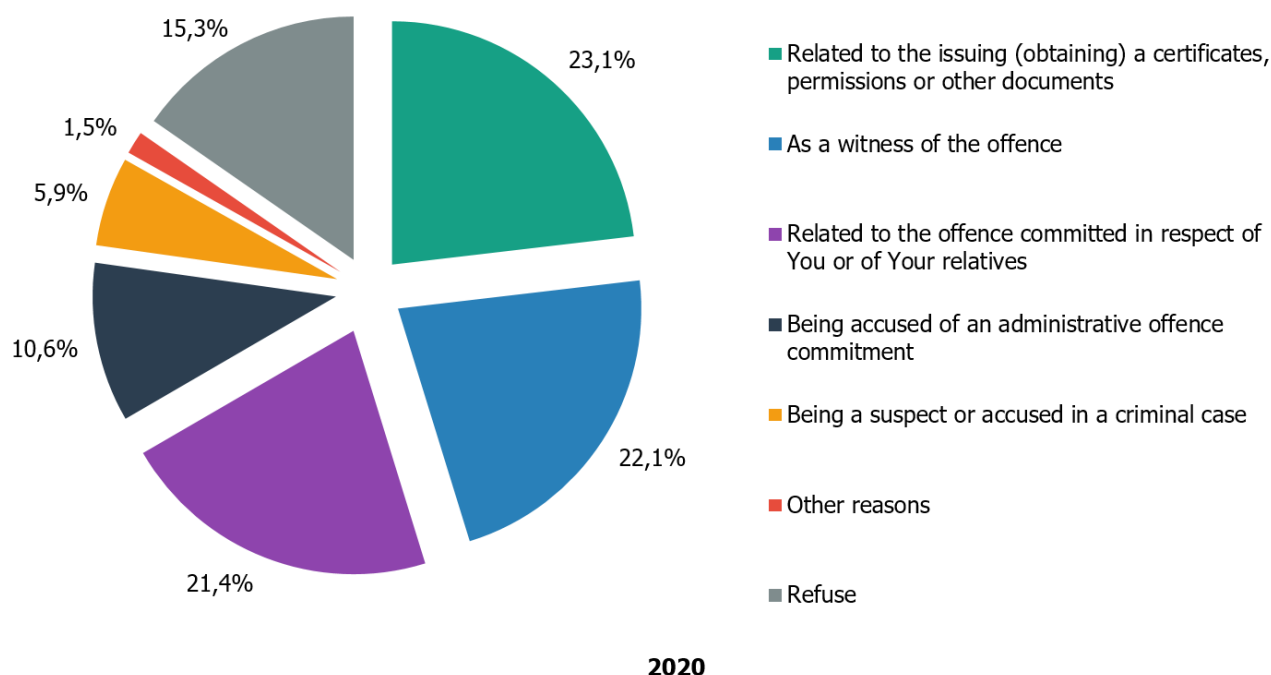
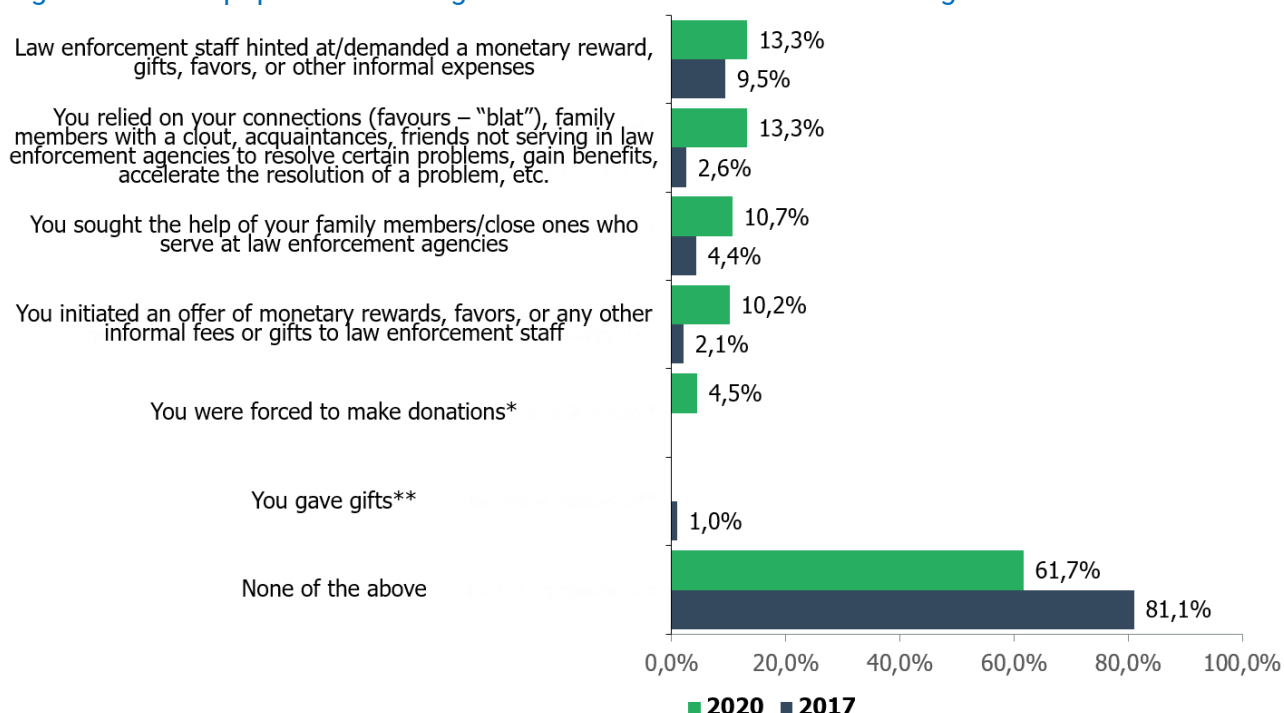


Figure 2.9. Corrupt practices during interactions with law enforcement agencies



\*The option was only in 2020.

\*\*The option was only in 2017.

According to the *experts*, corruption risks for the population remain relevant when interacting with law enforcement agencies, which are accused of abuse of power, formation, and termination of cases on demand, extortion for effective investigation, and so on. Some experts are inclined to



believe that offenses are more common at the petty level (for example, in cases of burglary), as well as in the issuance of various permits (for example, weapons).

*"Being a lawyer, I know that cases are opened and dismissed on command."*

It should be noted that some experts also consider visible inaction of law enforcement agencies to be a sign of corruption, their passivity in investigating cases, which is either the result of the "command" or the expectation of "encouragement" from one of the parties involved in the process.

## 2.8. Patrol police

In this survey, the situation regarding patrol/traffic police is analyzed separately from other law enforcement agencies (police, Prosecutor's Office, SBU). This is due to two factors: a) for the public, the creation of a new patrol police force was the most visible result of reform in the law enforcement sector, and radical changes were expected; b) patrol police were meant to replace the state traffic inspection force, which in all previous surveys of the public was named the most corrupt state agency that ordinary citizens encounter. The patrol police were also analyzed separately in 2017.

From the very beginning, the establishment of patrol police has been subject to constant sociological monitoring that recorded somewhat controversial but generally positive trends in public perception of this organizationally combined structural unit of the National Police.

Our survey demonstrates that, according to the indicators of perception of corruption, patrol police differs significantly from other law enforcement agencies: the perception of prevalence of corruption index equals 3.98 points (for comparison: the prosecutor's office – 4.33, the police – 4.08; the SBU – 4.02), according to the results of the *population* survey. The experts also rate corruption in the patrol police lower than in other law enforcement agencies.

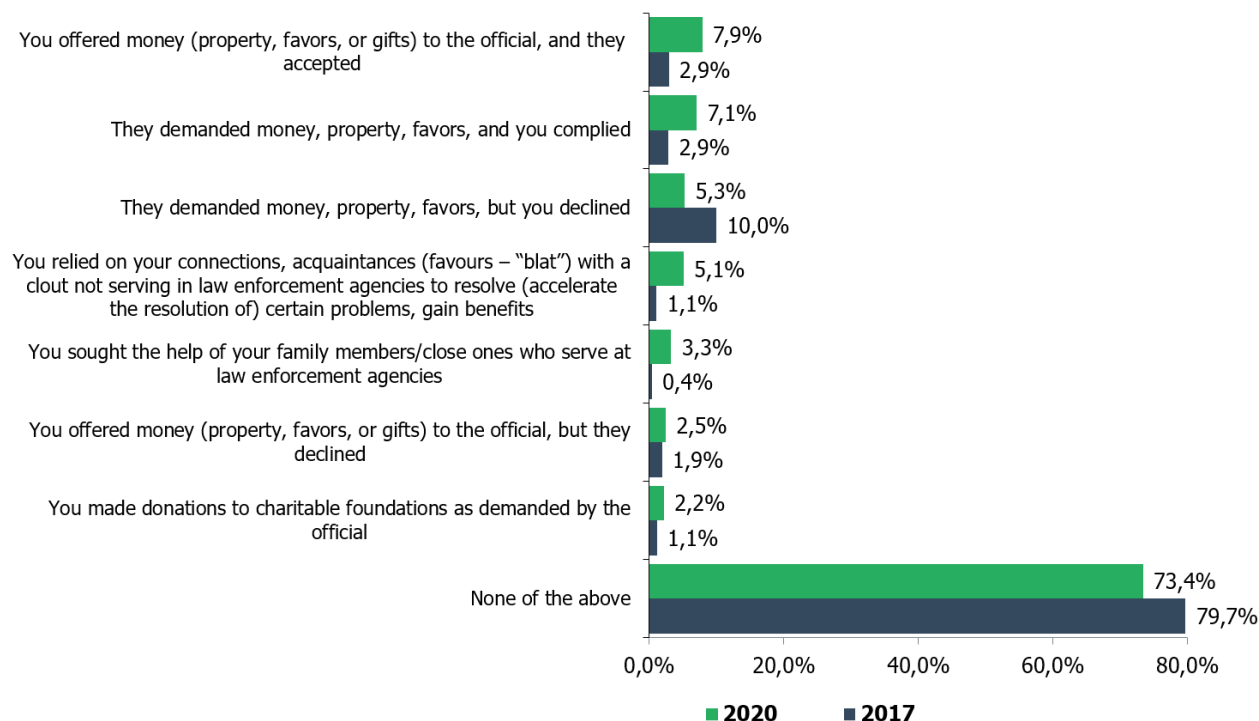
**Interactions between the public and patrol police.** The survey results demonstrate that during the last 12 months, 7% of the respondents had interactions with patrol police in 2020.

The nature of interactions demonstrates that they are most frequently for the purpose of checking documents or checking the condition of a vehicle (61% in 2017 vs. 58.7% in 2020, respectively), stopping a vehicle for traffic violations (26% and 28.6% in 2017 and 2020, respectively), and registration of a road traffic accident (6% and 3.5% in 2017 and 2020, respectively). These situations are analogous to the most common interactions with the defunct state traffic inspection. There are new situations that reflect new tasks of patrol police: 10.6% calls to the crime scene; submission of requests and involvement as witness/victim. 12% in 2017 and 10.6% in 2020 of interactions were related to these situations. In 2017, only 3% of interactions were related to administrative reasons (obtaining permits, certificates, etc.), but in 2020 the number of appeals for administrative purposes has significantly increased up to 10.6%.

**Presence of corrupt practices during the recent interactions.** Compared to 2017, the share of the population encountered corrupt practices has changed statistically insignificantly (see Figure 2.10). The element of corruption was reported in 20% of interactions between the public and patrol police

in 2017, and in 26.6% in 2020. At the same time, the prevalence of certain corrupt practices (both extortion and bribery, when respondents agreed to give them) increased statistically significantly.

Figure 2.10. Corrupted practices during the most recent contact with patrol police



Furthermore, the following should be noted:

- The frequency of extortion has not changed since 2017, but the reaction of the population has changed. Apparently, in 2017, faith in successful police reform was higher (this is confirmed by a significantly lower value of the perception of prevalence of corruption index – 3.82 vs. 3.98 points in 2020), and therefore Ukrainians are less likely to agree to demanded bribes (2.9% vs. 7.1% in 2020) and less often offered bribes themselves (2.9% vs. 7.9%).
- Also, in 2017, the practice of using the trade of influence/favors (“blat”) was not widespread (about 1.0%). At the same time, in 2020, these practices became more common: the prevalence of the use of favors (“blat”) and connections of relatives/close people/friends who do not work in law enforcement agencies equals 5.1%, and connections with law enforcement agencies – 3.3%.

In general, the survey results demonstrate that patrol police have significant potential for public trust, although the facts also show that there is a risk that the practices of the state traffic inspection could return and reforms could rollback.

*The experts* also point out that corruption in the reformed patrol police has not been eliminated, the population continues to encounter minor corruption-related offenses, mostly such as demanding illegal benefits to silence violations. The situations of the increased corruption risk for the population more often accompany the registration of road traffic accidents, transportation of incorrectly parked cars on a car pound.

*"There are many signs of the former state traffic inspection and bribery in recording the violations of traffic rules."*

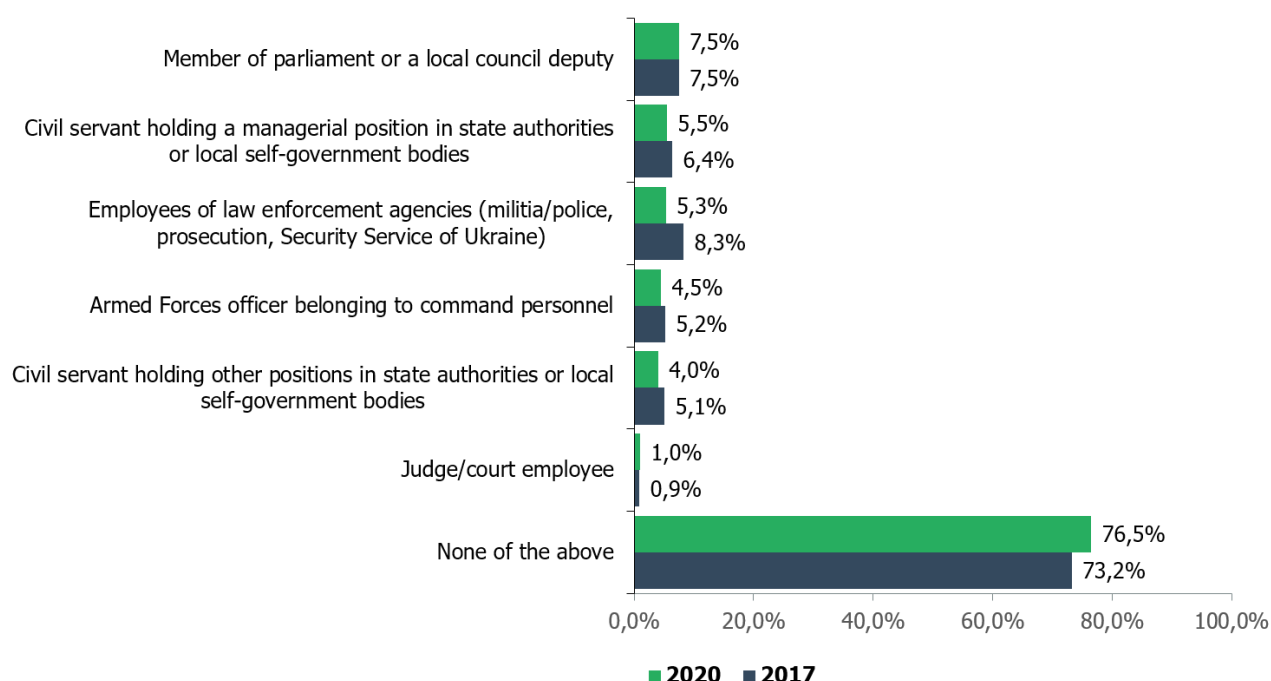
## SECTION 3. BUSINESS EXPERIENCE WITH CORRUPTION: BUSINESS AND GOVERNMENTAL AGENCIES

The survey made it possible to pinpoint certain dimensions that are important for assessing the changes in the level of corruption in the interaction between business and governmental agencies since 2017. The data presentation structure remained unchanged, in the form of a breakdown into key areas such as public procurement, interaction with state authorities and local self-government bodies, judiciary, law enforcement agencies, services provided by the energy companies.

