

RESULTS
of
CHAMBER CORRUPTION
PERCEPTION SURVEY 2016

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About the initiative

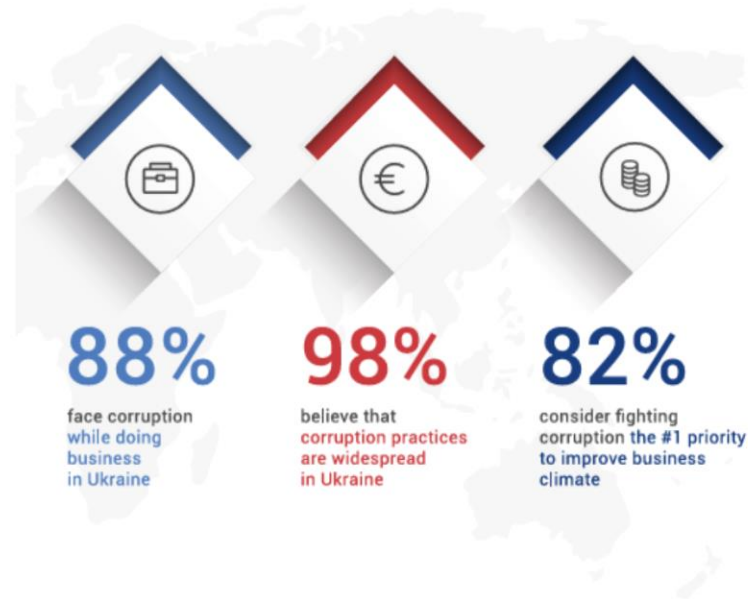
- 1st Survey – March 2014
- 2nd Survey – October 2015
- Mid-year Survey in April 2016
- **3rd Survey – October 2016**

About the initiative

REPORT
CHAMBER CORRUPTION
PERCEPTION SURVEY 2015

UKRAINE
ACC
THE CHAMBER OF COMMERCE

CORRUPTION IN FIGURES



American Chamber of Commerce in Ukraine
Anti-Corruption Working Group | Compliance Club

- Information about respondents
- General assessment of corruption in Ukraine
- Company's anti-corruption practices
- Opinions and recommendations

Who participated in the Survey?

