

NABU REPORT



2021

FIRST HALF



OUR MISSION

CLEANSING GOVERNMENT OF
CORRUPTION IN ORDER TO ENABLE
FORMATION AND DEVELOPMENT
OF SUCCESSFUL SOCIETY
AND EFFICIENT STATE



For the seventh year in a row, NABU and SAPO are defending the state's internal anti-corruption front. During this time, we have exposed multibillion corruption schemes and prosecuted dozens of top officials. The economic effect of our work in the first half of 2021 alone exceeded UAH 1.8 billion. All this provoked system's response and fierce counteraction from political elites. Gaps in the legislation also add fuel to the fire, while attempts to fill them prove painful and threaten to destroy the achieved results.

Our investigations undergo evergrowing interference. I want to believe that the new Head of SAPO, who will soon be elected in a transparent competition, will repel such attempts, remain a politically neutral person, strictly abide by the law, and will not continue the trend for a sudden change of prosecutors in the dead of night.

UAH
1.85 billion — the economic effect of NABU's work in the first half of 2021

Ukraine has been nurturing its independence for 30 years. We have been fighting for a European future. Soon it will become clear whether we shall keep the achieved results.

The Parliament will face a challenge this fall to pass laws that will preserve the independence of NABU and will not allow Ukraine to retreat in the fight against corruption. After all, the achievements of NABU and SAPO are the achievements of the entire Ukrainian society.

We will not give up. The fight goes on. Until the end!

Artem Sytnyk
NABU Director

The fight against corruption in Ukraine is gaining momentum. Thus, in the first half of 2021, right after the end of the asset declaration campaign, the active implementation of the mechanism of civil confiscation kicked off. By now, as a result of the anti-corruption bodies' diligent work, Prosecutors have filed motions with the High Anti-Corruption Court asking to declare the assets of two MP's worth over UAH 1.2 million and UAH 7 million unjustified and confiscate them in favor of the state.

Other areas of work have also shown results: 42 people were notified of suspicion over the past six months, 25 indictments were sent to court, and 14 sentences based on prosecutorial indictments were passed.

25 indictments were sent to the High Anti-Corruption Court in the first half of 2021

A few issues became particularly acute in 2021, namely establishing jurisdiction in high-profile cases, delays by the defense both at the



stage of reviewing the files and during the trial, which leads to long pauses in certain cases.

Despite these challenges, Prosecutors of the Specialized Anti-Corruption Prosecutor's Office continue to fight the shameful manifestations of corruption using the main principle of inevitability of punishment. Real sentences are the best precautionary factor for those who want to commit a crime.

Maksym Hryshchuk
Acting SAPO Head

THERE IS A GROWING UNDERSTANDING IN SOCIETY THAT ONLY FAIR JUSTICE TOGETHER WITH THE EFFECTIVE WORK OF ANTI-CORRUPTION AGENCIES WILL OFFER A CHANCE TO ERADICATE CORRUPTION IN UKRAINE.

OVER THE LAST 3 YEARS, THE NUMBER OF UKRAINIANS WHO WILL NOT TOLERATE JUDICIAL CORRUPTION HAS INCREASED BY 23% UP TO 54%.

* according to the results of the national population survey conducted by the USAID New Justice Program in February-March 2021

CONTENTS

8

INVESTIGATIONS

Investigation results
Economic effect
High-profile exposures

32

COOPERATION

Cooperation with government authorities,
the public and international institutions
Expenditures and procurement

42

CHALLENGES

Political pressure
Prosecutor's supervision
Introduction of eCase MS

50

APPENDICES

INVESTIGATIONS



НАБУ

INVESTIGATION RESULTS



Exposing corruption at state-owned enterprises was one of the key priorities in the work of NABU and SAPO in the first half of 2021. During the reported period, NABU and SAPO served notices of suspicion to nine heads of business entities with 50+ shares owned by the state. The prosecuted persons include former officials of Ukrinmash (part of Ukroboronprom State Concern), Pivdendiproshakht SE, Ukhrohleasing NJSC, Ukr-

khimtransamiak and others. Corruption schemes in these enterprises involved their executives and resulted in the embezzlement of funds.