In most cases, the structure of the questionnaire questions was preserved. Thus, it is possible to compare the data of 2017 and 2020 for the vast majority of factors. In those cases where the structure of the question was changed, the data are given only for 2020.

The social environment of the business remains quite corrupt, given the presence of informal social contacts and interactions. Figure 3.1 provides the data on the share of *entrepreneurs* who attribute their close relatives to certain categories with whom it is useful to have the connections (for example, deputies, officials, judges, etc.).

Figure 3.1. Business and governmental agencies: public officials in the nearest circle of entrepreneurs (share of entrepreneurs who say the following categories of persons are close to them)



According to *the experts*, corrupt practices are most common in the context of business, both in terms of its interactions with the governmental agencies and the business environment itself. There are significant persistent corruption links in public procurement, cooperation with state authorities and local self-government bodies, and the judiciary. Also, high corruption risks arise in the interaction of business with law enforcement agencies and obtaining the services of energy companies. At the

same time, the experts also point out another significant manifestation of corruption, the lobbying of the interests of energy companies by officials at the top level and the close relations of this sphere with the activities of the oligarchs.

### 3.1. Public procurement: local/state budget, private sphere

*The experts* point out the high prevalence of corrupt practices in public procurement within the state or local budget, as well as commercial tenders. Various spheres are characterized by the situations of non-transparent tenders, selection of winners of tenders for illegal remuneration. The following sectors are most frequently mentioned: energy, construction, law enforcement agencies, health care, education, transport, and so on.

According to the *experts*, the ProZorro system provides an opportunity to reduce corruption risks, but at the same time remains imperfect and does not fully meet its purpose, namely to conduct fair tenders. The *expert* survey identified such a weakness of the ProZorro system as the ability to legitimately select a predetermined/desired supplier (in order to do so, the customer sets the requirements of the tender under the specifics of a particular company). Experts also often indicated such a problematic aspect of public bidding in terms of corruption risks as procurement at a significantly inflated price compared to the real cost of goods and services. The system of payola (a bribe given to secure special treatment) to the customer from the service and goods providers in order to obtain profitable contracts remains widely applicable.

It was separately mentioned that there had been some improvement in the health care sector at the level of central procurement, but the situation at the regional level remains unchanged.

*"For 3 years of ProZorro's existence, there have been more than 20 ways to bypass this system. The Antimonopoly Committee does not operate. The participants are afraid that they will have to pay money, so they rarely apply. In addition, the customers can add any conditions, such as payment within 3 years after the service was provided. In other words, they put spokes in the wheels in order to work with the ones they've chosen."*

**Participation of business in public procurement.** According to the results of the survey of the *entrepreneurs*, 18.6% of the enterprises have participated in tenders or other public procurement procedures over the past 12 months. Of the latter, about three out of four participated two or more times. The share of the enterprises that have never participated in public procurement equals 81.4%, which is almost no different from the same indicator in 2017 (81.7%). Thus, the expansion of the supplier base in public procurement did not take place. Regarding the types of enterprises, individual entrepreneurs are much less likely to participate in public procurement procedures (94% did not participate); while medium-sized and large enterprises are more active among legal entities (only 56% did not participate in public procurement procedures). Among the capital enterprises, every third enterprise participated in public procurement at least once, but a significant share of them (12.0%) limited themselves to a single experience (see Table 3.1).

Table 3.1 - Experience of business participation in public procurement over the past 12 months (by region)

	North	Center	East	South	West	Kyiv	Total
Participated once	5.2%	2.7%	3.3%	1.7%	2.7%	12.0%	5.0%
Participated more than once	13.8%	9.5%	12.7%	7.6%	13.2%	20.3%	13.6%
Did not participate	81.0%	87.7%	84.0%	90.7%	84.1%	67.7%	81.4%

The level of participation in tenders or other procedures of enterprises/organizations of the non-governmental sector is the same: 18.8% of respondents participated in tenders. Individual entrepreneurs also mainly omit this opportunity (92.4% did not participate), but legal entities are interested in procurement on a competitive basis equally, regardless of size.

For the vast majority of companies (52.9%), profits from participation in public procurement constitute less than 10% of annual turnover. The share of enterprises that depend on public procurement by more than 70% remains insignificant – only 7.9%. These indicators have remained unchanged since 2017. The observation of 2017 that the enterprises with public officials in their close circle much more often than other entrepreneurs (see Figure 3.1), receive more income from public procurement was confirmed in 2020: among such enterprises, the share of those who gain from public procurement 70% or more of income, is three times higher.

The low level of business participation in both public and commercial procurement can be explained by prejudices to corrupt procedures. This is especially true of the public sector. The respondents were asked to rate the degree of their agreement with the statement *“It is possible to win tenders or other procurement procedures in Ukraine without the corruption, acquaintances or other leverage”* - for the public and private sectors separately. Among those enterprises (most of the respondents) that did not participate in procurement, the degree of agreement with the statement is only 18.0% for the public sector and almost twice as much (35.2%) for the private sector. 40% of the respondents-entrepreneurs surveyed do not agree with this statement regarding the public sector, and 28.0% - regarding the private sector (i.e., agree with the presumption of corruption of the procurement procedure).

Interestingly, the assessments of the respondents who have experience in public procurement are slightly better: only 28.7% agree with the presumption of corruption of such procedures, and 34.7% believe that they can be won without the use of corrupt levers of influence. Thus, there is a positive correlation between one's own experience of participating in public tenders and the assessment of their fairness.

**Prevalence of corruption in the public procurement sphere.** The respondents were asked to assess the extent to which corrupt practices are common in public and commercial procurement. A 5-point scale was proposed for the assessment: the higher the assessment, the more common corruption is.

Figure 3.2. Perception of prevalence of corruption in the public procurement sphere (average value according to a 5-point scale)

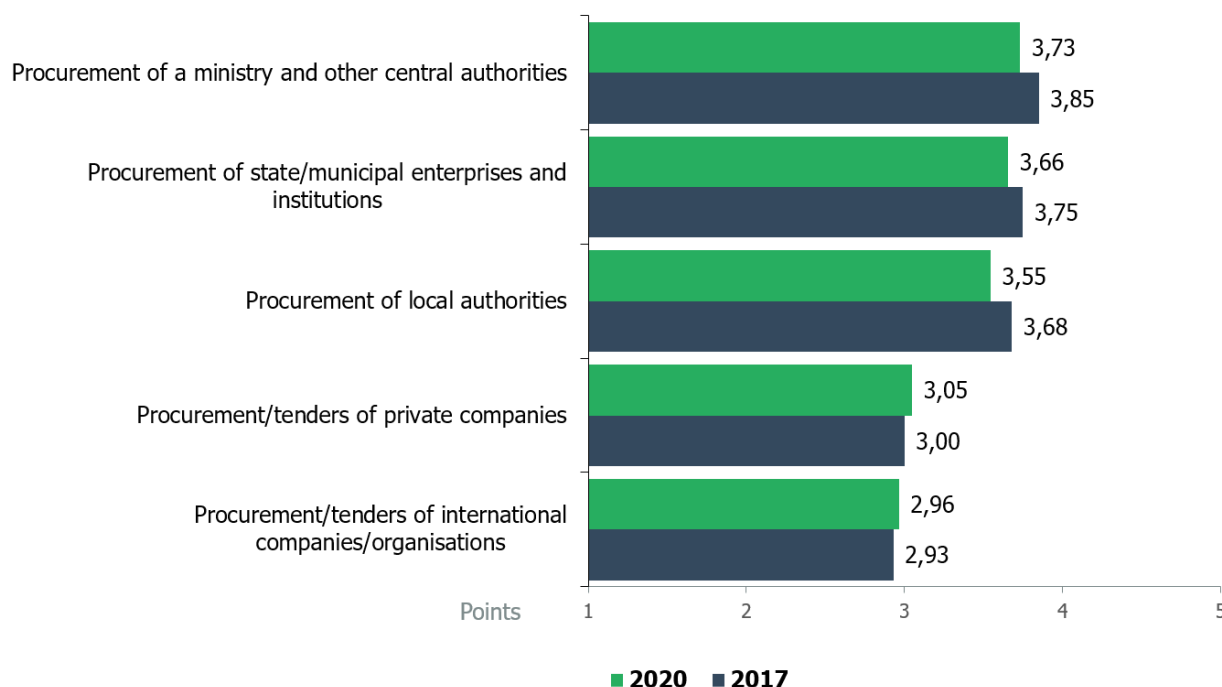
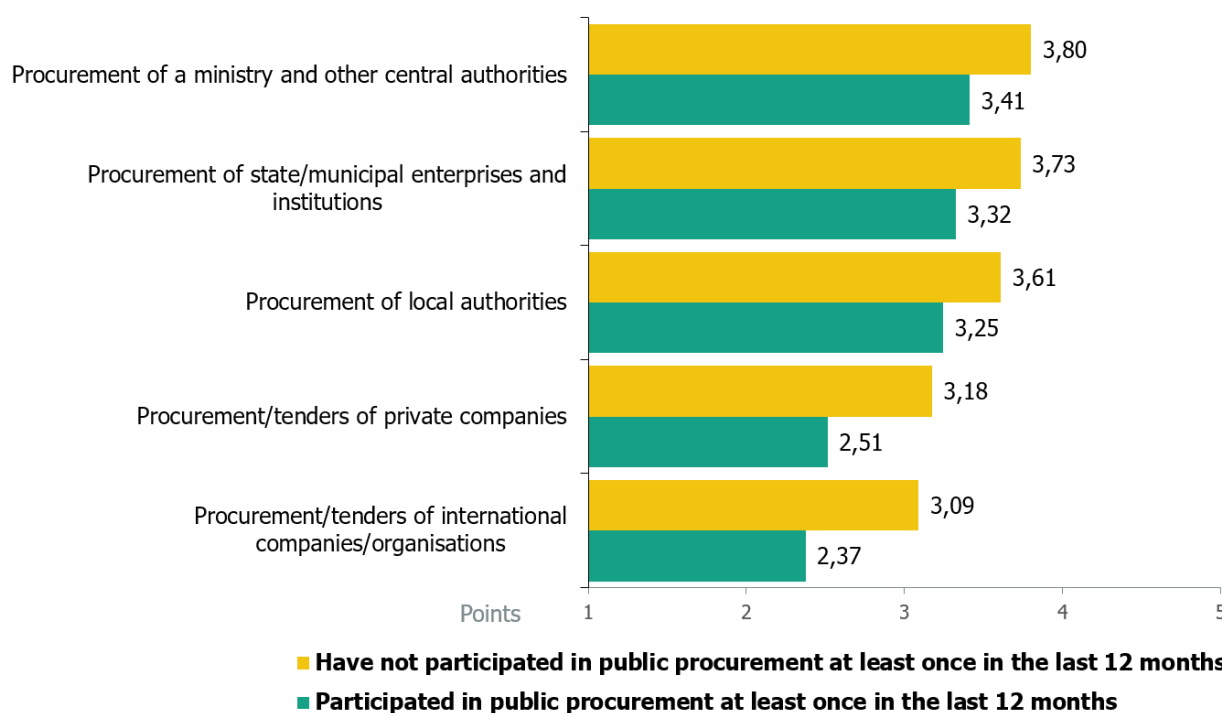


Figure 3.3. Dependence of the perception of the prevalence of corruption in public procurement on the experience of participation in them (average score by the 5-point scale)



The rating of corruption in procurement (Figure 3.2) has remained unchanged since 2017: procurement of ministries and central authorities is perceived as the most corrupt ones (3.73), and procurement of international organizations as the least corrupt (2.96). Differences in estimates are

generally not statistically significant, except for local government procurement: the estimate of their corruption decreased from 3.68 to 3.55 points. It can be assumed that decentralization policy may have had some positive effects.

It is significant that respondents who participated in public procurement procedures rated the corruption of procurement significantly lower (Figure 3.3), and they were also more likely to differentiate public procurement spheres.

Ukrainian *entrepreneurs'* assessment of the level of corruption in the public procurement sector depends primarily on the experience of participating in tender procedures. The respondents who participated in such procedures (regardless of the result) rate the level of corruption in the public procurement system lower as a whole, and the prevalence of corruption in some departments and institutions.

The level of participation of enterprises in public procurement remains low, in particular, due to the "presumption of corruption" of this procedure. Legal entities more frequently participate in public procurement procedures, and among them, medium-sized and large enterprises. Also, enterprises located in Kyiv are more active in participating in procurement procedures in both the public and commercial sectors.

The enterprises that have senior officials of government and/or law enforcement agencies in their close circle do not participate in the public procurement more often than other entrepreneurs. But if they do participate, they have a larger share of turnover from this channel than others.

### **3.2. State authorities and local self-government bodies: administrative services, oversight powers**

The *experts* single out the following most vulnerable to corruption areas of cooperation between business and state authorities and local self-government bodies: land issues, obtaining permits and certificates, urban planning, construction of large infrastructure facilities, privatization of enterprises. This is manifested both in direct bribery (for example, in issuing illegal building permits, obtaining/renting land plots), and in the use of favors – “blat”, lobbying the business interests of certain companies (for example, conducting tenders under the peculiarities of particular companies). There are high corruption risks in the enterprise privatization sphere, where the schemes by which the company is artificially bankrupted and then sold at auction to specific companies at a much lower price, are widespread.