Respondents in figures

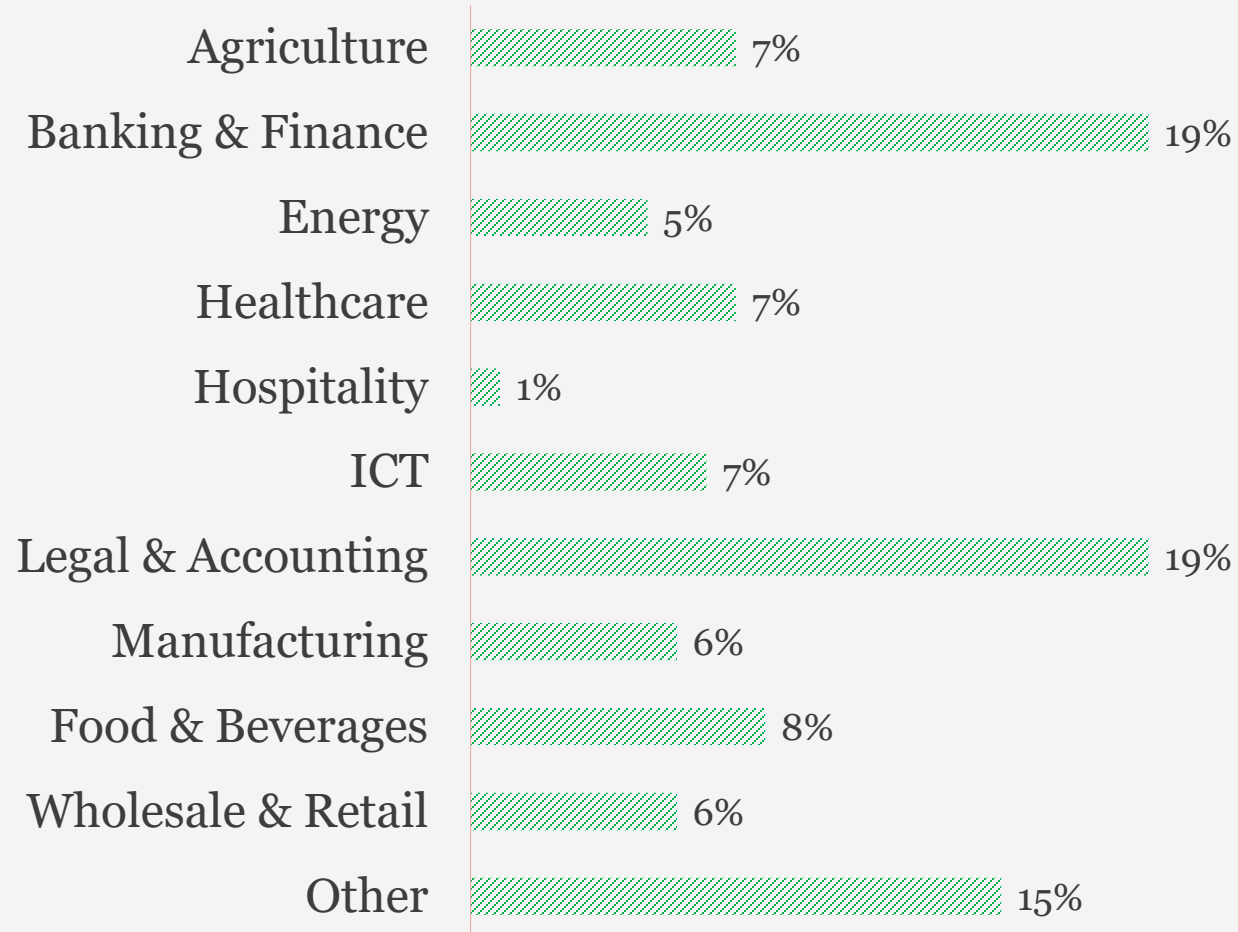
122
respondents

103 work in the
international
companies

45%
hold position
in the
top management

70%
from companies
with more than 100
employees

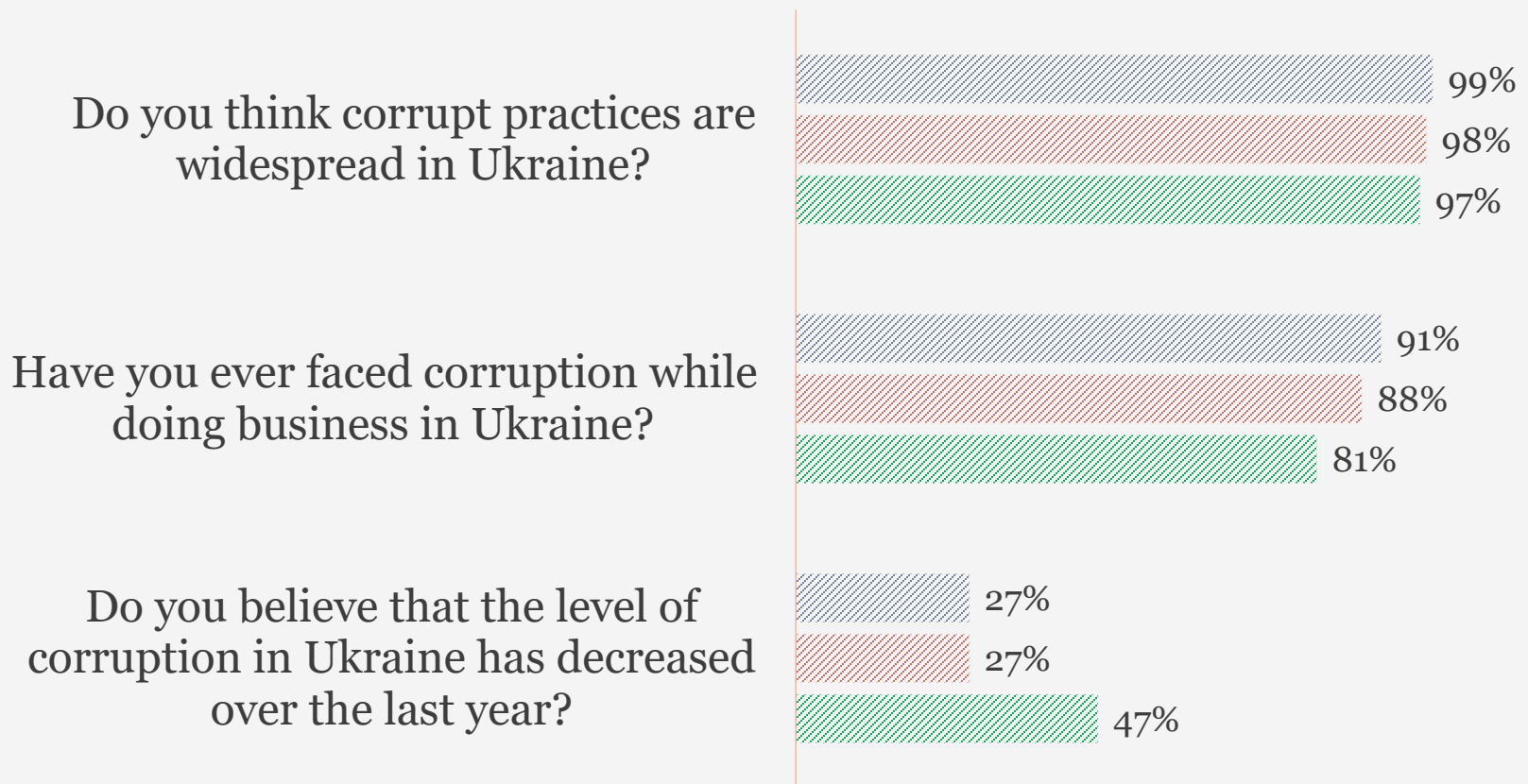
Sectors of business



What businesses think
about corruption in Ukraine?

General assessment of corruption

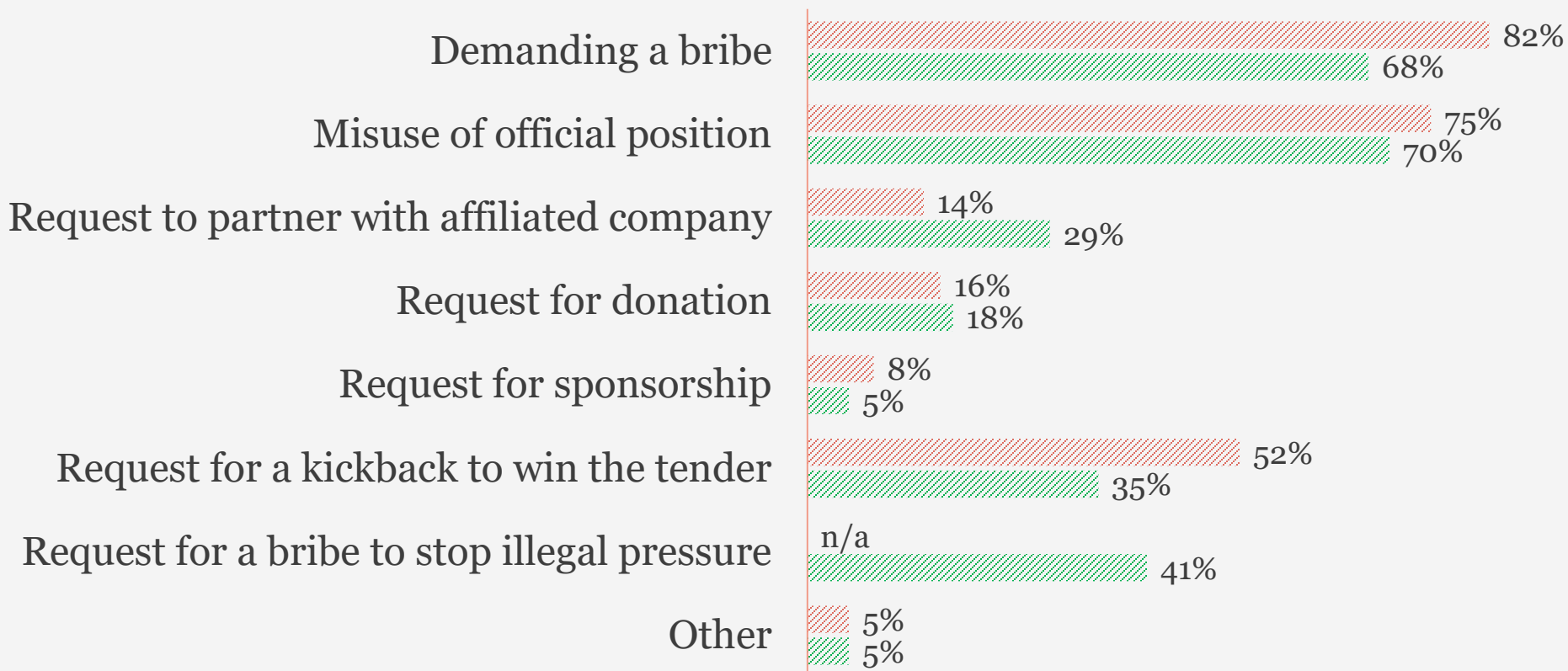
2014 2015 2016



* Percentages of respondents who answered "Yes".

Most widespread forms of corruption

2015 2016

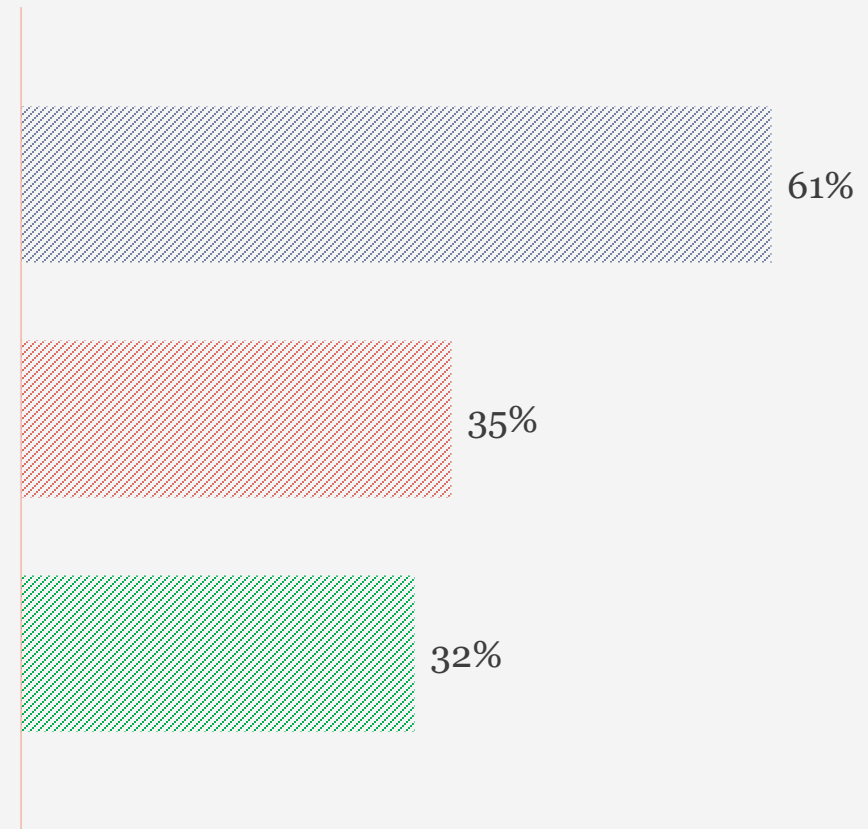


- Government turns a blind eye on the corruption in the state owned enterprises
- Petty corruption (healthcare, education, etc.)
- Request for a bribe for adopting illegal court decision against competitors or to assist with corporate raiding
- Court corruption
- Money washing, use of fake owners of business, "killing" small and medium businesses by using force, etc., etc., etc.

