

## ROUNDTABLE BRIEFING NOTE

15 September 2016, from 14.30 to 17.30, OECD Conference Centre, Room CC2

### ANTI-CORRUPTION REFORM AND STRENGTHENING INTEGRITY IN UKRAINE

This event will aim to discuss lessons learned on the last two and a half years of anti-corruption efforts in Ukraine. It will highlight successful anti-corruption initiatives, review the OECD Anti-Corruption Network for Eastern Europe and Central Asia (ACN) assistance provided to Ukraine in this area. The event will be organised in the roundtable format. Brief informal speakers' presentations will be followed by Q&A session. It is expected that during the Roundtable the frankly discussion of failures, challenges and opportunities for further reforms will take place.

#### Draft agenda:

**Chair:** Ms. Enery Quiñones, Chair, the Istanbul Anti-Corruption Action Plan, OECD/ACN

14.30-14.40	<b>Opening remarks</b> Mr Pierre Poret, Deputy Director of the Directorate for Financial and Enterprise Affairs of the OECD
14.40-15.00	<b>Investigation and prosecution of corruption</b> Mr Artem Sytnyk, Director of the National Anti-Corruption Bureau of Ukraine  <b>Stolen assets recovery and management</b> Ms Natalia Sevostianova, First Deputy Minister of Justice
15.00-15.10	<b>Civil society about the process of anti-corruption reform implementation</b> Mr Vitaliy Shabunin, Head of the Governing Board, Anti-Corruption Centre, expert of the anti-corruption group of the Reanimation Reform Package
15.10-15.30	<b>Implementation of the anti-corruption policy and instruments to prevent corruption</b> Mr Bogdan Shapka, National Agency on Prevention of Corruption in Ukraine, Head of the Anti-Corruption Policy Department  <b>Eliminating corruption risks through civil service reform</b> Mr Wojciech Zielinski, Senior Policy Adviser, Country Co-ordinator Ukraine, SIGMA
15.30-16.00	<b>Corruption barriers for doing business</b> Ms Tetiana Korotka, Deputy Business Ombudsman of Ukraine  <b>Investment review on Ukraine: negative impact of corruption</b> Ms Tihana Bule, Economist/Policy Analyst, Responsible Business Conduct, Investment Division, OECD Directorate for Financial and Enterprise Affairs  <b>Competition Policy in Ukraine</b> Ms Lynn Robertson, Global Relations Co-ordinator, Competition Division, OECD Directorate for Financial and Enterprise Affairs
16.00-16.20	<b>OECD –Ukraine cooperation: experience and future initiative</b>  Mr William Tompson, Head of Eurasia Division, OECD Global Relations Secretariat Ms Olga Savran, Manager of the Anti-Corruption Network for Eastern Europe and Central Asia, Anti-Corruption Division, Directorate for Financial and Enterprise Affairs / Mr Andrii Kukharuk, Manager of the OECD Anti-Corruption Project for Ukraine, Anti-Corruption Network for Eastern Europe and Central Asia, Anti-Corruption Division, Directorate for Financial and Enterprise Affairs
16.20-17.20	<b>Questions and answers</b>  Progress in Ukraine, relevance of OECD assistance, coordination and funding of anti-corruption activities by donor community and OECD's further support
17.20-17.30	Closing

**Participants:*****Ukrainian delegation:***

Mr Artem Sytnyk, Director of the National Anti-Corruption Bureau

Ms Natalia Sevostianova, First Deputy Minister of Justice

Ms Tetiana Korotka, Deputy Business Ombudsman of Ukraine

Mr Vitaliy Shabunin, Head of the Governing Board, NGO "Anti-Corruption Action Centre", expert of the anti-corruption group of the Reanimation Reform Package

Mr Bogdan Shapka, National Agency on Prevention of Corruption in Ukraine, Head of the Anti-Corruption Policy Department

Embassy of Ukraine in the Republic of France

***OECD Directorates***

Directorate for Financial and Enterprise Affairs, Anti-Corruption Division (DAF/ACD)

Directorate for Financial and Enterprise Affairs, Investment Division (DAF/INV)

General Secretariat/Global Relations Secretariat (SGE/GRS)

Public Governance and Territorial Development

***OECD Delegations******ACN Delegations******ACN Secretariat***

## Background information

### Anti-Corruption Reform in Ukraine

After the Revolution of Dignity the new Government announced fight against corruption among its top priorities. During the period of 2014 -2016 the Ukrainian Parliament passed the comprehensive anti-corruption laws<sup>1</sup> that provide important tools to prevent, deter, investigate and prosecute corruption.

Consequently, a number of new anti-corruption institutions have been established, namely: the National Anti-Corruption Bureau of Ukraine (NABU) – independent law enforcement body which is dealing with detection and investigation of the high-level and especially dangerous types of corruption

the Special Anti-Corruption Prosecutor's Office (SAP) – autonomous department of the General Prosecutor's Office which is responsible for prosecution of the NABU cases;

the National Agency on Corruption Prevention (NACP) – independent central executive body which is dealing with anti-corruption policy and corruption prevention.

Moreover, special state-private partnership institution—the Business Ombudsman Council (BOC) has been established on the basis of the Memorandum of Understanding for the Ukrainian Anti-Corruption Initiative between the OECD, the EBRD, business associations and the Government.

The National Agency for Detection, Tracing and Management of Proceeds from Corruption and other Crimes (Assets Recovery and Management Office) is yet to be set up. The special Commission created earlier this summer announced start of the Agency Head selection process in July 2016. It is expected that the Agency Head will be selected until the end of September 2016.

In addition, recently adopted Law “On Judiciary and Status of Judges” (the reform of judiciary) prescribes establishment of the High Anti-Corruption Court, but there is a need to draft and adopt special detailed legislation to make creation of the court possible.