*"Any decision, appointment, any issuance of licenses, permits, any tender is corrupted."*

The experts point out the presence of a corruption element in the procedures for obtaining permits and certificates. While obtaining permits and certificates is a rather simple procedure for the population, the experts indicate that there are high corruption risks for companies in this sphere. The entrepreneurs often encounter the illegal demand of remuneration for a positive resolution in order to accelerate the process and achieve the desired result (for example, when obtaining building



permits, licenses for excise goods, patents, etc.). According to the experts, in addition to the non-transparency of procedures and the creation of corruption risks, this problem has greater consequences, such as slowing down the development of small and medium-sized businesses in general.

*"This applies to business (business license), but does not apply to citizens, because it is more or less automated for the citizens already."*

Most experts point out the abuse of power by customs officers in order to obtain illegal remuneration, which has the following forms: artificial inhibition of imported goods, the creation of artificial queues, "unnoticed" smuggling, customs clearance of one product under the guise of another, and so on.

*"Customs creates the schemes on purpose for us to pay them", "Business is forced to use gray and illegal schemes", "There are huge amounts of smuggling, bribery – the new management tries to fight this, but it is not clear how effective."*

The experts also see significant corruption risks in the interaction between business and the tax service. Illegal actions on the part of the tax service include putting pressure on business, conducting unjustified inspections, especially for small and medium-sized businesses, and demanding the payment of unjustified fines. On the contrary, it is a loyal position/protectionism on the illegal actions of certain business structures, "not noticing" the evasion of certain companies from paying taxes.

*"Bribery, extortion of bribes from business, granting of certain preferences, illegal benefits are widespread in the tax office. Although we can see some efforts of the leadership to change something, it is not yet clear whether they gained results."*

*"The tax service has too much power to influence business in terms of tax audits and monitoring, and this is a reason to demand bribes from businesses. The business often agrees to pay on its own in order for the tax service to turn a blind eye to any tax debts or non-payment of taxes."*

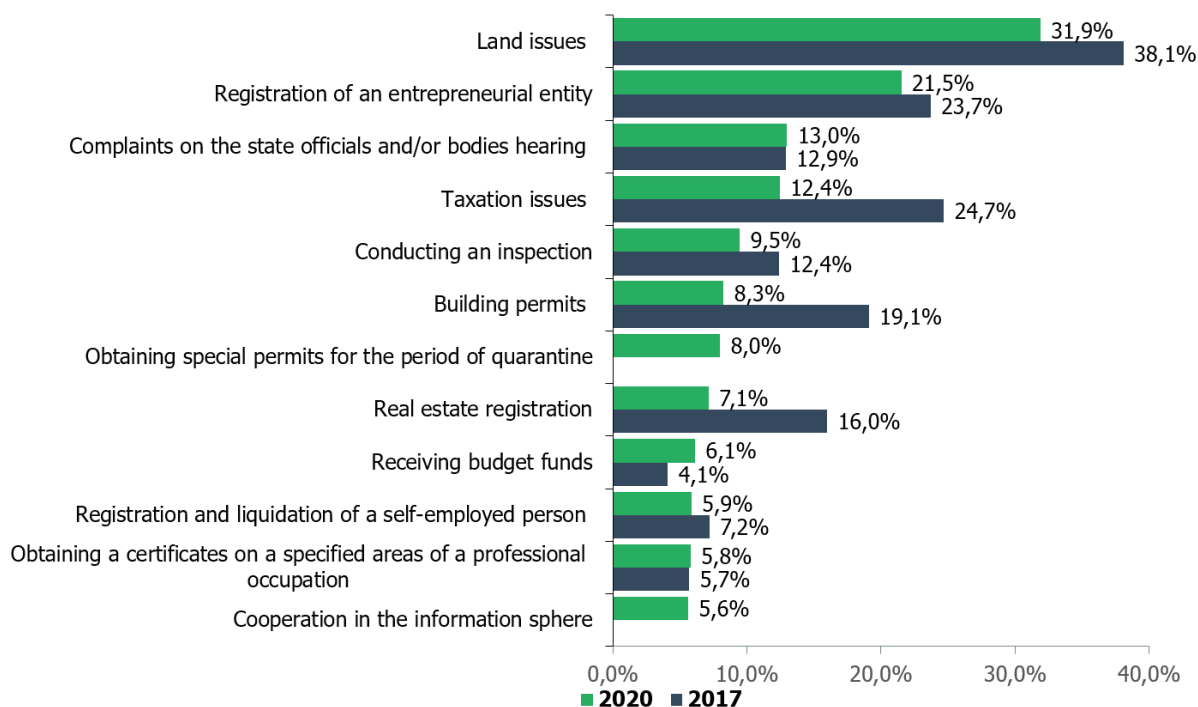
These and other statements were confirmed in the *survey of entrepreneurs*. The assessment of the relationship between business and government was carried out on the basis of experience of interaction with state authorities and local self-government bodies. Such situations include obtaining permits, registering or terminating entrepreneurial activities, conducting inspections, and so on.

Compared to 2017, the prevalence of such contacts with state authorities has decreased: in general, 16.5% of respondents interacted (in 2017 – 19.3%). The decrease was due to the share of entrepreneurs who applied to the authorities two or more times: in 2020 the share of such entrepreneurs equaled 9.8%, while in 2017 – 13.2% (statistically significant decrease). Thus, we can conclude that the intensity of contacts has reduced.

The structure of appeals on the subject of contacts (Figure 3.4) has also changed: the share of entrepreneurs who applied regarding taxation issues decreased the most (almost by half – from 24.7% in 2017 to 12.4% in 2020), receiving building permits and real estate registration (from 19.1% to 8.3% and from 16.0% to 7.1% in 2017 and 2020, respectively). Land issues remain the leader of

the subject of appeals. There is a decrease in intensity – 38.1% in 2017 versus 31.9% in 2020, but it is not statistically significant.

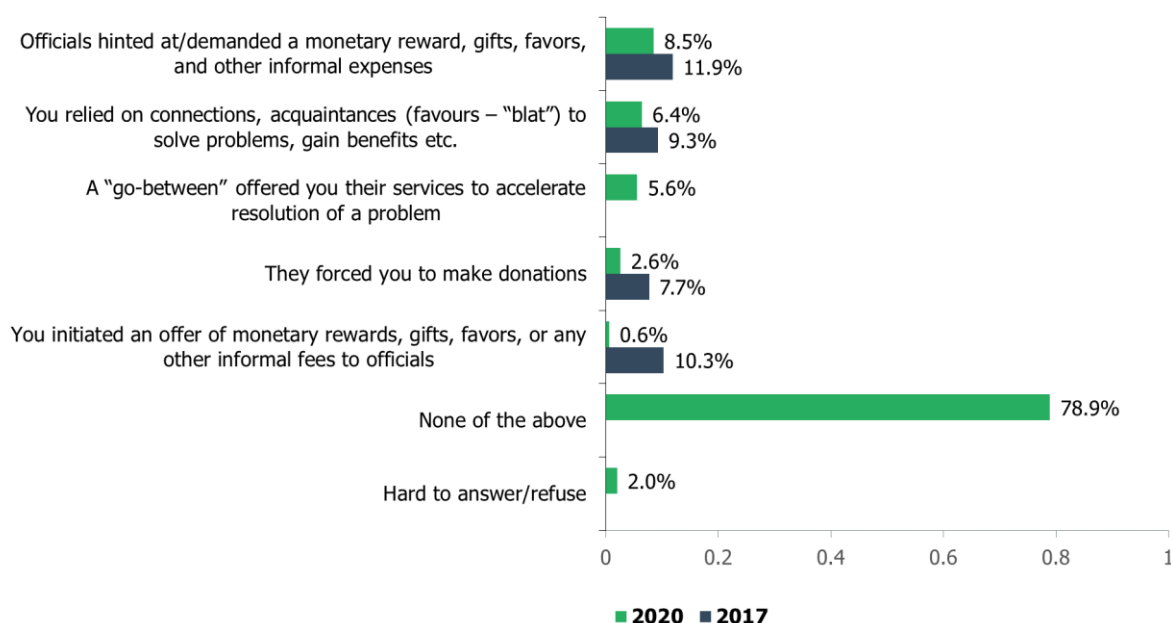
Figure 3.4. Subject matter of contacts between enterprises and state authorities or local self-government bodies (reasons regarding which more than 5% of respondents applied, are given)



**Format of interactions.** The vast majority of interactions, as in 2017, took place through personal contacts at the workplace during working hours (official appointment, etc.) or without personal contacts (letters, e-mails, or phone calls). There was a statistically significant decrease in the share of entrepreneurs who were forced to solve problems outside working hours (from 13.4% in 2017 to 5.8% in 2020). But the share of enterprises that communicated with the state authorities through an intermediary (lawyer, auditor) decreased more significantly: it was 27.8% in 2017, and only 12.0% - in 2020. Both of the latter formats have a potentially corrupt nature, so a decrease in the indicator may indicate a recovery of the relationship between business and government, establishing more direct contacts and simplification of procedures.

**Presence of corrupt practices during interactions.** Compared to 2007, the frequency of forcing to make charitable contributions and demanding bribes has significantly decreased. However, in the 2020 questionnaire, the wording of corrupt practices in contact situations was changed, so it is not possible to compare the data directly.

Figure 3.5. Corrupt and corruption-like practices during the interactions between enterprises and state authorities and local self-government bodies



### 3.3. Judiciary

Judiciary and the prosecutor's office received a **negative assessment** from experts on the prevalence of corruption-related offenses. The experts mentioned that the following corrupt practices were widespread in the context of the judiciary: receiving illegal remuneration for making a decision or delaying the proceedings, which was beneficial to one of the parties to the case (e.g., legalization of illegal construction, labor disputes).

*"Courts delay the consideration of materials on purpose or give them for revision because there is not a comma or a letter, in other words, the time for taking appropriate measures is delayed. If they see that there are any acquaintances, they wait until the lawyer resolves the issue."*

*"I do not mean corruption in small household matters, payment of small fines, but where there is, roughly speaking, a large fish – there is a lot of subjectivism."*

In the context of cooperation between business and the prosecutor's office, the experts pointed out such corruption-related offenses as illegal opening and closing of the cases on command, coverage of illegal and criminal actions by certain business structures (e.g., illegal construction, deforestation, amber mining): "The prosecutor's office is not looking for the truth, but for the benefits".

*"The prosecutor's office is characterized by abuse of procedural rights, failure to perform their official duties, omission of court hearings, unreasonable closure of criminal proceedings without proper investigation or opening of criminal proceedings so that they can be successfully closed for remuneration."*

According to the assessments of the *entrepreneurs*, courts and the prosecutor's office occupy one of the top places in the ranking of corruption (3.97 and 3.84 points on a 5-point scale, respectively, in 2020). Note that the patterns of assessing the corruption of the judiciary are somewhat different from the assessment of corruption in public procurement. Let us remind that the respondents who have experience in public procurement assess corruption in this sphere as less common compared to those who did not participate in procurement. In the case of assessing the corruption of the courts, there is no such difference in assessments.

**Court cases.** The share of the *entrepreneurs* who interacted with the judiciary has remained unchanged compared to 2017 and equals about 12%. About half of them had experience in two or more proceedings, and this distribution also remains stable compared to the previous measurement.

The services of the judiciary are most often used by medium-sized and large enterprises: about half of them participated in court cases. FOPs are the least likely to go to court, in this category the share of the respondents with experience of participation in court cases has barely exceeded 2%.

The subject of litigation is most often contractual disputes (with contractors or other persons) – their share equals 40.8% (this figure remained at the level of 2017). The second place is occupied by tax-related disputes (appeals against decisions, actions, inaction), their share constitutes 15.6%, in other words, this indicator has significantly decreased compared to 19% in 2017. 13.4% of the respondents participated in court cases on appeals against decisions, actions, the inaction of other state authorities, which has also remained unchanged since 2017.

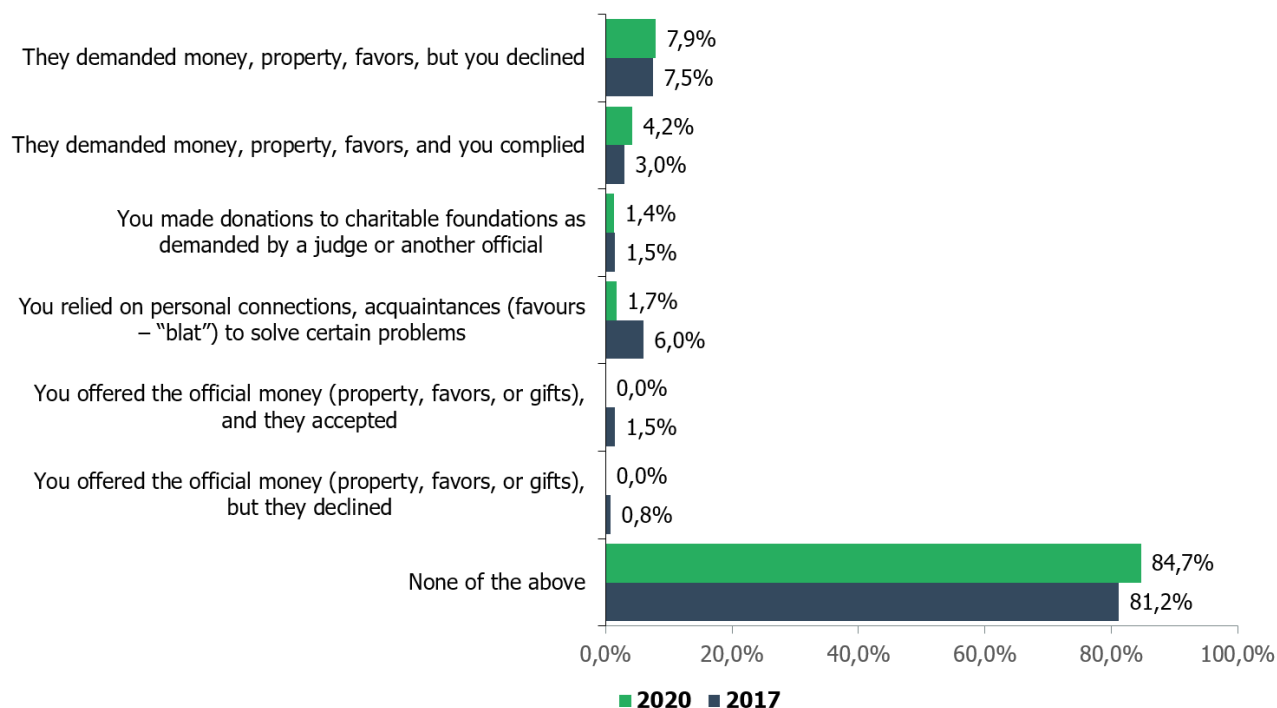
A significant decrease in court cases was recorded regarding land issues: in 2017, the share of the respondents who participated in such cases equaled 12%, and in 2020, it has barely exceeded 5%. Less than 5% of surveyed entrepreneurs participated in court cases on other issues (criminal proceedings, administrative prosecution, labor disputes), which repeats the figure of 2017.