Corruption and competition

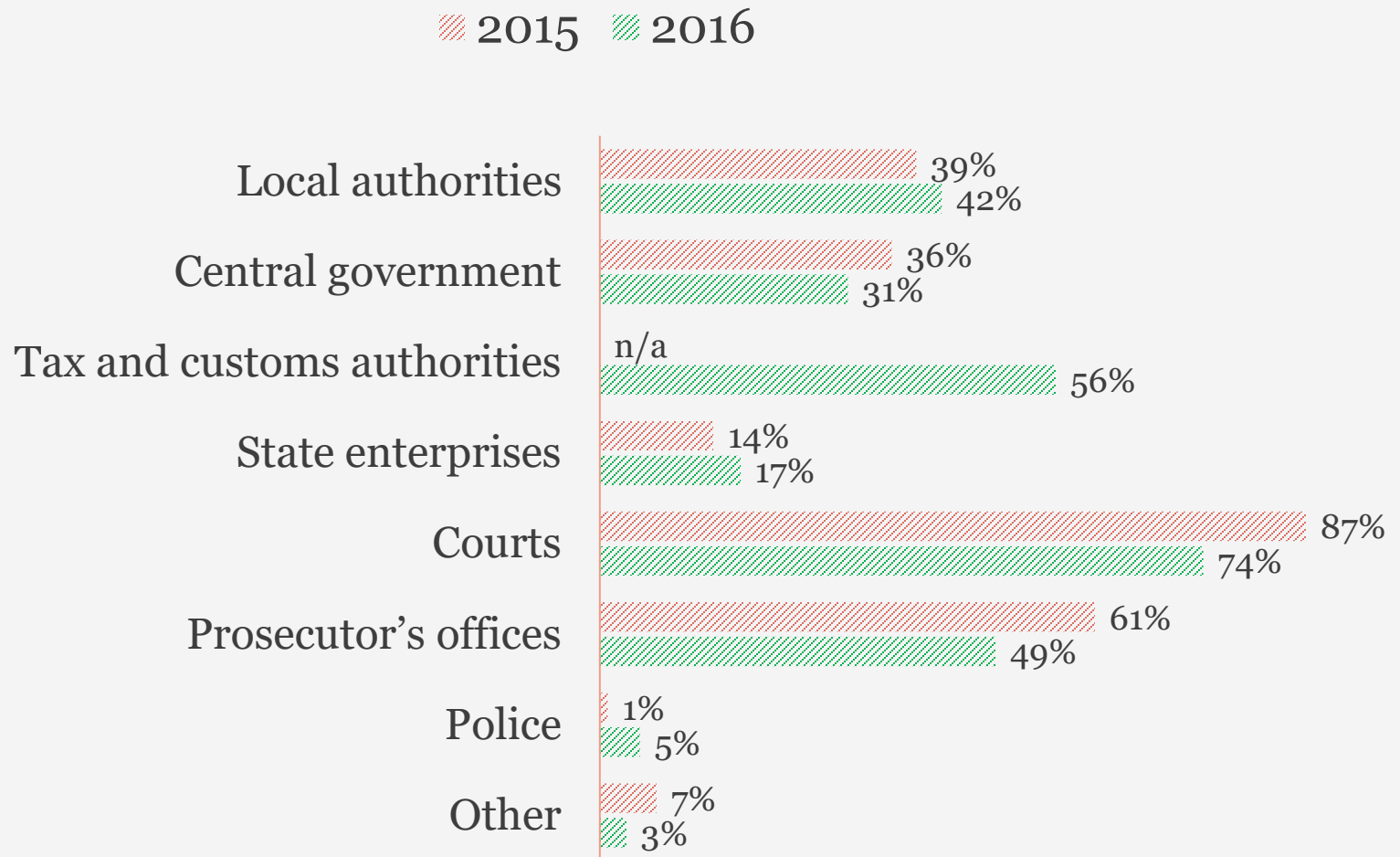
2014 2015 2016

Do you think that companies in Ukraine have to engage in corruption activities in order to have higher chances of success?



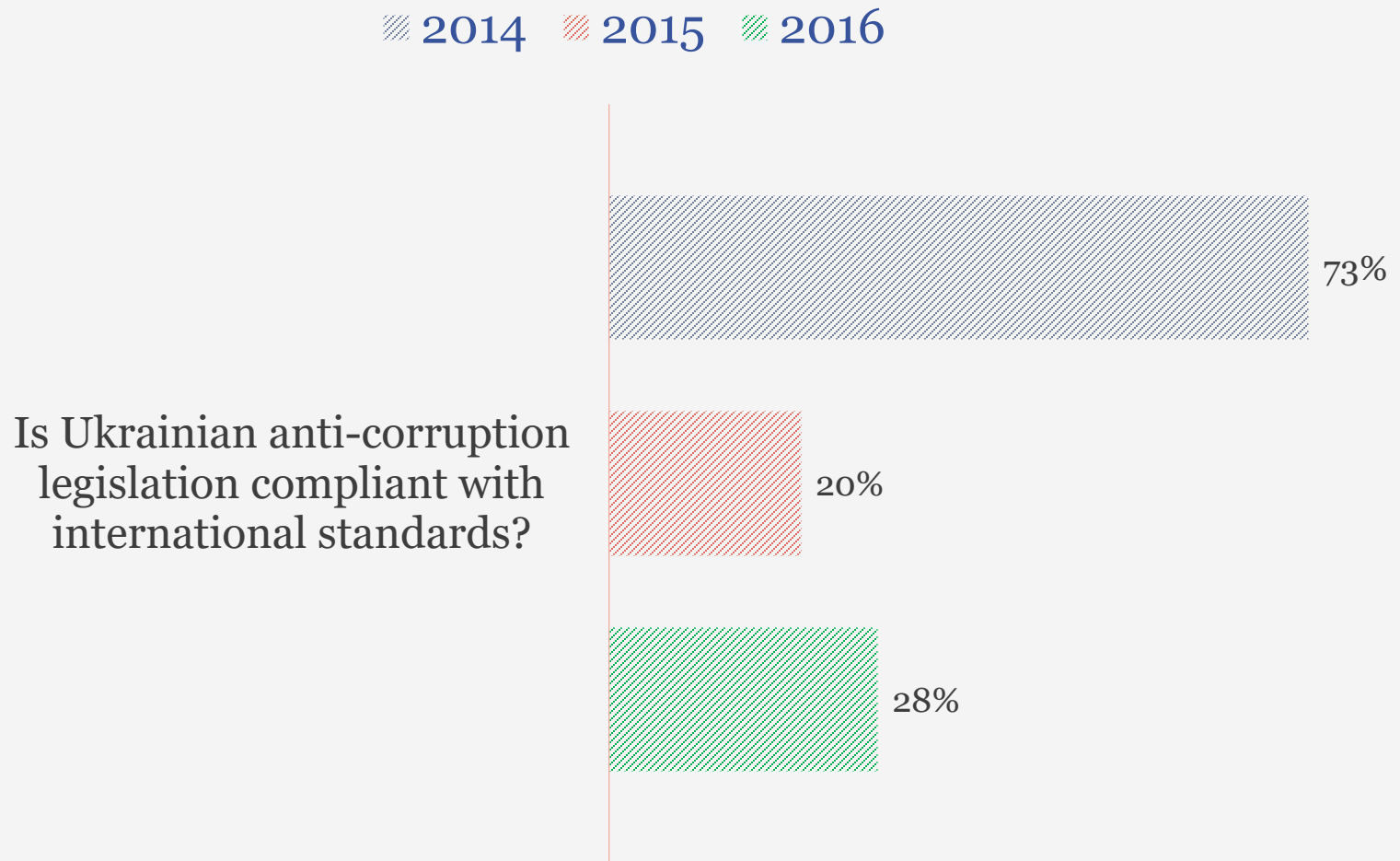
* Percentages of respondents who answered “Yes”.

Most corrupt institutions



- Security Service of Ukraine
- DABI
- State controlling authorities (Pozhnaglyad, Energonaglyad, Derzhgirpromnaglyad)
- Just many regular Ukrainian citizens