9 Heads of state and municipal enterprises suspected of abuse of office

In the first half of 2021, progress was made in number of high-profile investigations being rather complex due to significant amount of correspondance/communication under international legal cooperation. In particular, an ex-PrivatBank top official was notified of suspicion in two episodes, new suspects emerged in the investigation into embezzling the NBU loan of UAH 1.2 bln provided to VAB Bank. The NABU Detectives continue to dig into the embezzlement and further legalization of funds allocated to Derzhinvestproekt. Progress was made in investigating corruption at Ukravtodor and Ukrzaliznytsia.

PRE-TRIAL INVESTIGATIONS

(as of 30.06.2021)

879

ACTIVE CRIMINAL
PROCEEDINGS

397

NOTICES OF
SUSPICION

325

INDICTMENTS

584

ACCUSED
PERSONS

(in the first half of 2021)

336

LAUNCHED
INVESTIGATIONS

42

NOTICES OF
SUSPICION

25

INDICTMENTS

43

ACCUSED
PERSONS

NOTICES OF SUSPICION

(from 01.01.2021 to 30.06.2021)

15

public officials, law enforcement officers, local self-government officials who committed corruption crimes resulting in the losses for the state in the amount of more than 500 non-taxable minimum incomes of citizens

9

heads of state enterprises (share of state or communal property is 50+ percent)

1

senior officials of law enforcement and supervisory agencies

1

judges

16

other (individuals, lawyers)

IN TOTAL

42

INTERNATIONAL LEGAL COOPERATION

(from 01.01.2021 to 30.06.2021)

116

REQUESTS FOR
LEGAL ASSISTANCE

43

STATES



ECONOMIC EFFECT

The investigations conducted by NABU and SAPO are reaching a long-awaited finale: court verdicts with real imprisonment regarding persons convicted of criminal corruption offenses and the forfeiture of property in favor of the state.

Thus, in the first half of 2021, the sentences against two persons on the forfeiture of property and funds took effect. They are Kostiantyn Starovoi, the former Head of Tsentrhaz, which is part of Kirovohradhaz OJSC (51% of shares belong to Naftogaz of Ukraine NJSC), and Anatolii Tselukh, a judge of the Malynovskyi District Court of Odesa. Both were sentenced to 8 and 7 years in prison, respectively, with the confiscation of property. A car was confiscated from the ex-official of Tsentrhaz, while the foreign currency in the amount exceeding EUR 10 thousand was confiscated from the judge. The court also ordered a private company to return UAH 8.6 million illegally received from Tsentrhaz.

The total amount of assets to be confiscated by court decision in these two cases is almost

UAH 9.26 million. In total, there are more than 300 NABU and SAPO cases pending court rulings. Thus, in just 43 cases sent to court in the first half of 2021, 25 real estate facilities (estimated value exceeds UAH 113 million), land plots with a total area of more than 30 hectares, more than UAH 11 million, almost USD 8 million, 10 vehicles were seized.

The trial of NABU and SAPO cases is lengthy, so the National Bureau is making efforts to ensure the recovery of losses caused to the state at the stage of pre-trial investigation. Thus, the materials collected by NABU Detectives became a convincing basis for the gradual repayment by private companies of debts to Ukrnafta PJSC (51% of shares belong to Naftogaz of Ukraine NJSC), which arose because of the crime. During December 2020 - June 2021, these companies, probably related to the minority shareholders of PJSC, repaid more than UAH 985 million and in total since the beginning of the investigation — more than UAH 1.93 billion.