Corruption and corruption-like practices that can be observed in obtaining court services were measured twice: regarding the recent interaction and regarding all interactions during the last 12 months. These two figures demonstrate similar results: a total of 83.3% of *business* representatives surveyed did not encounter corrupt practices, and according to the results of the recent case (Figure 3.6) – 84.7%. In 2017, the share of the entrepreneurs who did not encounter corrupt practices equaled 81.2%. Some reduction in corruption happened as a result of a decrease in the share of entrepreneurs who had to use personal connections, acquaintances (favors – “blat”) to deal with certain issues. It has decreased from 6% in 2017 to 1.7% in 2020, but this difference is statistically insignificant. The situation when entrepreneurs are demanded money, property, or services continues to occupy the first place (7.9%).

It is worth paying attention to the fact that although courts are considered more corrupt than central/regional/local authorities, there is less experience of encountering corruption in the courts than in the state authorities.

It is worth noting that male respondents are significantly more likely to encounter receiving demands for bribery than women (16% of men reported such an experience against 3.2% of women among the entrepreneurs surveyed)<sup>7</sup>.

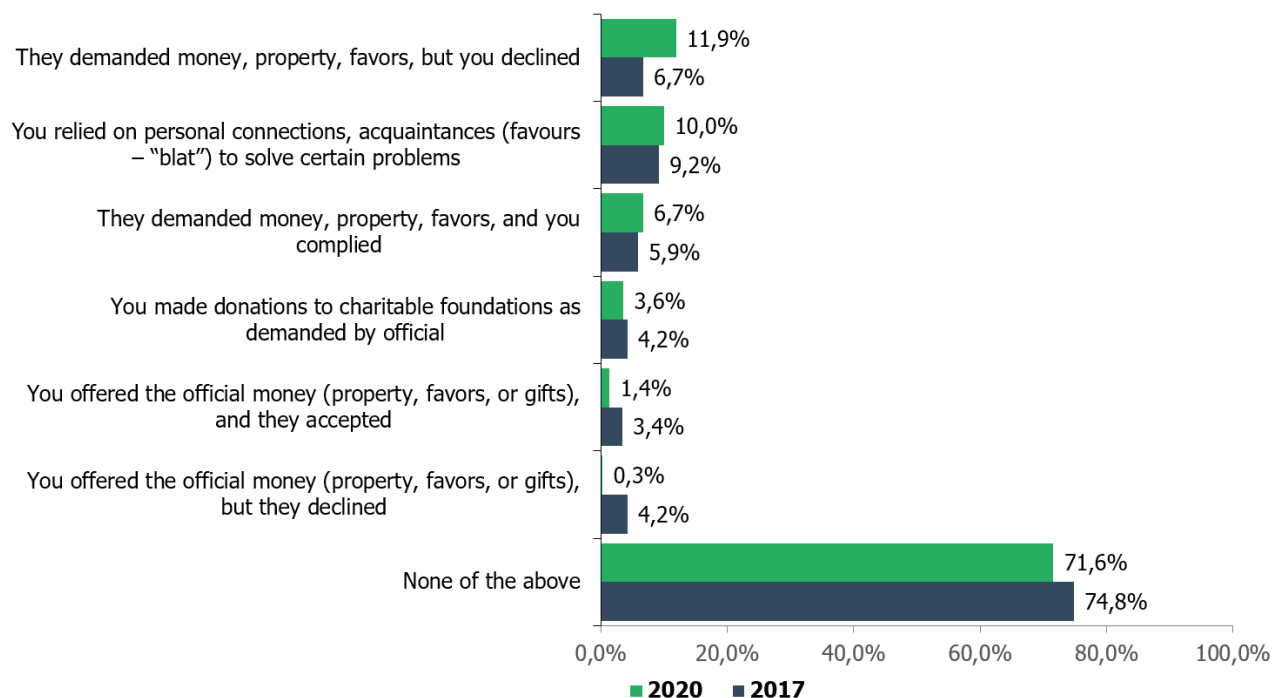
Figure 3.6. Presence of corrupt and corruption-like practices during the provision of court services



**Implementation of court decisions.** The share of *entrepreneurs* who interacted with law enforcement agencies also remains at the level of 2017: 14.2% of entrepreneurs surveyed had such contacts. 28.4% of such contacts display signs of corruption (Figure 3.7), which has remained at the level of 2017 within the statistical error. Receiving demand for a bribe occupies the first place among corrupt practices in the execution of court decisions: a total of 17.4% encountered such a demand, most of them (68.4%) did not agree. The frequency of the offers of bribes has significantly decreased. The frequency of demands has statistically insignificantly increased.

<sup>7</sup> It can probably be explained by the different position of the men and women surveyed. It can be assumed that the owner or manager of the company most often encounter the problem of bribery, and not another employee. As the chief accountants were also admitted to the survey, this could have affected the results. Among the surveyed men, only 1.1% are accountants, and among women — 33.6%. They can be both less aware of bribery and be more afraid to talk about it than the managers or owners.

Figure 3.7. Presence of corrupt and corruption-like practices in the implementation of court decisions



### 3.4. Law enforcement agencies

According to the *experts*, corrupt practices associated with the law enforcement agencies in the context of interaction with entrepreneurs are manifested in actions aimed at obtaining illegal benefits from business. Abuse of power by the law enforcement officers involves putting pressure on companies, opening and dismissing criminal cases against companies, "covering up" the gambling business, and so on.

*"Classic bribery. Criminal proceedings are dismissed for bribes. Or they are not investigated without bribes."*

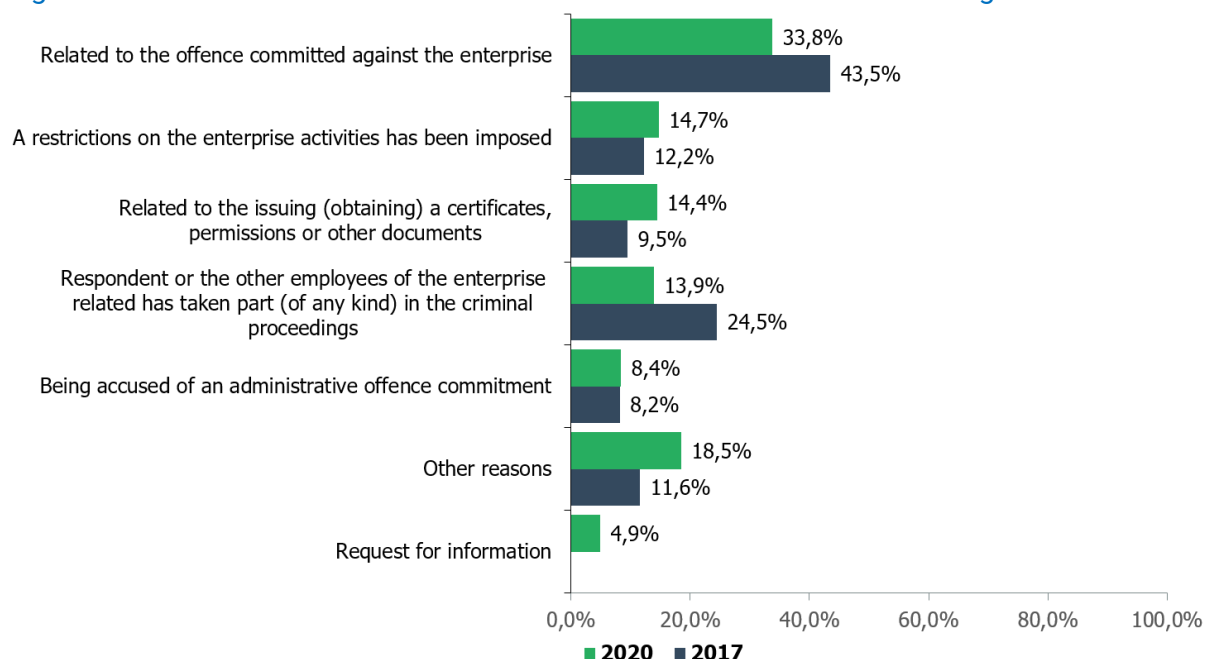
According to a survey of the *entrepreneurs*, the assessment of the prevalence of corruption in law enforcement on a 5-point scale equals 3.84 points for the prosecutor's office, 3.45 for the police, 3.38 for the SBU. Compared to 2017, the score for the prosecutor's office has improved (in 2017 the indicator was 4.00 points), and it has worsened for the police (from 3.30 points in 2017 to 3.45 in 2020). The assessment of the prevalence of corruption in the SBU has remained at the level of 2017 (3.35).

Similar to the judiciary, there is no dependence on estimates of the prevalence of corruption in law enforcement agencies on the personal experience of interactions with law enforcement agencies. Instead, there is a dependence on the experience of participating in court cases: entrepreneurs who have participated in court hearings consider the prevalence of corruption in the prosecutor's office and the police to be higher (4.15 and 3.82 in 2020, respectively).

The prevalence of interaction with the law enforcement system has slightly decreased: in 2017, about 15% of the respondents-entrepreneurs had such contacts, and in 2020 – one and a half times less (10.8%). Of these, 4.6% of the respondents had one contact in the last 12 months (in 2017 this figure was 6.8%), and 6.2% had several contacts (8.4% in 2017).

In general, 32.9% of business representatives encountered corrupt practices during contacts with law enforcement agencies, compared to 2017, the frequency of forcing to make donations has increased.

**Figure 3.8. Reasons for the most recent interaction with law enforcement agencies**



The reasons for the contacts have also changed: although the contacts regarding the offense committed against the company remain in the first place, but with a significantly lower score (33.8% in 2020 versus 43.5% in 2017). The share of contacts related to participation in criminal proceedings has also decreased (almost by half) (13.9% in 2020 versus 24.5% in 2017).

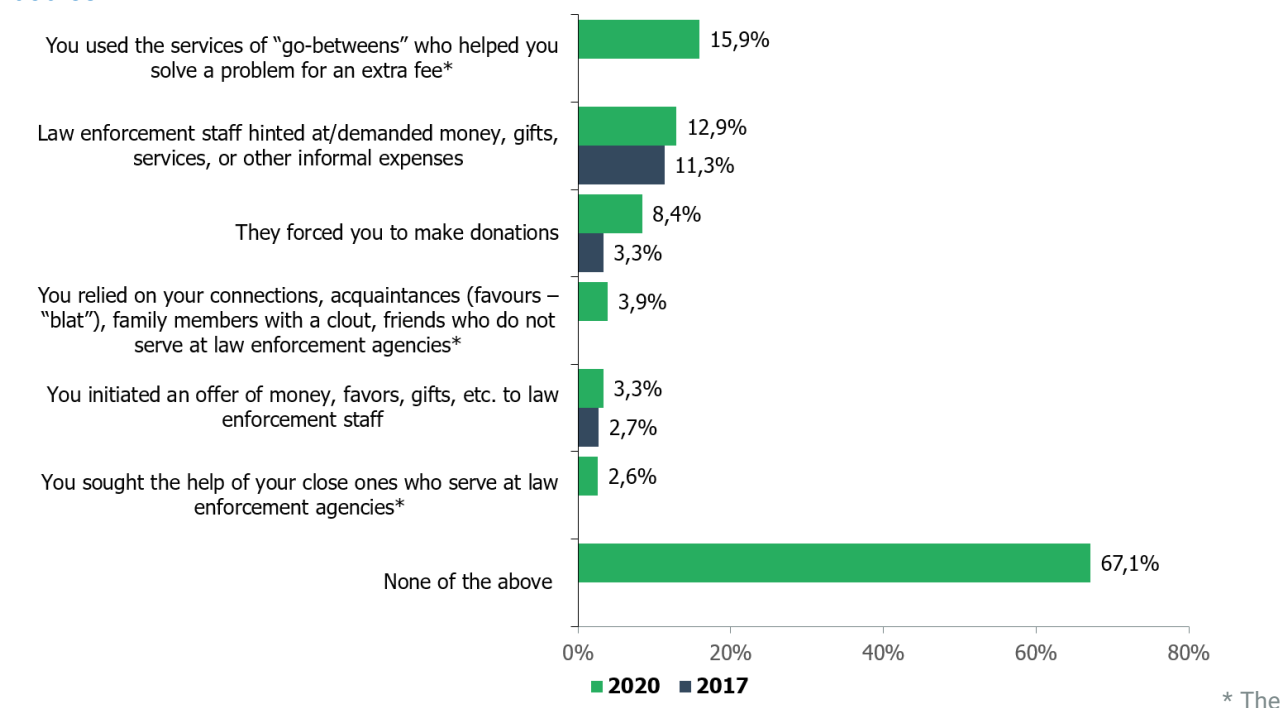
However, the share of contacts "for other reasons" has increased. Among these other reasons, there were enough cases to single out a separate reason for contact - "receiving information".

During the survey of the *entrepreneurs*, no special attention was paid to the Security Service of Ukraine in the context of corruption-related offenses. However, the *experts* mention the so-called K Division (Anti-Corruption and Organized Crime Unit). Experts point out that in order to obtain illegal remuneration from entrepreneurs, this unit of the SBU resorted to the following activities: obstructing the activities of certain companies, exerting pressure (for example, searches, seizure of property), obtaining funds for licenses and other permits.

*"This is the famous K division, which is engaged in business raiding. It receives funds for the issuance of licenses, non-prosecution of representatives of business organizations." "It intervenes in economic, social processes, where they must not interfere."*

*"Because the SBU continues to perform its untypical functions of combating corruption and combating economic crime. Unfortunately, they are still an active participant [in the fight against corruption and the fight against economic crime], and use their official powers to stop certain business activities of certain business entities."*

**Figure 3.9. Presence of corrupt and corruption-like practices during contacts with law-enforcement bodies**



### 3.5. Services provided by energy companies

Cooperation with private energy companies remains a very sensitive topic for Ukrainian business, and corrupt and/or questionable practices in this area remain widespread.

In particular, the *experts* point out that when receiving the services of energy companies (for example, when connecting to gas and electricity supply system, etc.) corrupt practices are widespread, in which small and medium-sized businesses are primarily get involved. In order to speed up the processes and eliminate artificial obstacles in the process of obtaining services, the *entrepreneurs* use "classic corruption" - bribery of an employee of an energy company (survey data, see Figure 3.10).