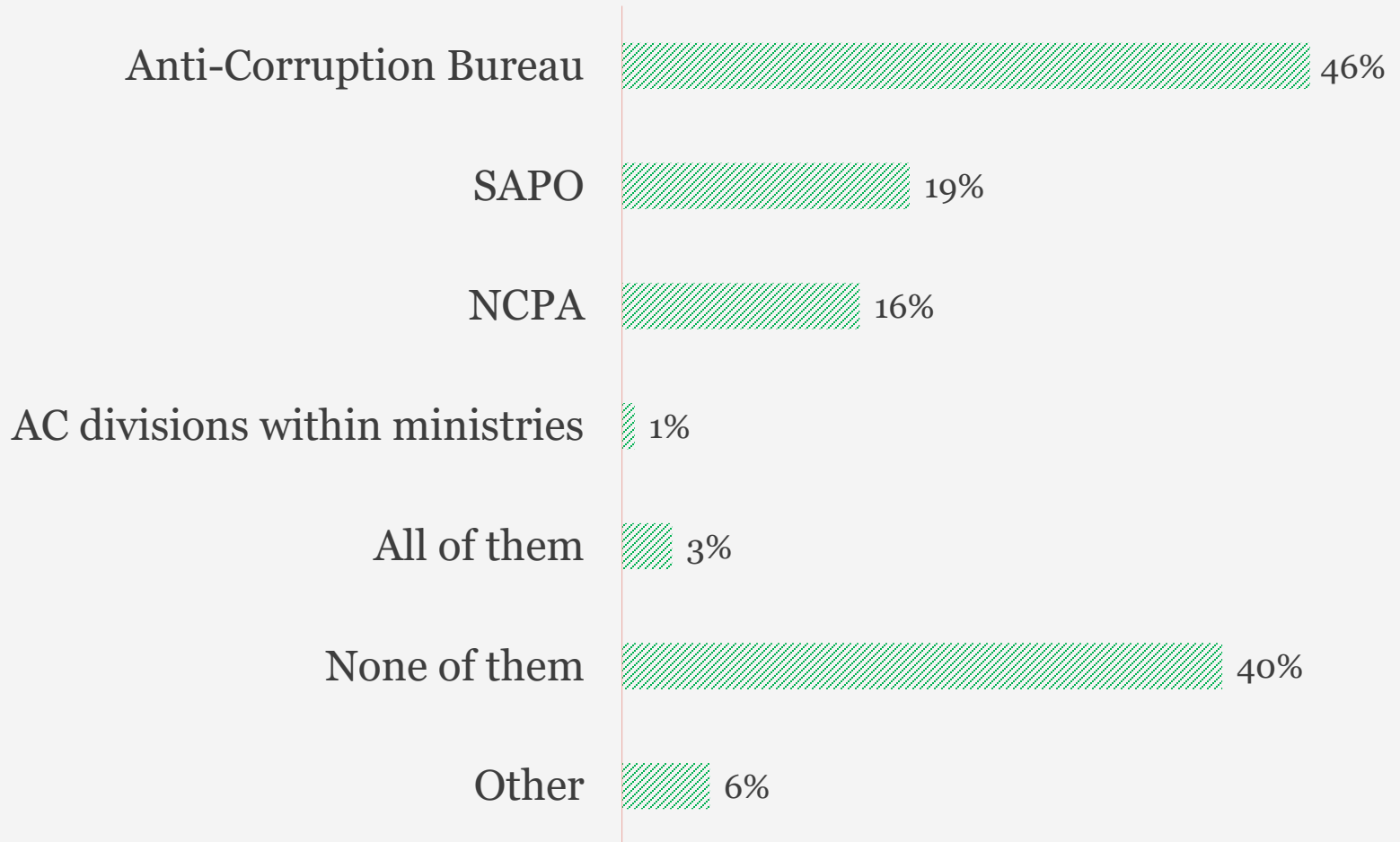
Quality of anti-corruption (AC) laws



* Percentages of respondents who answered "Yes".

- **Hardly any of such laws are properly enforced**
- The procedure of self-disclosure for legal entities should be established
- Absence of political will
- We need an independent anti-corruption court and more powers for NABU and SAPO
- We lack the mechanism for enforcement of adopted AC laws
- **Strengthen the liability for corruption offences**
- No real protection for whistleblowers and rewards like under U.S. Dodd-Frank Act, no private prosecution
- Inevitability of **liability** needs improvement

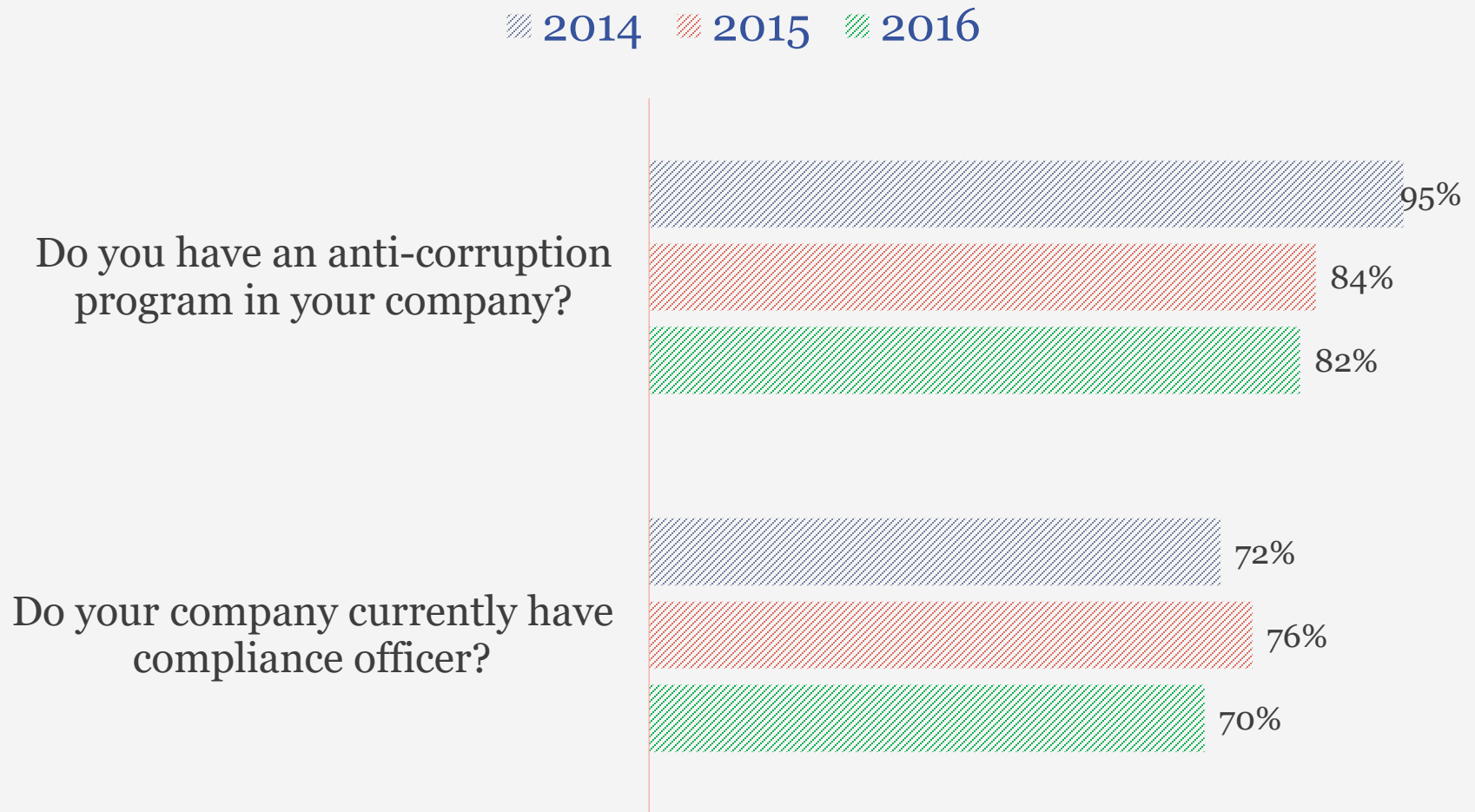
Most effective AC authorities



- Business Ombudsman Counsel
- Cannot make a choice
- Cannot assess as the nature of their work and scope of powers are known only to specialists
- It is not clear how they differ
- Cannot apply the word “effective” to either of them. There are some progress from NABU’s side, but it is selective and unsystematic
- Neither authority is ready to fight high-level corruption (President, Parliament, General Prosecutor)