All the mentioned institutions, except the two last ones, have already started their work and have achieved some results. For instance, the NABU and the SAP already started their investigations. As of end of July 2016 the NABU was investigating approximately 200 cases; over 40 suspicions were made, and 15 cases were submitted to the court. The NABU has more than 500 employees, including 175 detectives, near 200 positions (including 97 positions of detectives) will be filled in soon, and three regional divisions were created.

After many delays and despite various challenges, in spring 2016 the NACP has become operational with the appointment of 4 out of its 5 commissioners. 186 staff members (from general 311) were hired and trained. Most remarkably, the electronic asset declaration system – one of the main responsibilities of the NACP – has been launched on 1 September 2016.

The BOC has established itself as an effective institution that enjoys trust from companies and has influence among state bodies. During 14 months of its operations in Ukraine the BOC received and addressed more than 1 thousand complaints from companies. The BOC also provides systemic recommendations to address obstacles for doing business in such areas as reducing the risk of corruption and attracting investment to the construction industry, abuse of powers by the law enforcement authorities in their relations with business etc., signs memorandums of cooperation

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<sup>1</sup> Laws "On principles of anti-corruption policy in Ukraine (Anti-Corruption Strategy) for 2014 - 2017", "On the National Anti-Corruption Bureau of Ukraine", "On Prevention of Corruption", "On amendments to some legislative acts of Ukraine regarding identification of final beneficial owners of legal entities and public figures", "On the National Agency for Detection, Tracing and Management of Proceeds from Corruption and other Crimes", "On amendments to certain laws of Ukraine concerning prevention and counteraction to political corruption" etc.

and information exchange with different governmental bodies. Recently, the BOC also increased number of its staff members from 16 to 23 and initiated determination of its status on the legislative level (special draft law is under consideration of the Parliament).

While progress has been achieved in establishing the above institutions that form the key elements of the anti-corruption institutional framework in Ukraine, their organisational development and strengthening of capacities remain among the main areas where the support is requested by the new anti-corruption institutions.

### **How does OECD support Ukraine in the area of anti-corruption?**

The Memorandum of Understanding signed by the OECD and Ukraine in October 2014 identifies the fight against corruption as one of its main goals, along with strengthening Ukraine's tax system and promoting its competitiveness.

The OECD Anti-Corruption Division (ACD) was in a good position to contribute to the Ukrainian anti-corruption agenda. In its capacity both as the Secretariat to the Working Group on Bribery (WGB) and as Secretariat to the ACN, the ACD has developed in-depth knowledge about anti-corruption reforms in Ukraine when implementing country specific projects in Ukraine from 2007 onwards, had a running country monitoring programme under the Istanbul Action Plan. The ACN has working relations with country counterparts, and the Secretariat fluent in the Ukrainian language.

In 2014 the OECD Anti-Corruption Project for Ukraine was launched. It aimed to provide immediate and practical support for the implementation of anti-corruption reforms in Ukraine. The main directions of the project were support to the National Anti-Corruption Bureau of Ukraine (NABU) and support in the capacity building to investigate and prosecute high profile complex corruption crimes. In the framework of the initial project, assistance in development of the admission tests to hire detectives of NABU was provided, followed by the development of the tests for selection of the prosecutors and staff of the Parliament Anti-Corruption Committee. Inputs into the initial training course for newly appointed NABU detectives were provided. The Project also provided assistance in development of the draft law on Asset Recovery and Management Office. And finally, donor coordination on issues of anti-corruption was launched. The outcomes of this initial Project laid good foundation for continued work in the area of anti-corruption.

In April 2015 the OECD and Ukraine signed an Action Plan for strengthening co-operation to help tackle corruption, improve public governance and the rule of law, boost investment and foster a dynamic business environment, and a more comprehensive country-specific Project was designed with a view towards implementing all components of the first policy area of the Action Plan, which deals with anti-corruption and will be implemented until February 2017.

The main goal of this Project is to compliment the initiatives launched by the Ukrainian government, civil society and international community by providing assistance in strengthening Ukraine's capacity to effectively detect, investigate and prosecute corruption. The Project is tailor-made. It provides assistance to the NABU and the SAP: the project team is currently developing training programmes on selected aspects of detection, investigation, prosecution and adjudication of complex corruption cases; these trainings will cover financial investigations for law enforcement and judicial bodies to help guide Ukraine towards a closer compliance with OECD standards on foreign bribery, focusing on liability of legal persons for corruption offences, confiscation, international cooperation and asset recovery. The project also provides assistance to the Office of the Business Ombudsman: it will develop its capacity to handle business complaints and through training, case-management system and support of its systemic recommendations implementation. Taking a demand driven approach the Project will also focus on stolen assets recovery and their management.

At the same time the Project is now considering to extend its work for the period of 2017-2018 with further covering the areas mentioned above.

**How is ACN funded?**

Like many OECD global relations initiatives, OECD's assistance to Ukraine in the area of anti-corruption is funded by voluntary contributions. The Anti-Corruption Pilot Project for Ukraine was funded by the US, Sweden and Lithuania. Approximately half of the funding has been secured for the new comprehensive Project to support Ukraine in the area of anti-corruption. Voluntary contributions have been received from Sweden, Latvia and the Slovak Republic in the total amount of 562 000 Euros.

**Why should OECD delegations be involved?**

This Roundtable will serve as an opportunity for the OECD Delegations to learn first-hand on what is happening in Ukraine and what assistance is needed to move the reforms forward. It will be also a chance for the ACN to inform the delegations on OECD's involvement in this important work and to explore potential interest in supporting the proposed future activities. The event can also help to improve ACN's coordination with the anti-corruption activities supported by the OECD member-countries on the ground in Ukraine.