Also, the signs of corruption in the industry include unreasonable pricing policy, the presence of an uncontrolled monopoly on the provision of services by energy companies.

*"Energy is filled with corruption everywhere, but there is almost none in gas supply. There is a monopoly on electricity, a monopoly on coal, cartels that raise prices, and a few people watch this, for*



*example, on gasoline, and so on. In other words, now the market price should have been lower, but it is not due to a cartel agreement and the lack of control of the Antimonopoly Committee.”*

As for the energy companies, the experts point out that they are joined with the state authorities, their interests are actively lobbied at the highest level (Cabinet of Ministers, Verkhovna Rada).

According to the results of the survey of *entrepreneurs*, in 2020, 16.4% of the entrepreneurs surveyed turned to electricity companies, and 5.8% - to gas supply companies, regarding the issues that do not concern common practices such as payment of bills or transmission of meters, over the past 12 months. The prevalence of contacts remained at the level of 2017 (then these figures were 17.2% and 7.2%, respectively, the decrease is not statistically significant). For the most part, energy companies are approached by legal entities, while individual entrepreneurs integrate with energy companies about twice as less often.

The main reason for appeals to energy companies is to obtain permits, coordinate (approve) projects and connect to the network, as well as cross-checking the settlements. The structure of appeals and business needs remain stable.

The share of the enterprises that report about the presence of corruption elements during such interactions has decreased down to 30% in 2020, while in 2017 it equaled 40%; such a decrease is statistically significant. However, despite the decline, interactions with energy companies remain one of the leaders in the prevalence of corrupt practices. The situation is comparable only with contacts with bailiffs (28.4%), while for the rest of the studied situations, the share of corruption-like interactions equals 15-20%.

We have identified three types of informal practices and costs that appear during contacts with energy companies (not including official payments, additional fees, and fines):

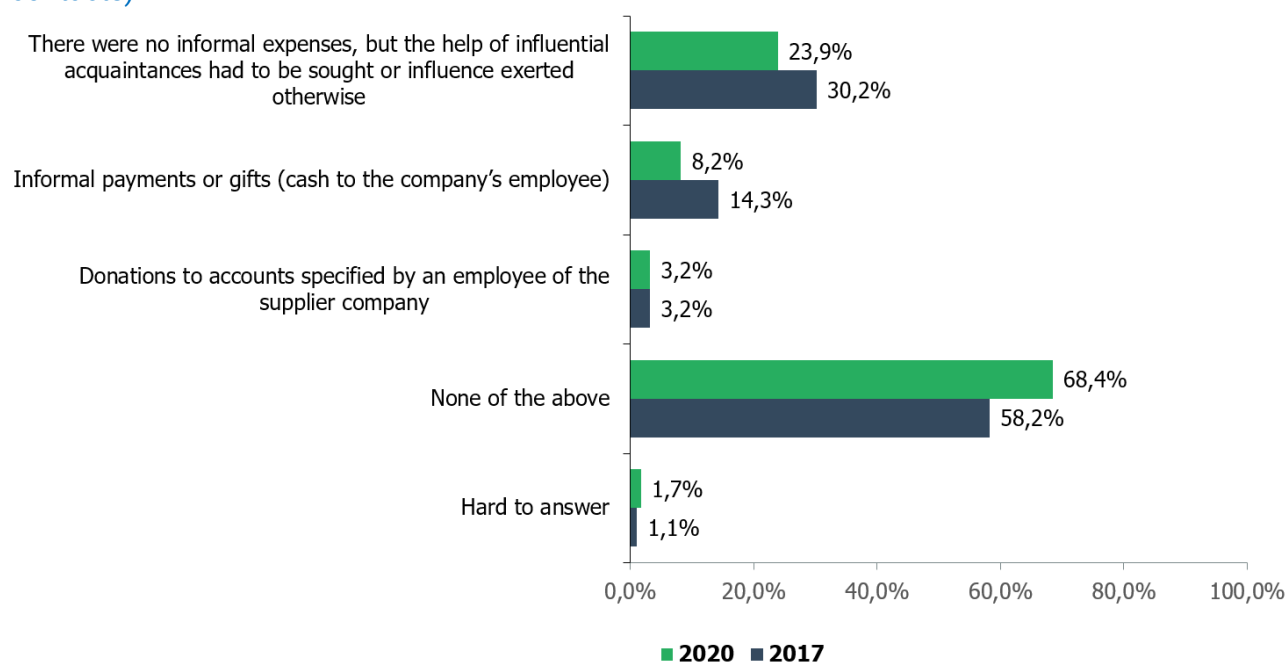
- charitable donations to accounts that were named by a representative of the service provider;
- informal payments or gifts (cash to a company employee);
- trade in influence, when there are no informal expenses, but you have to seek help from influential acquaintances in order to resolve the issue or influence the situation in a different way (see Figure 3.10).

The latter practice is the most common: almost a quarter of the entrepreneurs surveyed had to resort to it. In 2017, the same figure equaled 30.2%, but there is no statistically significant reduction in this practice.

Informal payments or gifts occupy the second place: 8.2% of the entrepreneurs surveyed did it in 2020, and this indicator equaled 14.2% in 2017. The reduction, in this case, is statistically significant.

The practice of questionable charitable donations has remained at the level of 2017, 3.2% of the respondents had to resort to them.

Figure 3.10. Corrupt practices during interactions with energy companies (% of those who had contacts)



## SECTION 4. EFFICACY OF COMBATING CORRUPTION: PERCEPTION OF ANTI-CORRUPTION ACTIVITIES OF INSTITUTIONS

### 4.1. Perception of anti-corruption activities of institutions

As it was indicated in the report "Corruption in Ukraine: Understanding, Perception, Prevalence" in 2017, in order to overcome corruption as a social problem, it is necessary to join the efforts of all public institutions. Thus, there is a need for different instruments to assess the efficacy of the involvement of different institutions in counteracting, preventing, and combating corruption. This study provides an opportunity to determine the level of perception of the audiences studied the success and effectiveness of anti-corruption activities of all public institutions.

*Public.* The results of the survey of the population regarding the assessment of the effectiveness of activities towards counteracting, preventing, and combating corruption are demonstrated in Figure 4.1. The wording of some questions for assessing the anti-corruption activities of various institutions has been changed compared to the 2017 study, so it is impossible to indicate the evolution of all factors. However, the scale and evaluation principles remained unchanged, which allows to correctly compare the results that are available for comparison.

A 5-point scale is used for evaluation here, where 5 means "very effective" and 1 means "completely ineffective" (i.e. a value greater than 3 means a greater number of positive evaluations, and a value less than 3 means a greater number of negative evaluations).

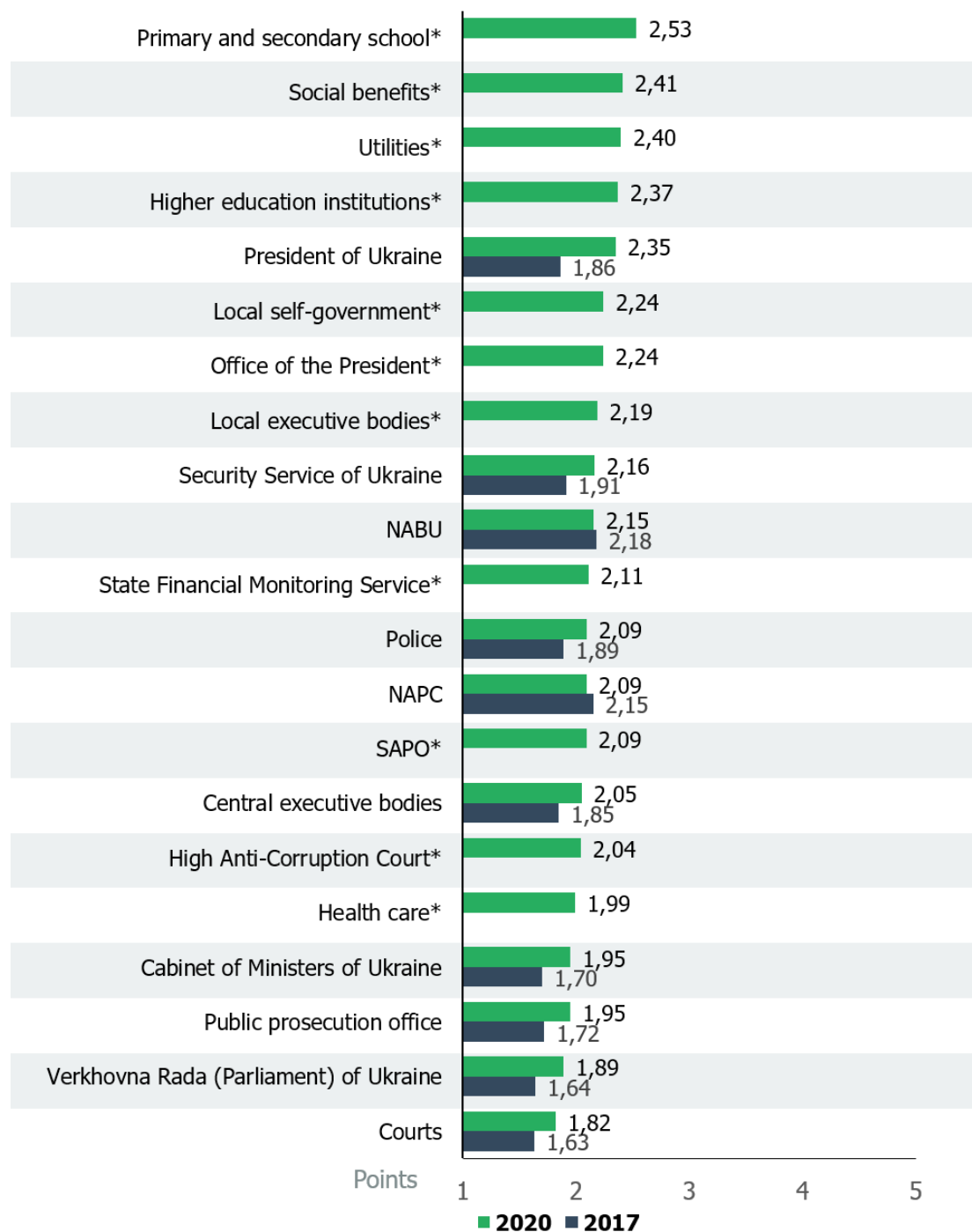
The *population* believes that the most effective activities for preventing and combating corruption take place in educational institutions, in the field of social benefits and utility services. In the social sphere, corruption in health care is the slowest to overcome. Among the state authorities, the leaders of efficiency include: The President and his Administration, local authorities, and local self-government bodies; the courts and the Verkhovna Rada are the least effective in combating corruption. The estimates for almost all state authorities have slightly increased compared to 2017, as evidenced by the gradual increase in public confidence in the anti-corruption activities of these bodies. Only the assessments of the bodies whose main task is to prevent and combat corruption have remained at the level of 2017, the National Agency for Prevention of Corruption (NAPC) and the National Anti-Corruption Bureau of Ukraine (NABU).

There is no significant difference in the assessment results regarding gender. Young people aged under 29 years old tend to better assess the performance of all the institutions than the people aged over 40 years old. The largest difference in assessments was recorded regarding the anti-corruption activities of the President of Ukraine, Administration of the President of Ukraine. There is also a difference in assessments by region: the respondents living in the Eastern region tend to give the highest scores, while the respondents from the Southern region are the most skeptical (Table 4.1).

In 2020, the dependence of assessments on the level of awareness of the respondents, which was recorded in the 2017 survey, has remained unchanged. The more the respondents are aware

(according to self-assessment) of what corruption is, what is the level of corruption in Ukraine, which state agencies are authorized to combat corruption, what are the results of these activities), the more they are skeptical in assessing the effectiveness of anti-corruption activities of these authorities.

Figure 4.1. Assessment of the efficacy of activities in the anti-corruption sphere by the public



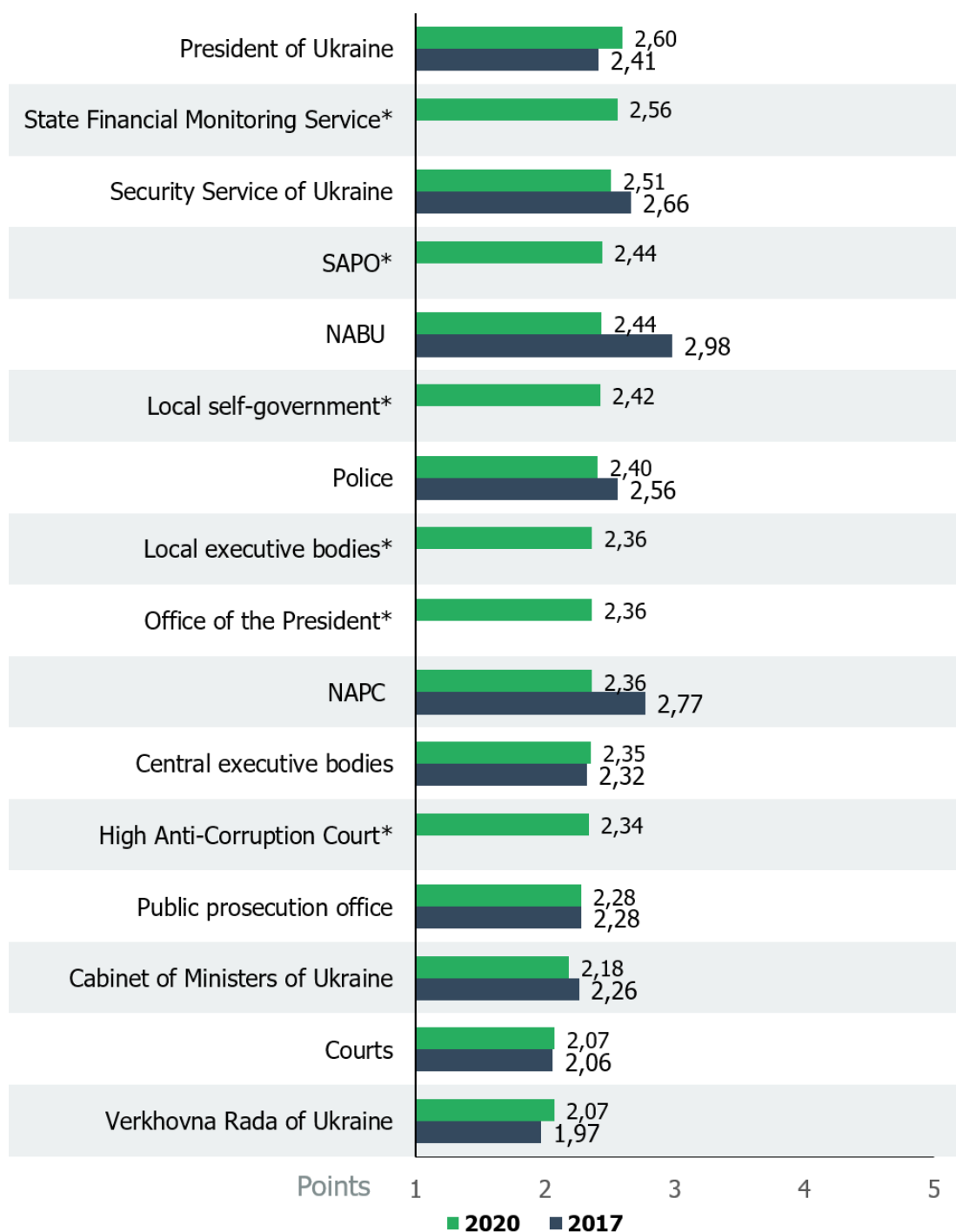
\*Options added in 2020

Table 4.1 Assessment of the efficacy of activities in the anti-corruption sphere by the public (by age and region).