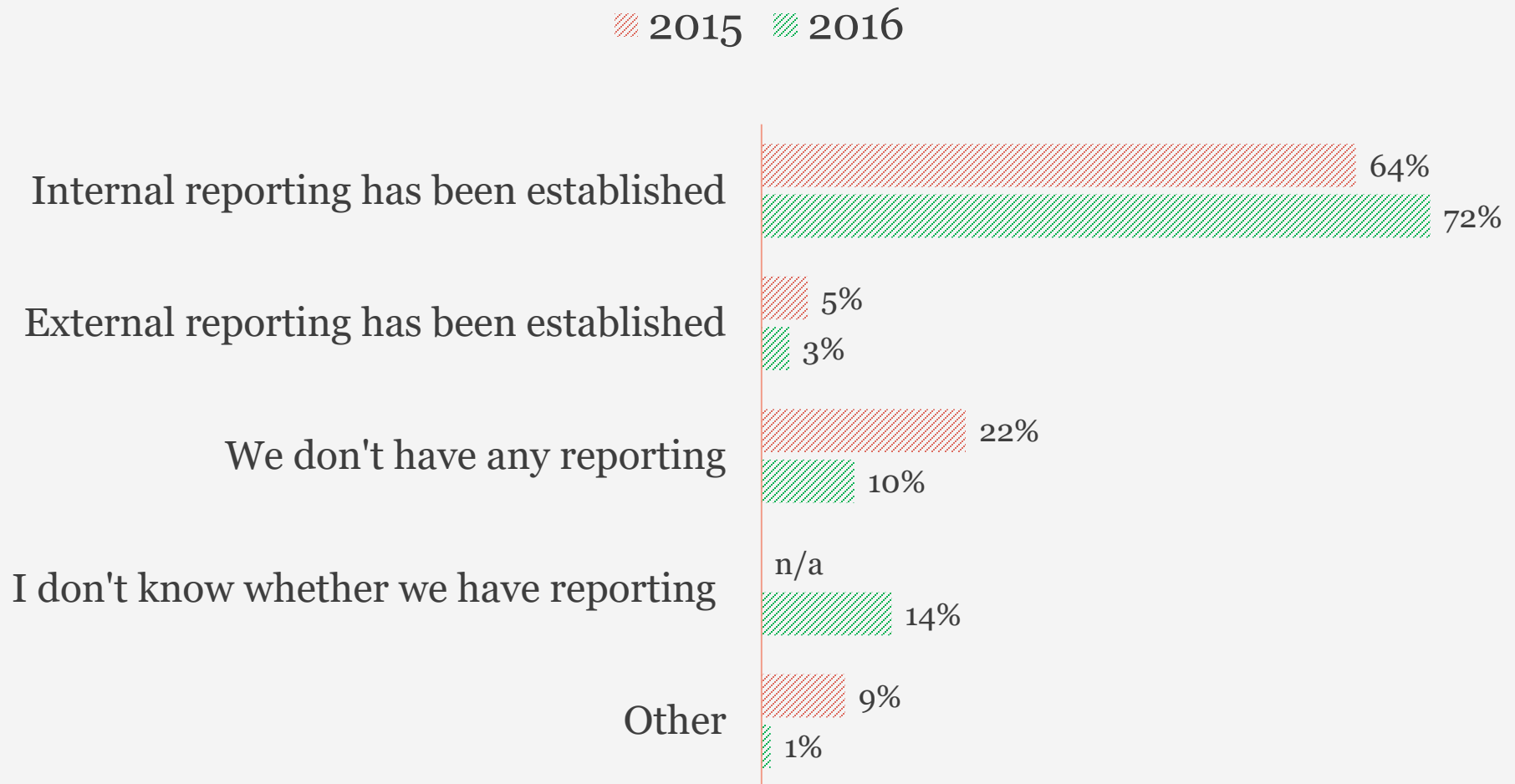
How businesses contribute
to the fighting corruption?

Key anti-corruption mechanisms



* Percentages of respondents who answered “Yes”.

Procedures for reporting corruption



How to encourage reporting?

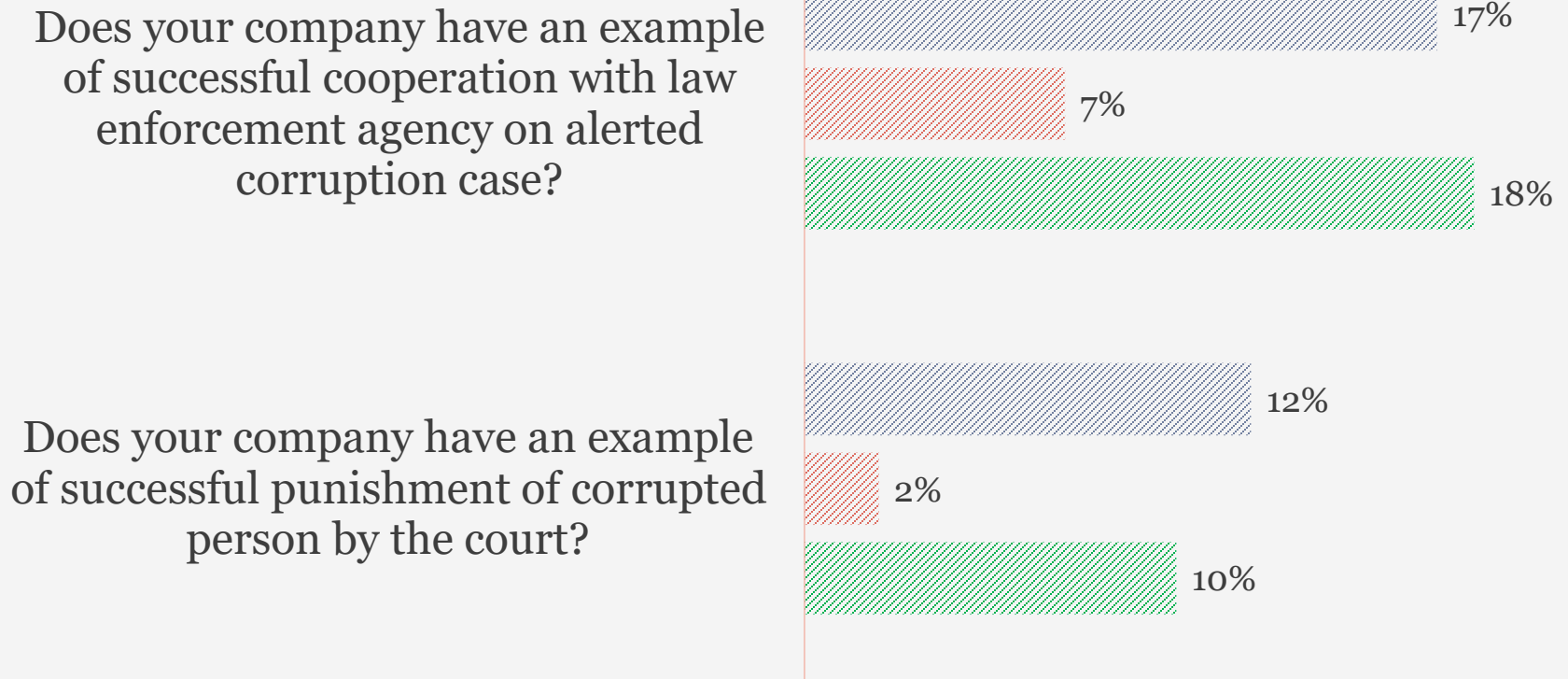
In your opinion, what should be done to encourage businesses to report corruption offences?



- Ensure proper investigation and punishment of the offender
- Introduce the possibility to report corruption anonymously
- Improve protection of whistleblowers
- Ensure that reporting does not negatively affect the company
- Other