“UKRNAFTA” CASE

MORE THAN UAH 985 MILLION OF DEBT WAS REPAYED DURING DECEMBER 2020 - JUNE 2021 TO UKRNAFTA BY PRIVATE COMPANIES PROBABLY RELATED TO ONE OF THE MINORITY SHAREHOLDERS OF THE COMPANY. IN TOTAL, MORE THAN UAH 1.9 BILLION HAS BEEN RETURNED SINCE THE START OF THE INVESTIGATION

Similarly, for the past years, after a number of commercial contracts in NABU investigations were considered invalid by courts, Zaporizhzhiaoblenerho PJSC (60% of shares belong to the state) collected debts for the supplied electricity. In the first half of 2021 alone, the company received over UAH 121 million (in total, over UAH 435 million).

Thanks to NABU, 14 buildings and facilities located across 8 hectares on the outskirts of Kyiv were recovered by National Cinematheque of Ukraine SE. Previously, as established by NABU Detectives, they had been illegally misappropriated through an auction: relevant facts are still being investigated. NABU entered the case as a third party, and based on materials collected by Detectives in February 2021, the Commercial Court of Kyiv declared the results of the auction for the sale of NCU's property invalid. In June, the appellate court upheld the decision, and it took effect.

The appellate court stood with NABU in another lawsuit — the annulment of the agreement on the assignment of rights to claim more than USD 87 million between Delta Bank PJSC and a private company (the necessary files were also

obtained by NABU Detectives in a pre-trial investigation). The ruling has come into force. It enables for the Deposit Guarantee Fund, which is currently managing Delta Bank, to begin the recovery of funds to compensate for the losses sustained by depositors.

Three times during the first half of 2021, Detectives resorted to actions that prevented the theft of some 2,700 tons of grain from the State Reserve worth more than UAH 20 million. Relevant facts are being investigated by NABU and SAPO. In order to prevent potential losses to the state, Detectives had to stop trucks by force and return grain to state-owned enterprises.

**UAH
706** million of unjustified VAT was prevented from being refunded from the state budget in the first half of 2021

In February-June 2021, Detectives prevented the unjustified refund of almost UAH 706 million of value added tax to companies involved in a corrupt scheme for the import and customs clearance of goods in Ukraine. These funds remained in the state budget.

REIMBURSEMENT IN CRIMINAL PROCEEDINGS

(both under investigation and sent to court)

UAH
2.81 BLN
AS OF
30.06.2021

UAH
1.11 BLN
IN THE FIRST HALF
OF 2021

ECONOMIC EFFECT OF NABU AND SAPO WORK IN 2021*



*14 buildings and 8 hectares of land in Kyiv (returned under state ownership by a court decision that has taken effect; the assessment of the assets had not been completed as of 30.06.2021)

MOTIONS

(as of 30.06.2021)

108
INVALIDATED
AGREEMENTS
(RULINGS TOOK EFFECT)
UAH
8.67 BLN

(from 01.01.2021 until 30.06.2021)

1
INVALIDATED
AGREEMENT
(RULING TOOK EFFECT)
UAH
2.37** BLN

**UAH equivalent (agreement value USD 87.29 mln)

ARRESTED ASSETS***

30.27 HA | LAND
PLOTS

34 | REAL ESTATE

10 | VEHICLES

CASH
ASSETS: UAH **11.26** MLN

USD **7.84** MLN

EUR **28.82** THOUS.

***in criminal proceedings with indictments sent to court from 01.01.2021 until 30.06.2021



HIGH-PROFILE EXPOSURES

“VAB BANK” CASE

The number of suspects in the case of the embezzlement of a UAH 1.2 bln loan granted by the National Bank to the private VAB Bank has increased to 17 persons. On May 24, 2021, seven more persons were added to the existing 10 suspects. Six of them were working for the NBU at the time of the crime, and the seventh one was the deputy director of the appraiser company which assisted the bank’s beneficial owner in obtaining the loan.

Let us recall a few facts behind the crime. In October 2014, VAB Bank, classified as a troubled bank, asked the NBU for a stabilization loan secured on real estate. At the same time, the bank did not submit all necessary documents, while its property was overestimated almost 25 times with the help of forged valuation reports. Despite such, mildly speaking, insufficient conditions, the NBU approved a UAH 1.2 bln two-year stabilization loan to VAB Bank, which the latter did not repay at the end of the period.