	Region:						Age					TOTAL
	Northern	Central	Eastern	Southern	Western	Kyiv city	18-29 y.o.	30-39 y.o.	40-49 y.o.	50-59 y.o.	60 y.o. +	
Primary and secondary school	2.39	2.84	2.87	2.28	2.31	2.51	2.65	2.55	2.58	2.48	2.44	<b>2.53</b>
Social benefits	2.27	2.55	2.53	2.37	2.33	2.33	2.50	2.55	2.40	2.34	2.30	<b>2.41</b>
Utility services	2.05	2.63	2.62	2.42	2.37	1.96	2.51	2.49	2.41	2.39	2.25	<b>2.40</b>
Higher educational establishments	2.22	2.52	2.64	2.18	2.18	2.44	2.46	2.41	2.36	2.38	2.27	<b>2.37</b>
President of Ukraine	2.31	2.29	2.57	2.17	2.20	2.56	2.58	2.50	2.22	2.24	2.24	<b>2.35</b>
Local self-government bodies	2.16	2.57	2.47	1.96	2.10	1.98	2.41	2.25	2.20	2.21	2.18	<b>2.24</b>
Administration of the President of Ukraine	2.34	2.13	2.52	1.96	2.08	2.33	2.51	2.33	2.09	2.22	2.12	<b>2.24</b>
Local executive bodies	2.03	2.49	2.43	1.90	2.07	1.96	2.32	2.23	2.15	2.15	2.12	<b>2.19</b>
Security Service of Ukraine	2.13	2.29	2.43	1.82	2.01	2.16	2.31	2.23	2.12	2.13	2.06	<b>2.16</b>
National Anti-Corruption Bureau of Ukraine	2.03	2.20	2.58	1.78	2.00	2.09	2.28	2.17	2.12	2.12	2.11	<b>2.15</b>
State Financial Monitoring Service	2.07	2.39	2.32	1.74	1.98	1.93	2.23	2.16	2.09	2.05	2.04	<b>2.11</b>
Police	2.03	2.30	2.24	1.78	2.06	1.96	2.18	2.15	2.01	2.08	2.06	<b>2.09</b>
National Agency for the Prevention of Corruption	2.04	2.28	2.39	1.67	1.95	2.00	2.22	2.12	2.08	2.09	1.99	<b>2.09</b>
Specialized Anti-Corruption Prosecutor's Office	2.02	2.26	2.38	1.60	2.01	1.97	2.27	2.17	2.05	2.10	1.93	<b>2.09</b>
Central executive bodies	2.02	2.21	2.29	1.66	1.95	1.96	2.17	2.11	2.01	2.02	1.97	<b>2.05</b>
The High Anti-Corruption Court of Ukraine	2.04	2.22	2.40	1.59	1.85	1.95	2.21	2.09	2.00	2.01	1.94	<b>2.04</b>
Health care	1.90	2.00	2.20	1.87	1.89	1.96	2.16	2.02	1.95	1.95	1.91	<b>1.99</b>
Cabinet of Ministers of Ukraine	2.13	1.83	2.18	1.51	1.87	2.04	2.06	1.99	1.82	1.98	1.92	<b>1.95</b>
Prosecutor's office	1.89	2.11	2.14	1.59	1.87	1.93	2.06	2.02	1.92	1.89	1.89	<b>1.95</b>
Verkhovna Rada of Ukraine	2.18	1.73	2.12	1.47	1.81	1.81	1.98	1.94	1.82	1.88	1.84	<b>1.89</b>
Courts	1.93	2.00	2.05	1.41	1.65	1.76	1.91	1.88	1.76	1.77	1.79	<b>1.82</b>

*Entrepreneurs.* The results of the survey of entrepreneurs regarding the assessment the efficiency of activities for prevention and combating corruption are shown in Figure 4.2. Similar to the population, among the state authorities, the entrepreneurs evaluate the activities of the President of Ukraine the highest, and the activities of the courts and the parliament – the worst. However, even the highest scores, both of the population and of the entrepreneurs, do not reach 3 points (activities are sometimes effective and sometimes not). This indicates the absence of striking examples of the fight against corruption that could prove to business and society the effectiveness of anti-corruption efforts of the state authorities.

Figure 4.2. Assessment of efficacy of activities in the anti-corruption sphere by entrepreneurs



\* Option added in 2020

The estimates of *entrepreneurs* have remained at the level of measurement in 2017, with the exception of NAPC and NABU, whose performance estimates have significantly decreased: there is a decrease from 2.77 to 2.36 for NAPC, and from 2.98 to 2.44 – for NABU. This indicates a certain disappointment in the results of activities of these agencies.

There is no significant difference in the assessment results of the *entrepreneurs* due to the age of the respondents (possibly due to the low representation of young people aged under 29 years old among business owners and managers (7.1%). Instead, there is a difference in the assessments between men and women. The men are more critical in evaluating the anti-corruption activities of all institutions: the difference is statistically significant for all organizations on the list, and the averages constitute 2.28 for men and 2.47 for women. Among the studied groups of entrepreneurs, the managers of medium-sized and large businesses give the highest assessment of the effectiveness of activities for preventing and combating corruption. Their estimates are, on average, by 20-25% higher than the estimates of individual entrepreneurs and small businesses.

*Experts.* The experts rate the effectiveness of the state authorities' activities for preventing and combating corruption the highest compared to other categories of the respondents. The results of their survey are shown in Figure 4.3. If we consider the general index of effectiveness of anti-corruption as an average score for all institutions evaluated by the respondents, then this index will equal 2.15 points for the public, 2.36 – for entrepreneurs, and 2.70 – for experts. Unlike the population and entrepreneurs, the experts placed the President of Ukraine in the middle of the efficiency rating and put the High Anti-Corruption Court, the National Anti-Corruption Bureau of Ukraine, and the Specialized Anti-Corruption Prosecutor's Office in the first place.

According to the *experts*, both NABU and HACC have sufficient political independence and impartiality in decision-making, thanks to the laws adopted by the Verkhovna Rada, legal principles of work, and great social responsibility.

Also, the approval of the *expert environment* is caused by increased attention to the building the staff of these institutions. The recruitment is done on the open rigid competitive basis, *"people with spotless background work there."* At the moment, the respondents do not know the facts that can inspire significant reputational risks for these structures.

*"The High Anti-Corruption Court has not yet shown its effectiveness, it has been recently established, but it inspires hope as an institution based on the right principles at least, and where people were selected after careful review of their profiles, their previous activities. In other words, these are people who can make the right decisions, another question is whether they will do it, there is no corruption within this institution yet."*

The *experts* consider the absence of significant and resounding victories in the fight against corruption to be a matter of time and explain it with the relatively short period of existence of both NABU and HACC, their current stage of formation, *"it is too early to assess the activities of these institutions."* Nevertheless, a significant success/progress is the shift in the investigation of corruption cases, the focus on corruption-related offenses, including at higher levels.

*"What they have achieved, in particular, NABU, is that people who were previously completely inviolable: judges, prosecutors, ministers, deputy ministers, MPs, many of them are involved in cases, investigations now that have been proven, there are suspicions, which have been served, there are hundreds of cases that have been sent to court."*

The SAPO also received a fairly high assessment of *experts* in the context of combating corruption, but it has negative assessments as well. Despite the new approach in the establishment of this institution, fair open competitions for recruitment, and the presence of some progress in the investigation of corruption-related offenses, the experts are dissatisfied with the effectiveness of the SAPO, its ability to complete the cases.

*"There are gaps in the SAPO. For example, regarding Ukrnafta, the SAPO has been slowing down the case for six months now, the procedural supervisor called in sick, went on vacation, was reading, was busy, etc. I mean, there are cases that the SAPO delays, but there are the cases that the SAPO is really working on. So, there is a shaky situation. I mean, the SAPO is also influenced by external factors. SAPO is a subdivision of the prosecutor's office. "*

Regarding NAPC, within the framework of this survey, the *experts* gave ambiguous feedbacks on the evaluation of the agency's activities.

Some experts singled out the NAPC as an institution with a low prevalence of corruption. This assessment is the result of the recent update of the agency, when a new head was appointed and the principles of work were changed, then the activity increased in terms of identifying corruption risks, transparency, and openness in communication.

*"People who were seriously criticized for their corruption in the past were kicked out. For the first time, they began to respond to all people's letters with suggestions to check someone. They allegedly stopped doing random checks, but are doing everything according to plan. "*

*"A new head the NAPC is a completely normal person. In addition, the NAPC began to demand explanations directly from the President of Ukraine, at what expense he flew. We do not know how this will end for the NAPC director. I mean, they are monitoring. We apply to the NAPC, they provide clarifications and verifications. Now the NAPC is changing its program on processing declarations, because it has "bugs" written since last time, including access to these declarations of NABU and SAPO, in other words, the NAPC is still moving."*

At the same time, some experts indicated the low efficiency of the NAPC, *"it does not work as it should."* Thus, the criticism of the agency is not the result of the prevalence of corrupt practices within the body, but the inconsistency of the results with the expectations of the public. In single cases, it was mentioned that the NAPC is administered manually, so the selective consideration of protocols for bringing to administrative responsibility is typical.

*"Over the past 3 years, the NAPC has checked as many as 1,000 declarations. It seems there are a total of 2 or 3 million of what they have. Nobody was actually prosecuted for non-declaration, not a single political party was brought to justice for fake funding, although there were more than enough journalistic materials. They did not work at all and in reality, they did not take any actions towards conflicts of interest, did not work with whistleblowers, they found whistleblowers inside their agency".*

The experts agree with other categories of respondents on the courts, placing them at the end of the ranking. They point out that there is significant abuse of corrupt practices by the judiciary (courts and prosecutor's office). As a rule, cases are not often considered purely in the legal plane, but they are subject to external influence. The decisions are made on command, there is no transparency and



legal validity of conclusions, and so on. There is a need to reform the body and review the panel of judges to overcome the corruption risks that are created and maintained by the system today.

*"The whole state is destroyed in the courts – construction, crime, civil matters – everything is given away."*

*"Courts and the prosecutor's office are characterized by a lack of logical completion of the process of reforming these structures. In other words, the presence of old staff who are used to acting in a certain way – without a complete reset of these bodies, nothing in this regard will change".*

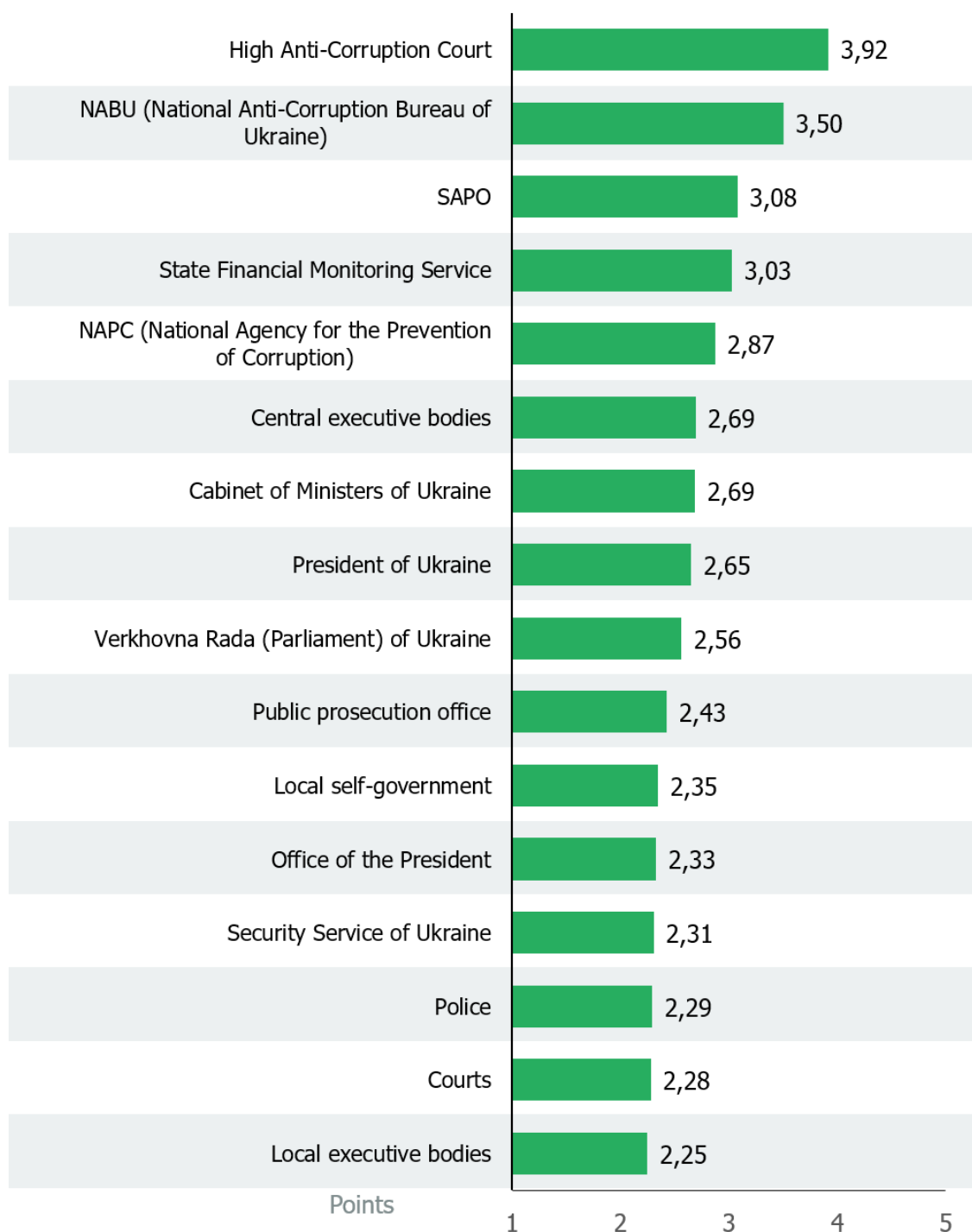
In contrast to the *population*, who believe that local executive bodies are more effective in fighting against corruption than other state authorities, the *experts* put local authorities at the end of the ranking. The *experts* point out that the fight against corruption on the ground is only nominal due to the high interest of the representatives of the local authorities in obtaining illegal benefits. Such favorable conditions for the flourishing of corruption schemes, as remoteness from the center and low level of attention to their activities by supervisory authorities, should also be taking into consideration.