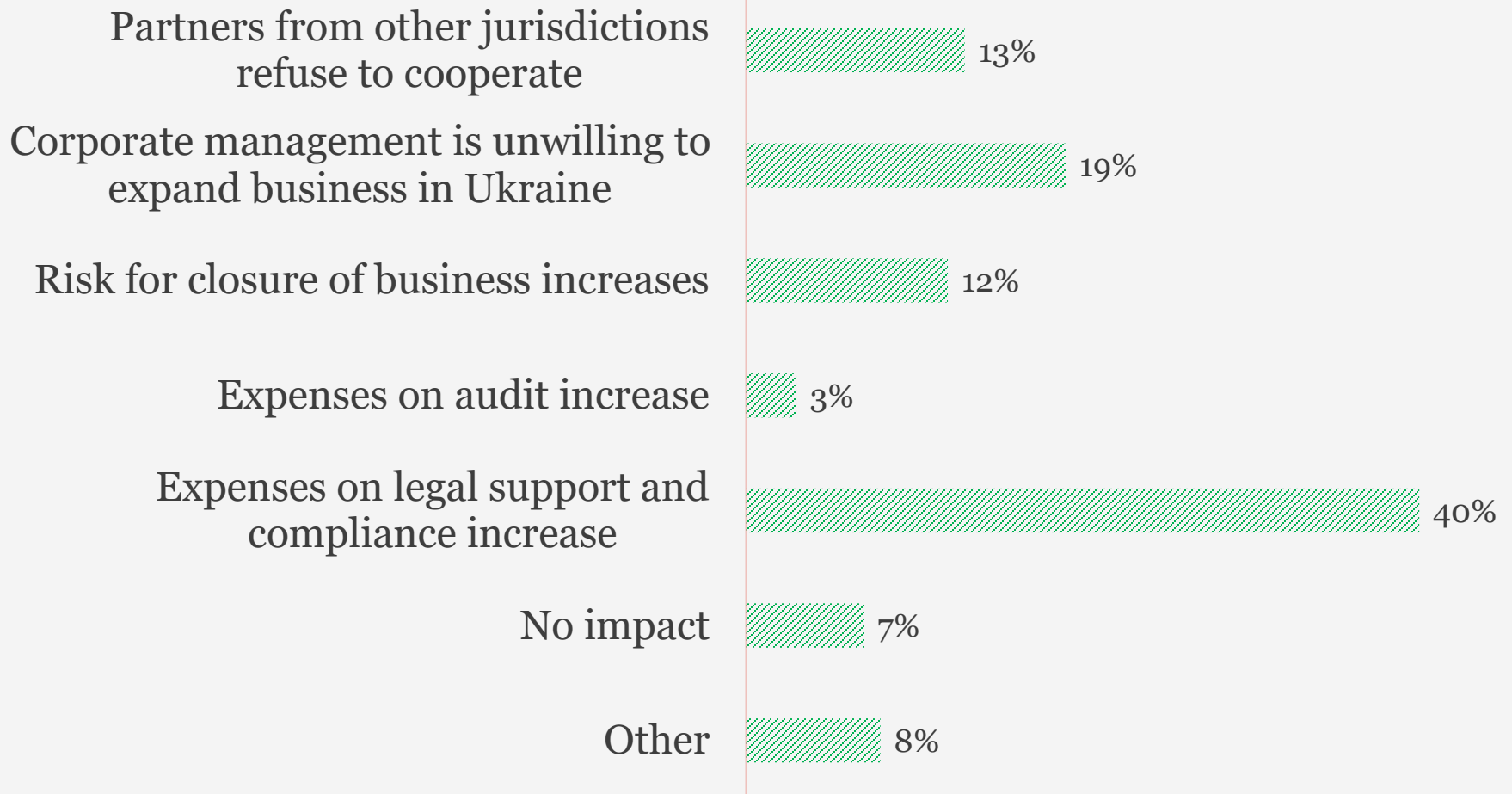
Cooperation with authorities

▨ 2014 ▨ 2015 ▨ 2016



* Percentages of respondents who answered “Yes”.

How corruption impacts business?



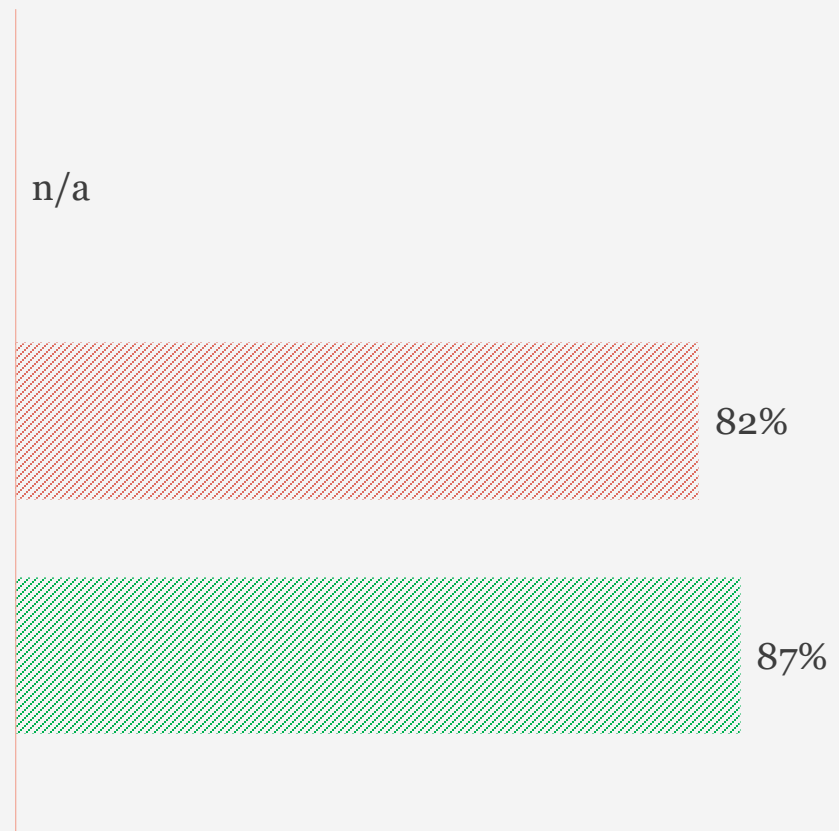
- Almost no international investors present in Ukraine
- I don't know
- Affects expectation from legal services – lawyers are expected to be “middlemen” and illegally “resolve issues”
- Harder to attract investors
- Affects the provision of quality legal services
- Officials are not interested to deal with clean companies; hence, they refuse to cooperate
- Clients are unwilling to expand in Ukraine, which affects the legal services market. Unethical businesses also negatively impacts the competition, which leads to the decrease of business and, respectively, legal fees

Opinions and recommendations

Is fighting corruption a No.1 priority?

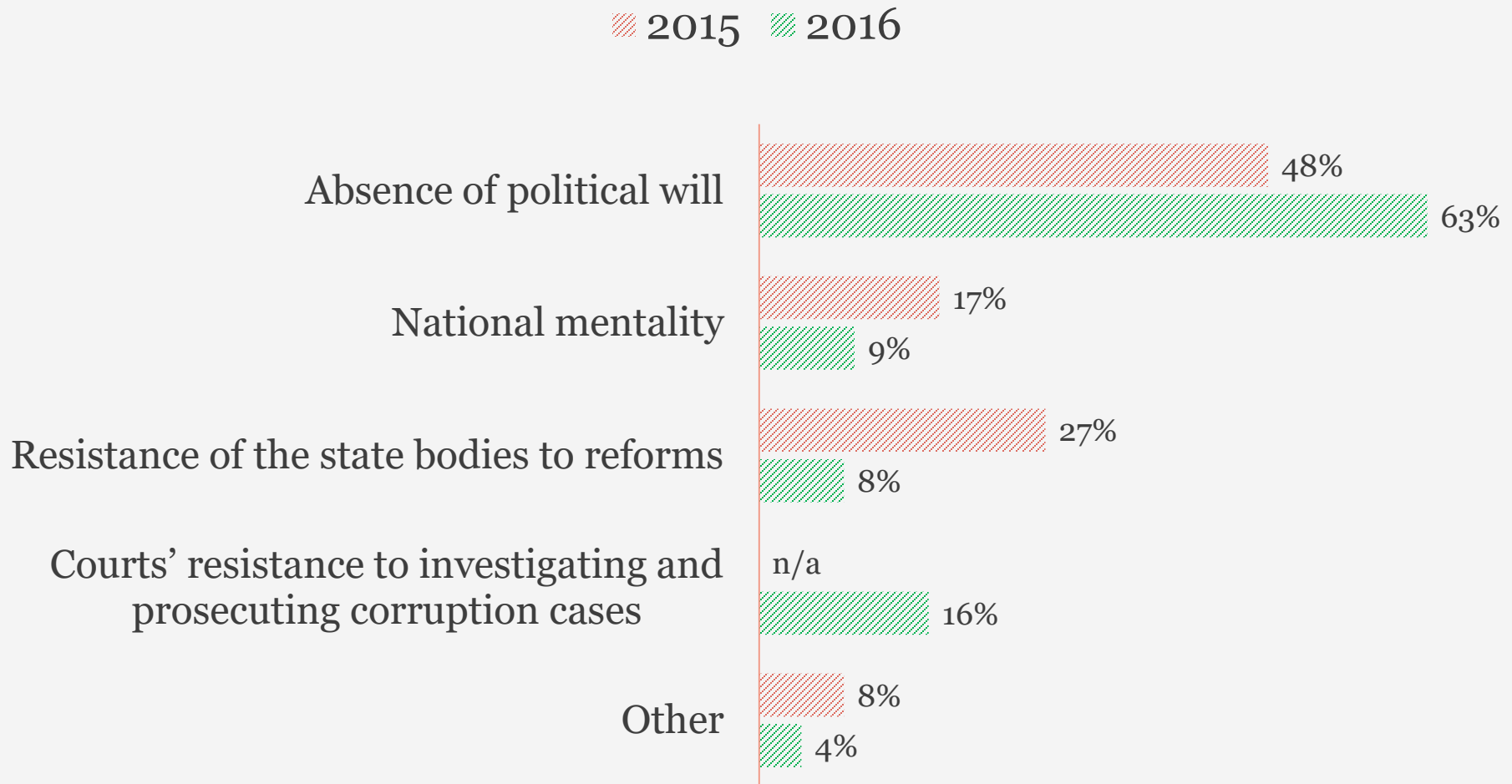
2014 2015 2016

Do you consider fighting corruption as the number one priority to improve business climate in Ukraine?