In 2021, NABU Detectives have reached the finish line in



the probe. Meanwhile, the actual owner of the bank, who was declared wanted, continues to hide from NABU.

7 new suspects in “VAB Bank” case: 17 in total

It is worth saying that the case is characterized by powerful resistance from those behind the corruption scheme. They resort to ordered materials, rent-a-mob protests, and media attacks.

“DERZHINVESTPROEKT” CASE



The investigation of the misappropriation of more than UAH 250 mln allocated for the implementation of the national projects “Yakisna Voda” (Quality Water) and “Olympic Hope-2022” has revealed new facts — a scheme to legalize the embezzled funds and those involved in its implementation. One person turned out to be the brother of the ex-Head of the State Agency for Investment and Management of National Projects (Derzhinvestproekt). He was given a notice of suspicion on May 26, 2021.

As NABU established, the financing provided to Derzhinvestproekt’s State Investment Company was siphoned off to the accounts of Cypriot companies. Then they acquired shares in the authorized capital of Ukrainian LLCs, which in 2013-2015 bought from Ukrainian citizens over 700 land plots (about 1.000 hectares) in Zakarpattia and Volyn regions. The beneficial owner of the Cypriot companies was the brother of the ex-Derzhinvestproekt Head.

700 land plots arrested
by the HACC

The abovementioned facts emerged after the National Bureau obtained the materials in another episode of the “Derzhinvestproekt” case that had been sent to court in 2019. NABU Detectives continued to investigate the fraudulent schemes of Derzhinvestproekt’s ex-management and later found evidence of money laundering. At their request, all 700 land plots were seized by court.

EX-NATIONAL POLICE OFFICER CASE

On April 15, 2021, NABU, SAPO, and the National Police Internal Security Department notified the ex-Head of the National Police Explosives Department of suspicion of receiving a UAH 980,000 bribe and its further legalization. His accomplice, a private entrepreneur, was also served with a notice of suspicion.

UAH
980 thousand bribe
accepted by ex-police
officer

In the fall of 2016, the ex-officer using his official position and in collusion with a private entrepreneur organized the purchase of equipment and special gear for the needs of the National Police unit in Luhansk region. The appearance of no competition in the tender was artificially given in order to carry out the procurement through negotiations. As a result, the National Police paid UAH 3 million, of which the private entrepreneur transferred UAH 980 thousand



allegedly for legal services (which were not actually provided) to the company owned by the then police officer.

The High Anti-Corruption Court sent the ex-officer under night house arrest, while the private entrepreneur was released on bail of UAH 158.9 thousand.

This episode is one of the possible procurement-related crimes, which were carried out by the National Police Explosives Department under the leadership of the ex-officer.

KDAC JUDGE'S RELATIVE CASE



Antiques, documents to the name of the Kyiv District Administrative Court Head and his close relative, as well as large amounts of cash (over USD 3.7 mln, EUR 840 thousand, GBP 20 thousand, UAH 230 thousand, and 100 new shekels — in total more than UAH 130 mln) were found by NABU Detectives at the place of discovery of part of a bribe in the amount of USD 80 thousand in April 2021. As established, two lawyers asked for USD 100 thousand to help tackle an issue with a KDAC judge — to secure a positive decision

in favor of a business entity. One of the fixers turned out to be a close relative of the KDAC Head, who, in turn, is suspected of seizing state power in another NABU case.

On April 7, 2021, the lawyers were given notices of suspicion, and on April 9, the High Anti-Corruption Court put them under arrest. The KDAC Head's relative is still staying in a pre-trial detention center (the amount of bail is UAH 27.24 mln), while his accomplice has been released on bail of almost UAH 3 mln.