*"So-called local elites, under the guise of decentralization, are trying to close everything completely on themselves, starting from land issues to the allocation of the budget, to procurement. And in the regions, away from the capital, away from the loud TV channels and cameras, in a quiet swamp, there are a lot of devils who cut off the state resource, financial, land, and anything. The local level remains in the shadows because NABU does not reach it, although this is not actually their mandate, because NABU is responsible for high-ranking corruption, while the SBU and the National Police should work with village and city mayors who cut the local budget on the ground, it does not happen".*

*Experts'* assessments vary depending on their category. Thus, the highest scores are usually given to civil servants working in the field of preventing and combating corruption, as well as anti-corruption experts for whom this is a professional activity. Representatives of non-governmental organizations (NGOs), public figures, and representatives of international organizations are most critically minded. Their assessments are more consistent with the assessments of the business environment. However, the rating that can be compiled from the assessments of different groups of experts remains unchanged in most positions: all groups of experts gave the highest scores to the High Anti-Corruption Court and the National Anti-Corruption Bureau of Ukraine. The experts who dealt with corruption-related offenses (lawyers, judges, prosecutors) better assess the effectiveness of the courts as anti-corruption bodies. And civil servants rate the efficiency of the Presidential Administration higher than other groups.

The most critically minded group in the NABU assessment is NGOs and public figures, while the representatives of think tanks gave the effectiveness of NABU's activities the highest assessment. The civil servants rated the work of the NAPC with the highest scores, while anti-corruption experts, for whom it is a professional activity – with the lowest.

Figure 4.3. Assessment of efficiency of activities in the anti-corruption sphere by experts



The most significant differences were recorded in the assessments of the Security Service of Ukraine: the highest scores on efficiency was given by anti-corruption experts, for whom it is a professional activity, and civil servants, the lowest – by the representatives of think tanks and NGOs. According to some experts, the SBU is characterized by factors that contribute to the presence of a corruption component, namely: uncontrolled activities and closed nature of the structure, the prevalence of abuse of power, non-transparency of activities, and so on. It should be noted that the

expert community expressed an opinion on the need to reform the approaches to the work and staff of the SBU (as well as of the law enforcement agencies in general).

*"The SBU and the police are the cradle of Ukrainian corruption, the old system that has remained virtually unreformed since Soviet times."*

## **4.2. Priority areas of the fight against corruption**

The question of the areas that the respondents consider a priority in the fight against corruption, was raised for the first time in the 2020 study. The respondents (*public and entrepreneurs*) chose three options each and ranked them from the highest to the lowest priority from the proposed list. The data on the areas that were mentioned among the three most important is demonstrated in Figure 4.4.

For both *entrepreneurs and the public*, the first priority is to cleanse the judiciary of corruption: more than half of both audiences (56.9% of entrepreneurs and 52.2% of the population) mentioned this area among the three top priorities. Also, the entrepreneurs and the public share the opinion on the fight against corruption in the law enforcement agencies (Ministry of Internal Affairs and the Prosecutor's Office) – about 40.6% of the entrepreneurs and 37.2% of the population have chosen this area as a priority number one.

Regarding the next top priority areas, the population considers it a more urgent task to clean up the social sphere, especially the health care system (37.7%, while entrepreneurs – only 23.5%). The entrepreneurs place the taxation and customs spheres at the highest levels of the rating (31.7%, and the population – only 24.5%).

Also, the entrepreneurs are slightly more concerned about the corruption in the defense and security spheres than the population (23.2% of the entrepreneurs and 15.9% of the public), as well as about the corruption in election processes, funding of the parties, and election campaigns (25.3% of the entrepreneurs and 20.6% of the population).

If we consider the data on the first priority in the fight against corruption (Figure 4.5), the request of business to clean up the judiciary is formulated more clearly. 57% of those entrepreneurs who chose the answer "Judiciary" chose it as the first priority. The population pays special attention to the law enforcement agencies and the prosecutor's office – 55% of those who chose this answer chose it as the first priority.

In terms of the first priority (Figure 4.5), the judiciary is becoming an obvious leader: 32.3% of the entrepreneurs and 21.4% of the public have chosen it as the first priority in the fight against corruption; the second place is occupied by the law enforcement agencies and the prosecutor's office, by a wide margin (10.8% of the entrepreneurs and 15.5% of the public).

Figure 4.4. Priority areas in the fight against corruption (respondents chose 3 options)

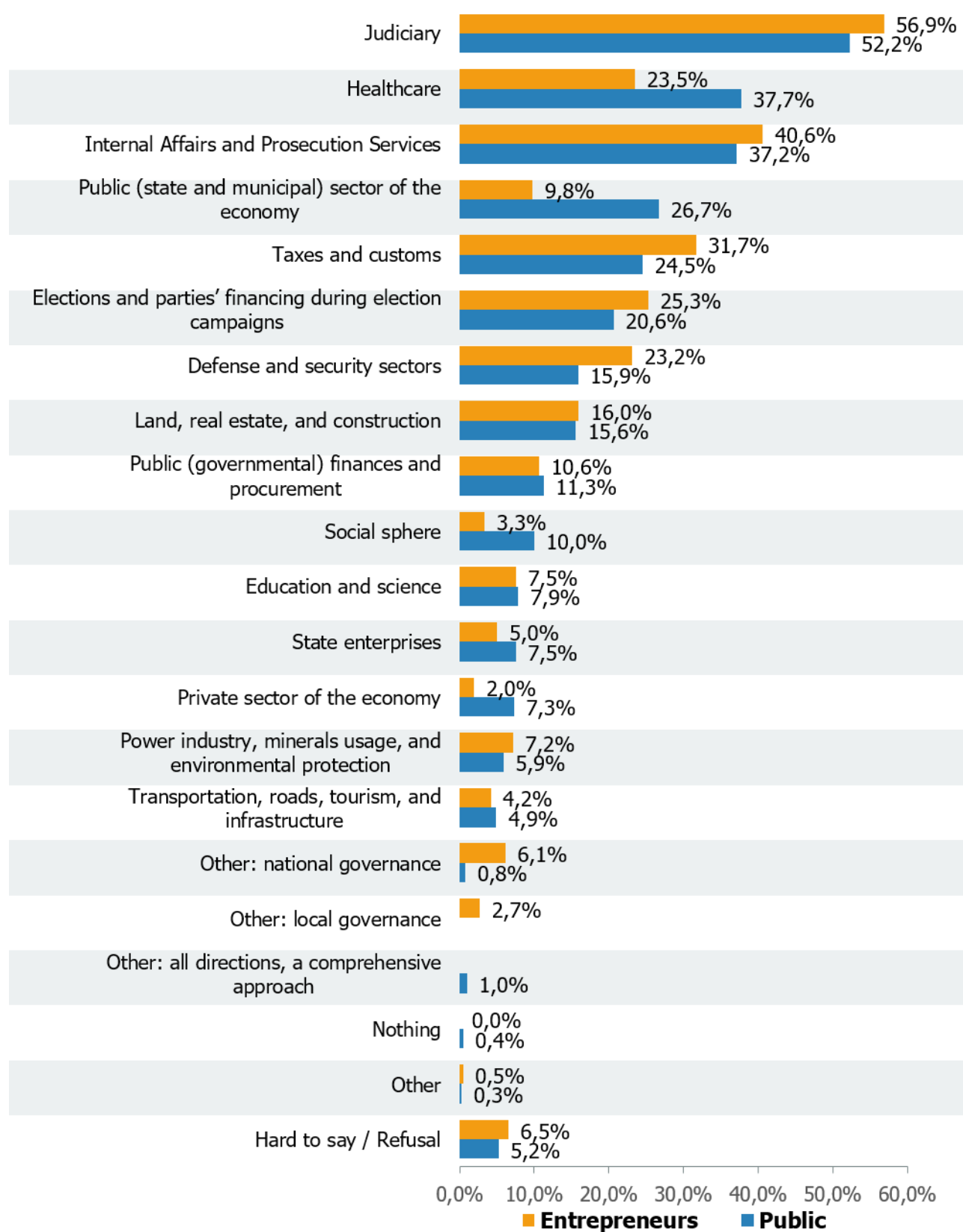
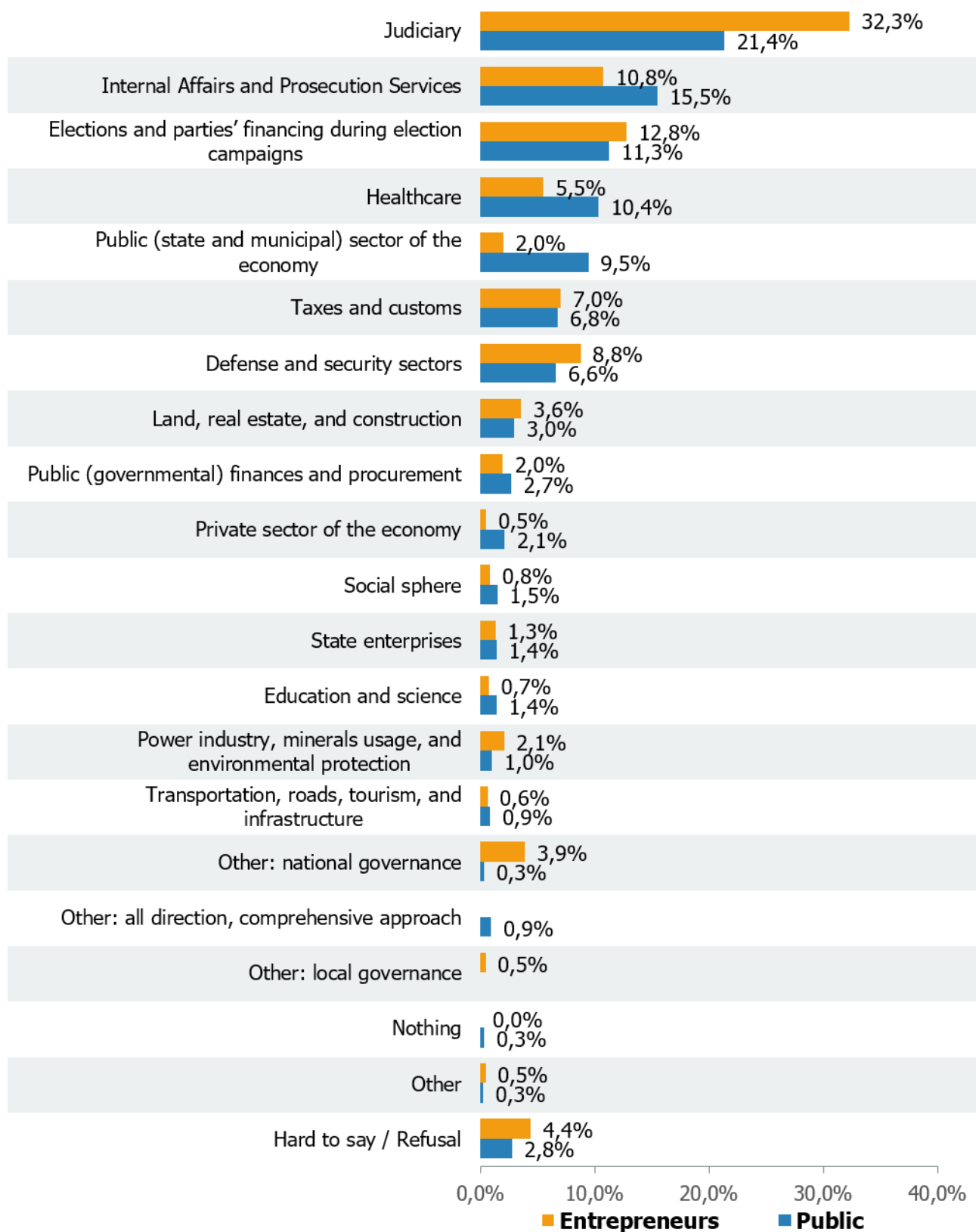


Figure 4.5. Priority areas in the fight against corruption (the highest priority was chosen of the three options)



## SECTION 5. INTEGRATED INDICATORS FOR THE STATE ANTI-CORRUPTION POLICY

As was stated in the 2017 report, the main objective of this survey was to collect data that can be used as relevant indicators for the state anti-corruption policy. These indicators are intended to demonstrate the dynamics of the situation in the country and show the successes of measures provided for in respective political programmes or strategies.

**Accordingly, the following empirical indicators of success in the implementation of anti-corruption policy can be identified in this study:**

1. Share of the public/entrepreneurs that have a negative attitude to corruption; willingly rejects corrupt patterns of behavior;
2. Share of the public/entrepreneurs who experienced corrupt practices (the level of “corruption victimhood” of the audience) in general or in specific areas;
3. Share of the public/entrepreneurs that can be labeled whistleblowers (those who have already reported corruption to authorized bodies or are ready to do so).
4. Share of the population that is aware of and trusts the main anti-corruption agents.

### **Indicator 1. The share of the audience that has a negative attitude to corruption willingly rejects corrupt patterns of behavior**

As it was mentioned by researchers in the previous wave of the survey, this indicator cannot be based only on defining a subjective attitude to corruption – direct questions using the like/dislike formula.