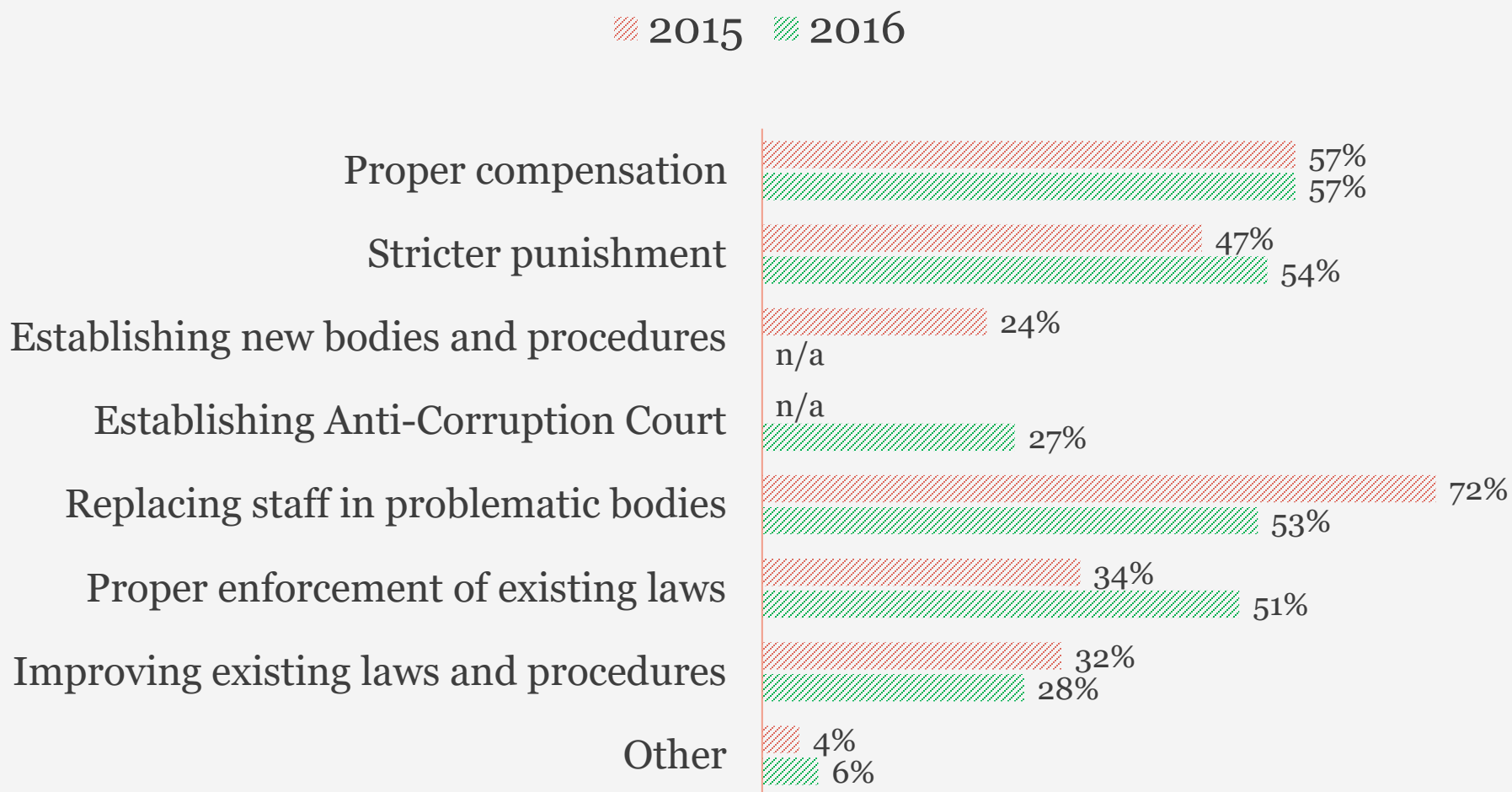
* Percentages of respondents who answered "Yes".

Biggest obstacles in eliminating corruption



- All these factors
- Low salaries
- Lost trust in that justice and equal possibilities will become a norm of everyday life for ALL citizens
- Existing system

Most effective ways to fight corruption






- Real prison sentences
- Strengthening the control, establishing transparent procedures which will make corruption not economically viable
- ENFORCEMENT
- Departure from the manual control, increasing automatization and transparency
- Improving decision making processes to eliminate possibilities for corruption
- Irreversibility of the punishment
- Complete change of bureaucratic procedures

Monetary rewards for whistleblowers

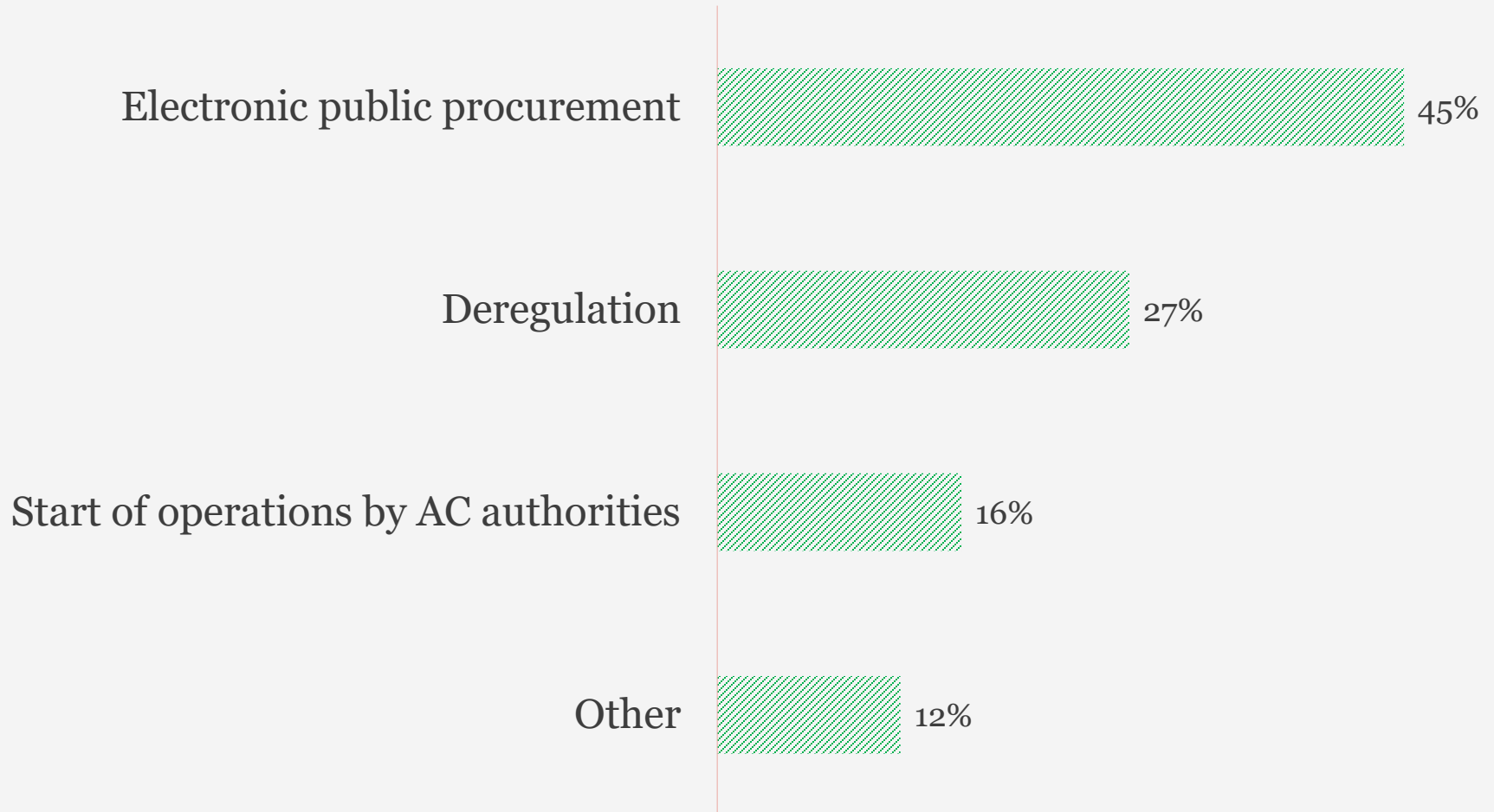
Do you think that the introduction of a monetary reward for whistleblowers would be beneficial in anti-corruption fight?



-  Yes, it will be helpful in detecting and investigating corruption
-  No, it will lead to increasing of dishonest and false reports
-  Other

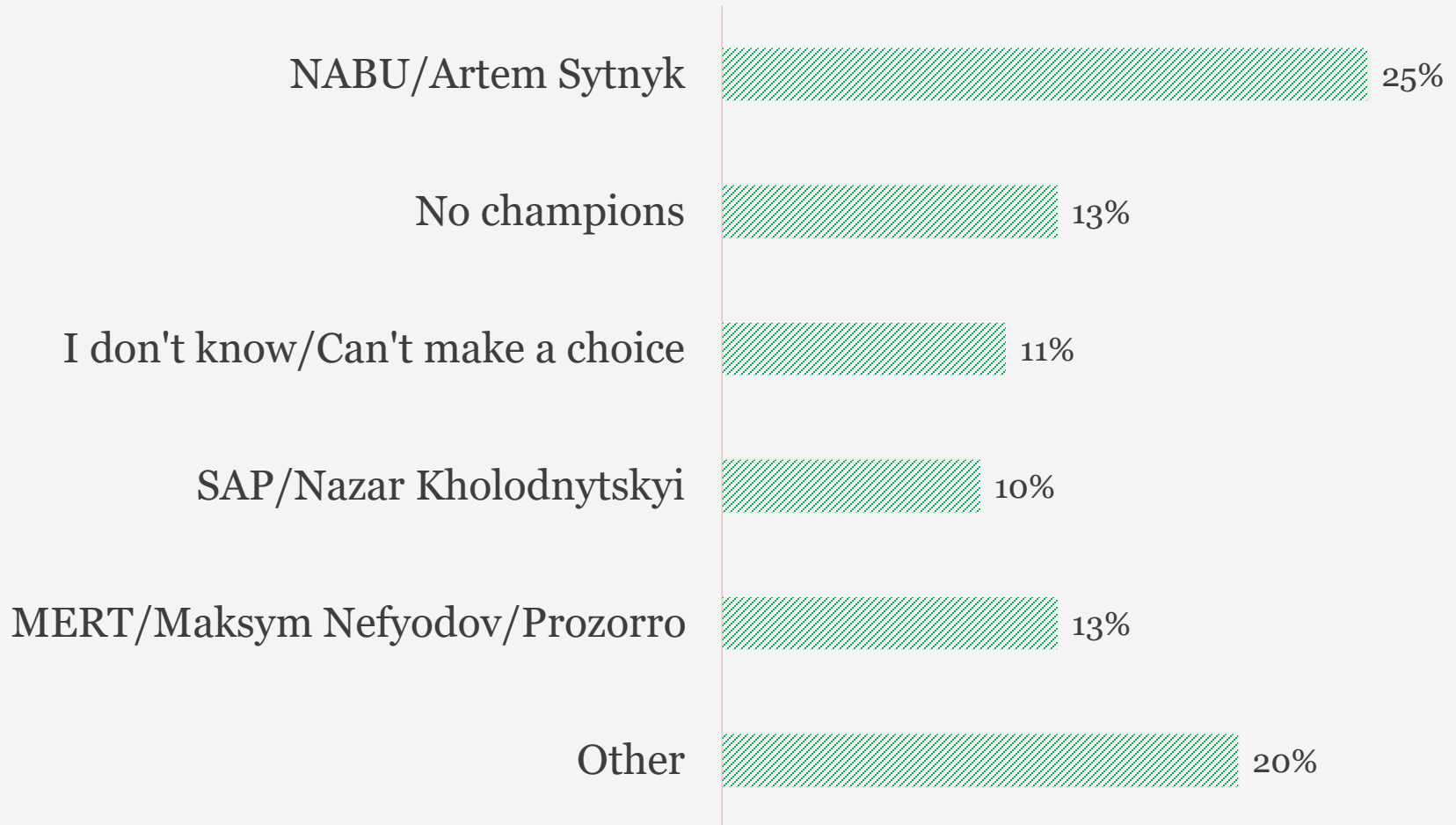
- I don't know
- Hard to predict
- Will be beneficial in case of a real enforcement
- Reporting does not mean punishment

Biggest success in anti-corruption fight



- First two answers, but its not sufficient to lower corruption to socially insignificant level
- **No successes**
- Cannot make a choice
- **E-declarations**
- Criminal liability for failure to declare the assets or false declaration

Who is an AC champion in Ukraine?



** The results are based on answers of 63 respondents.*

- Lee Kuan Yew
- Business Ombudsman Council
- Singapore
- **NGOs/Society**
- Not enough data to provide an answer
- Many promising people sold themselves out, hard to find a trustworthy person
- Yegor Sobolyev
- Vitalii Shabunin
- Mikheil Saakashvili

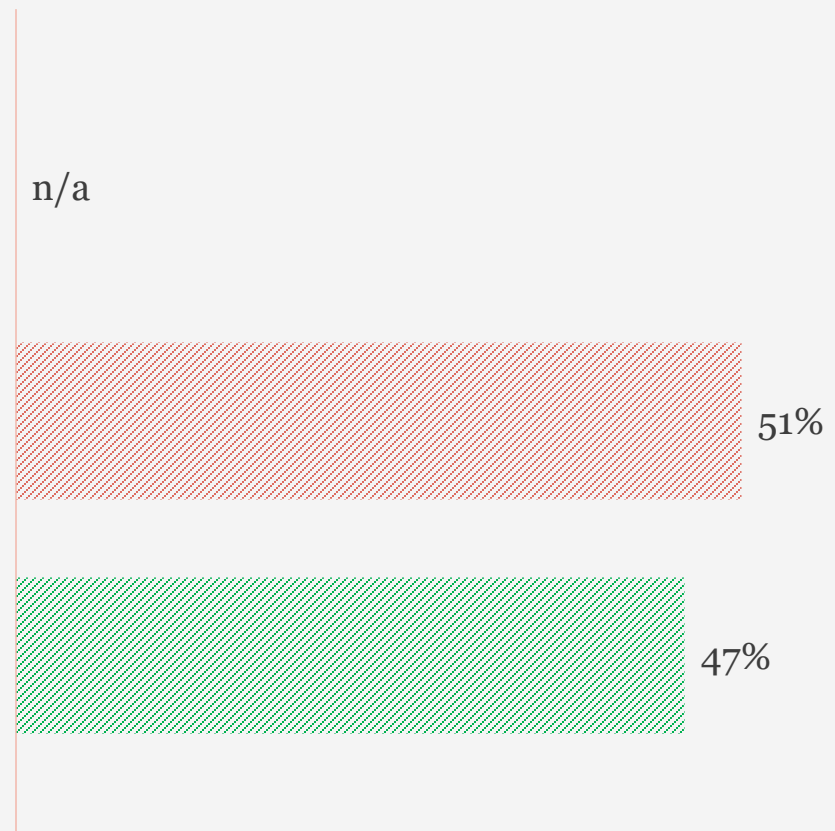
- Independent journalists
- Karl Volokh
- Yuriy Lutsenko
- Sergiy Leshchenko
- Petro Poroshenko
- People of Ukraine
- Luxemburg
- Active part in society
- Some People's Deputies who bring the cases to the public
- Young reformers in the ministries

- Government itself. If the Parliament and especially city authorities is only businessmen who else can be?
- International bodies
- Police
- U.S. Government
- International donors
- Foreign organizations
- Hard to define only one person
- No obvious leader

Predictions for the upcoming year

2014 2015 2016

Are you optimistic about prospects of anti-corruption fight in Ukraine in the upcoming year?



* Percentages of respondents who answered “Yes”.

- Political elite is deeply corrupt. These guys appoint government who then protects the corrupt interests
- **Hope so**
- Would like to observe better & faster progress
- The process is slow but things are improving
- Otherwise Ukraine has no future. Hope the leaders of coalition's political parties understand this
- Conditional on continued pressure from external parties (creditors) on the one hand, and bottom-up pressure from the civic activists
- I don't believe in the existence of President's political will
- Maybe
- Complete rebooting of central government is required

- President covers his corrupted friends
- More and more citizens are self-organized in groups and societies to reveal and fight corruption. New generation who "are born" computer-literate' use online means of purchases, registration, learning
- Mentality and manners are slow to change
- Small progress is visible, hope it will improve in the future
- No, because of absence of the political will
- Not with this government
- Yes, provided there will be a political will
- Society should strongly support anti-corruption champions and initiatives - this is the only way to overcome corruption in the absence of political will and resistance of corrupted officials to reforms



Thank you!