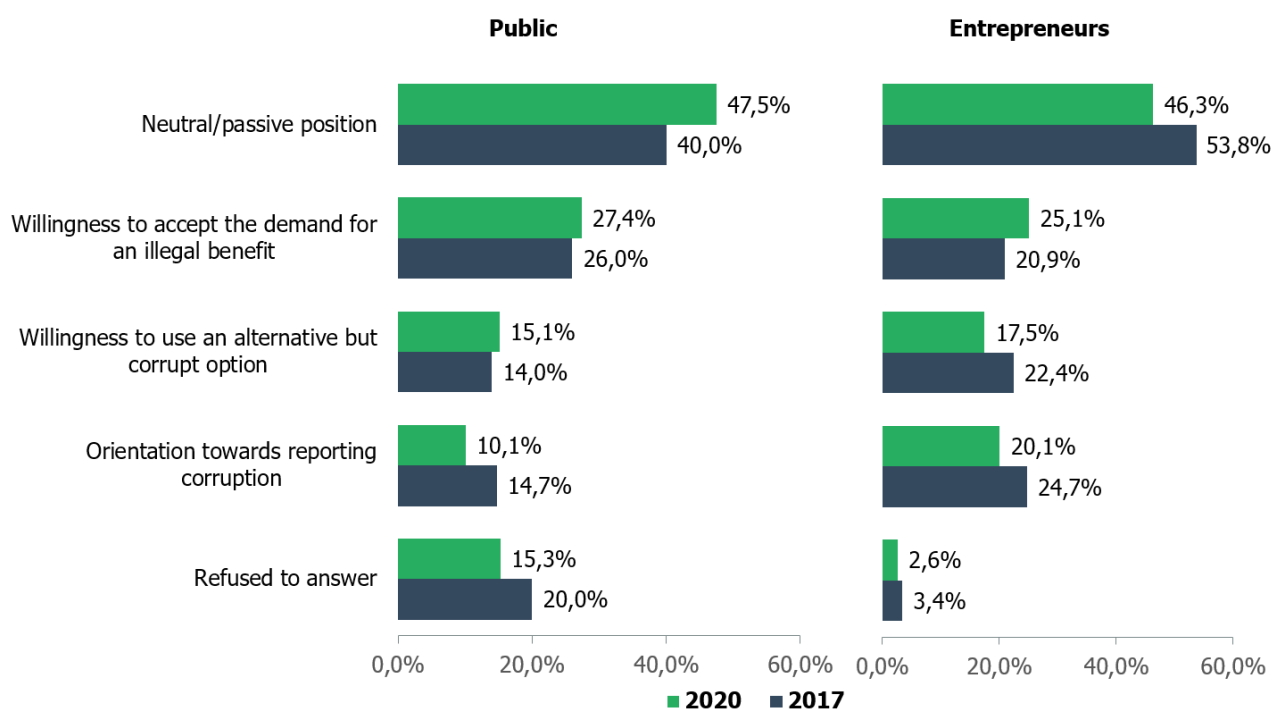
Thus, the attitudes of the public and entrepreneurs toward corruption can be measured using indicators that reflect the actual or potential refusal to participate in corruption as a means for solving certain problems. In particular, this survey used the method of hypothetical situations, which means the respondents (both the *public and entrepreneurs*) were offered a hypothetical situation in which they receive an administrative service from a state authority or a local self-government body.

"Imagine the situation. You have applied to a government agency for a certificate that you urgently need to deal with a personal affair. You have been informed that the certificate will be ready in 30 days, but you need it as soon as possible. When you left the office, a random person in the hall told you that his neighbor received such a certificate the next day, paying 500 hryvnias to the head of the department that issues such certificates. What would most likely be your actions in such a situation?"

The respondents were asked to select the most probable option for solving a common problem: receiving a proposal to speed up service if the respondent personally transfers remuneration to the official. The obtained results are shown in Figure 5.1.

The options of behavior in the proposed situation were grouped into 3 main areas: (1) passive refusal to participate in corruption, or a neutral position; (2) accepting the model of corrupt behavior (direct or alternative corruption); (3) active prevention of corruption (reporting corruption).

Figure 5.1. Readiness to select a corrupt model of behavior (using corruption as an instrument)



The neutral position is a predominant trend: about half of the representatives of both audiences, the public and entrepreneurs, chose it (the position "I'll just wait"). Meanwhile, a neutral position is more common among the *population*, while the share of neutral positions is declining among the *entrepreneurs*. Similar to the first wave, the second wave of the study shows a significant share of answers "it is hard to answer" among the population. For such a sensitive issue, a refusal can also be a sign of the absence of resources for choosing the corrupt option, in which case a reduction in the share of such responses among the population is a positive sign.

About 40% of the respondents (both *entrepreneurs and the public*) were willing to choose a corrupt model of behavior (both direct and alternative, using favor "blat") in 2017, and this figure has remained unchanged in 2020. However, if there is no statistically significant dynamics of the response rates for the population at all, then there is a migration of respondents among the entrepreneurs from an alternative way to direct consent to a corrupt proposal.

Regarding the readiness to report corruption, the study recorded a statistically significant decrease in its level for both audiences: the share of potential "whistleblowers" among the *population* decreased from 14.7% to 10.1%, and among *entrepreneurs* – from 24.7% to 20.1 % in 2020. The latter can be explained by a decrease in trust in law enforcement agencies (which, in turn, may be partly related to quarantine measures). Thus, in 2020, the *population's* perception of prevalence of corruption index in the patrol police, NAPC, NABU, tax service, central and local authorities has significantly increased. Among the entrepreneurs, the perception of the prevalence of corruption

index has increased in the same institutions named by the population, as well as in courts, the prosecutor's office, and the police (except for the patrol police, see section 1).

Analysis of the population's responses in terms of socio-demographic indicators shows a greater willingness to choose a corrupt model of behavior in the Southern region (36.1% gave the answer "would pay"), as well as among men (21.4% vs. 13.8% among women). Women and the residents of the Western region are more likely to have a neutral position "I will wait" (60.2% and 65.2%, respectively).

It is significant that the total share of whistleblowers of corruption does not significantly change in terms of socio-demographic characteristics. However, among young people aged under 29 years old, there is a significantly higher share of those who chose the answer "would turn to the media": their share was 4.5%, while in other age groups, this answer was chosen by 0.6% to 1.9% of the respondents. In our opinion, it can be assumed that under the option "exposure in the media" young people mean social networking sites.

## **Indicator 2. The share of the audience that has experienced corrupt practices**

The study used both a direct method of identifying the presence/absence of experience with corruption (direct question, according to the respondent's self-assessment) and a differentiated method of identifying corrupt experience by spheres and social institutions (results are described in detail in section 2 for population and section 3 for business).

Table 5.1 below shows the generalized results of the analysis of interactions of the population and entrepreneurs with the state and municipal organizations. *The "Experience of Interaction" indicator was calculated as the share of the audience that had at least one contact (whether with or without experience with corruption) with this institution during the last 12 months; "Total share of corrupt experience" shows the share of the population or enterprises that have encountered corrupt practices by spheres; the indicator "Share of corruption experience" was calculated as the share of the respondents who had experience with corruption among those who interacted with the relevant institutions.*

Thus, the entrepreneurs experience more corruption pressure when interacting with energy companies and the public – when interacting with law enforcement agencies and courts. It can be assumed that entrepreneurs have more leverages of protection against corruption (for example, involving lawyers) than the public.

Analysis of the *population's* responses in terms of socio-demographic indicators is possible only for health care and educational institutions with which the largest share of the population interacts.



Table 5.1 – Experience with corruption of the public and entrepreneurs

Corruption experience by spheres and institutions	Experience of interaction		Total share of corruption experience		Share of corruption experience	
	Public	Entrepreneurs	Public	Entrepreneurs	Public	Entrepreneurs
Health care	47.1%	x	26.8%	x	↓ 57.0%	x
Educational institutions	41.1%	x	23.4%	x	↓ 57.0%	x
Law enforcement agencies	5.1%	10.8%	2.0%	3.6%	↑ 38.3%	↑ 32.9%
Judiciary	3.2%	12.1%	1.2%	1.9%	↑ 36.8%	15.3% court; 28.4% ↓ enforcement of court decisions
Patrol/traffic police	7.0%	x		3.4%	↑ 26.6%	x
Services provided by energy companies	17.2%	16.4%	1.8%	x	↑ 19.8%	↓ 29.9%
State authorities and local self-government bodies: administrative services	15.7%	16.5%	3.4%	4.9%	↑ 13.7%	↓ 15.0%

In 2020, the list of situations that show signs of corruption (bribes, nepotism, etc.) was expanded, so the overall indicators of corrupt experience are incomparable with the data of 2017. The arrows indicate statistically significant changes ( $p = 0.05$ ) in the prevalence of separate situations of interaction with particular institutions, which were mentioned both in 2017 and 2020.

The experts were not asked about their personal experience with corruption.

X – The representatives of enterprises were asked only about the experience with corruption in their work, not in their personal lives.

The highest prevalence of corrupt practices is recorded in the Southern region, and men indicate a higher prevalence of corruption than women (as mentioned above, this corresponds to the highest readiness for corrupt practices).

Interestingly, 27.0% of the population or members of their families and 18.3% of entrepreneurs have encountered corruption in the last 12 months (they gave bribes or were demanded bribes, used connections). It can be assumed that the highest degree of public involvement in corrupt practices arises due to interaction with the social sphere (education, health care), where the corruption element of interactions equals 57% (for each sphere).

### Indicator 3. The share of the audience that can be a whistleblower of corruption

(in other words, those who have already reported to the authorized institutions or are willing to do so)

In order to record relevant data, indicators are used that describe real and projected (hypothetical) behavior of respondents during a situation in which corruption pressure (extortion and the like) is present, as well as the direct question about the intentions.

Compared to the survey in 2017, the share of those who consider it necessary to report the facts of corruption has decreased:

- in the hypothetical situation presented to respondents, 10.1% (*public*) and 20.1% (*entrepreneurs*) said it is possible to report corrupt demands;
- For the *population*, this share of whistleblowers is slightly lower than the share of those who answered "yes" to the direct question "Have you (Would you) filed a complaint with the authorities or law enforcement agencies regarding a case of corruption?" (12.5% of the respondents among the population). However, among those respondents who encountered corruption, the share of those who did file a complaint was only 3.3%. Therefore, the share of "whistleblowers" in the range of 10-12% for the population is a socially expected answer rather than an actual intention.
- For *entrepreneurs*, the share of whistleblowers who appear in a projective situation is also significantly lower than the share of answers to a direct question. Answering a direct question, more than half of the entrepreneurs say that they are ready to file a complaint against corruption. However, the share of those who had experience with corruption and filed a complaint was only 11.7%. Thus, according to the entrepreneurs, the degree of their tolerance for corruption is lower than of the population, which could be explained by the fact that they are demanded much greater bribes.

However, *population's* tolerance for corruption is less related to the perception of corruption as the norm (17.7%) or indifference (20.2%). It is mostly the result of mistrust (people do not believe that the complaint against corruption will be fairly considered by the authorities (56.3%), that anonymity will be observed (35.1%), as well as fear of persecution (33.2%). Combined with the high perception of corruption in the courts (Corruption Perceptions Index is 4.43 on a 5-point scale) and law enforcement agencies (4.33 for the prosecutor's office, 4.08 for the police), this creates a vicious circle that prevents the implementation of a zero-tolerance model to corruption in society.

Both *the population and entrepreneurs* show at least declarative support for people who file a complaint to the state authorities or law enforcement agencies against the cases of corruption. The share of the audience that fully or rather approves of such behavior equals 71.2% for the population and 82.5% for entrepreneurs (while the answers "I completely approve" prevail among the representatives of the enterprises).

Analysis of the *population's* responses in terms of socio-demographic indicators demonstrates that the highest readiness to report corruption in the projective situation is observed in the Central region and Kyiv. Men are more likely to report corruption than women.

Summing up the data, it can be reasoned that social factors that hinder the public's capacity to act as whistleblowers have not significantly changed in recent years:

- discrepancy between actual and intended behavior of the public;
- lack of trust in the institutions meant to ensure a proper response to exposed facts of corruption;

- lack of trust in the institutions meant to ensure proper support for whistleblowers;
- lack of knowledge and clear understanding of patterns of behavior of whistleblowers.

#### **Indicator 4. The share of the audience that is aware of and trusts the main anti-corruption agents**

This indicator is based on assessments of the main elements of the anti-corruption infrastructure: The National Anti-Corruption Bureau (NABU) and the National Agency for Prevention of Corruption (NAPC). In 2020, the Specialized Anti-Corruption Prosecutor's Office (SAPO) and the High Anti-Corruption Court (HACC) were added to the list of anti-corruption agencies.

The level of *public* awareness of which state agencies are authorized to prevent and combat corruption, and what are the results of their activities, has decreased compared to 2017. As it was mentioned above, this could happen due to the fact that the COVID-19 epidemic has pushed the topic of corruption out of the information space during the survey, or the fact that in 2017, those were relatively new bodies, which were mentioned a lot in the media. In fact, the share of the population who consider themselves unaware remained at the level of 2017. However, there is a significant shift towards a lower level of awareness among those who choose between the options of "sufficiently aware" and "formally aware".

- Thus, in 2017, the share of the population that was "sufficiently aware" about state agencies, which were authorized to combat corruption, was 28.9%, and in 2020, it decreased almost by half – to 16.6%;
- The share of the population that is "sufficiently aware" of the results of the activities of the state anti-corruption agencies has also halved – from 23.2% in 2017 to 11.7% in 2020.

Let's point out that it is not about real knowledge, but about self-assessment of respondents' awareness. Also, the reduction in the proportion of the population who consider themselves quite aware may indicate a loss of interest in the topic and, to some extent, disappointment in reforms.

This thesis is confirmed by the dynamics of assessments of the perception of the prevalence of corruption: the score has worsened for NAPC (from 3.61 points in 2017 to 3.92 points in 2020), and for NABU (from 3.56 points to 3.92 points). In both cases, the change is statistically significant. SAPO is also not perceived as a corruption-free institution, its score is 3.97 (let's remind that the respondents rated it on a 5-point scale, where 1 means "no corruption" and 5 - "corruption is very common").

Instead, the assessments of the effectiveness of preventing and combating corruption remained at the same low level as in 2017 (there is even a downward trend, but it is not statistically significant). Let's remind: 1 means "inefficient", and 5 - "very efficient":

- NAPC – 2.09 points 2020 p. (2.15 point in 2017);
- NABU – 2.15 points 2020 p. (2.18 points in 2017);
- SAPO – 2.09 points 2020 p. (was not rated in 2017);
- HACC – 2.04 points (was not rated in 2017).

Interestingly, the residents of the Eastern region give the highest ratings of the effectiveness of anti-corruption activities, and the residents of the Southern region – the lowest. There is no significant difference in estimates by gender. These figures demonstrate several important aspects:

1. the population is disappointed in anti-corruption agencies (HACC, SAPO, NABU, NAPC) as key elements of the anti-corruption structure;
2. the level of trust<sup>8</sup> in anti-corruption agencies has decreased and is no longer the highest among the state authorities;
3. the tendency to decrease in the level of trust and disappointment is enhanced by a decline in public interest and awareness of the activities of anti-corruption agencies;
4. it can be assumed that the reason for the described trends (apart from the fact that the COVID-19 epidemic has pushed the topic of corruption out of the information space) is, to some extent, the negative context of the media field in 2017-2020 regarding NABU and NAPC activities, which was not balanced out by anti-corruption agencies, as well as the lack of loud "imprisonments".

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<sup>8</sup> The level of trust was determined by two indicators: the perception of the prevalence of corruption in the organization and the assessment of the effectiveness of anti-corruption activities of this anti-corruption organization.