UAH
130 mln found during
a search in bribery
investigation

On April 24, the Appeals Chamber of the High Anti-Corruption Court refused the defense of the KDAC Head's relative and remanded him in custody. The seized funds, including the bribe and the cash, are being stored in one of the state banks.

The pre-trial investigation is in progress.

“PRIVATBANK” CASE

Thanks to NABU and SAPO, for the first time in Ukraine a plane with a person involved in one of the largest corruption schemes in the history of the state was detained. On February 22, 2021, NABU Detectives at the last moment prevented the escape of the ex-First Deputy Chairman of the PrivatBank Board. The plane heading from Dnipro to Vienna had almost left Ukraine, but due to the efforts of the State Aviation Service, — landed at Boryspil Airport. The ex-official was detained and notified of suspicion of embezzling over UAH 136 mln (approx. USD 5.17 mln) via an insurance payment scheme. His two accomplices — the Board Chairman and the Head of one of the bank’s Departments — were declared wanted.

UAH
8.3 bln embezzled via
two fraud schemes

Progress has been made in another episode — the so-called letter of credit scheme that resulted in the loss of



USD 314.9 mln by PrivatBank. In March 2021, three ex-officials of the bank were served with notices of suspicion.

Currently, there are five suspects in the “PrivatBank” case: the ex-Board Chairman (suspected in both episodes), two of his Deputies, and two Heads of Departments. NABU Detectives investigate a number of other episodes and identify more participants in the case.

The “PrivatBank” case is a multi-episode investigation and one of the most difficult in the history of NABU and SAPO.

Essence of the crime

NABU and SAPO exposed a corruption scheme at Ukrzaliznytsia's Industrial Management Center that in 2014-2016 purchased sleepers and beams at prices 80% higher than the market average. As a result, Ukrzaliznytsia illegally overpaid UAH 13 mln. In March 2017, the director of one of the involved commercial firms was found guilty after signing a plea bargain that provided for the confiscation of UAH 20 million in favor of the state. However, despite court decisions and the Ukrainian law, the representatives of the companies alienated the seized funds in favor of third parties. NABU and SAPO learned about the fact of illegal alienation of UAH 20 million after being notified by the State Executive Service about the impossibility of implementing a court verdict to confiscate this amount to the state revenue due to the lack of these funds on company accounts.

Under prosecution

4 accused persons

- two directors* and an accountant of LLCs involved in the corruption scheme — Part 2 Article 28, Part 1 Article 388 of the Criminal Code of Ukraine
- legal adviser of one of the banks — Part 2 Article 367 of the Criminal Code of Ukraine

** positions as of the time of committing the crime*

29.01.2018 — investigation started

02.10.2019 — 3 persons notified of suspicion



ILLEGAL ALIENATION OF UKRZALIZNYTSIA UAH 20 MLN

26 | MONTHS
INVESTIGATION DURATION

14 | VOLUMES
CASE FILES

20 | INTERROGATIONS

4 | SEARCHES

12 | REVIEWS

2 | FORENSIC
EXAMINATIONS

30 | APPROVALS FOR
TEMPORARY
ACCESS
TO EQUIPMENT AND
DOCUMENTS

5 | GRANTED
DOCUMENT
REQUESTS

27.02.2020 —
4th person notified
of suspicion

26.03.2020 —
investigation
completed

29.01.2021 —
indictment sent
to court



Essence of the crime

In 2017, in the Pervomaisk-Stakhanivskiy coal-mining region of Luhansk region, a critical situation arose due to the rapid flooding of mines, where water pumping was stopped after the start of hostilities. The prospects of a state-level emergency occurred at Zolote coal mine. In 2018, to prevent a man-made disaster, the government allocated funding. The funds' manager, Pervomaiskvuhilia SE, selected a general contractor under a negotiated (simplified) procedure, which signed a subcontract with another company. As a result, the company contacted separate divisions of the state enterprise — Spetsupravlinnia and Zolote coal mine whose employees performed all the necessary work, while private companies received payment of UAH 33 million. Another UAH 5 million were paid as a debt of Pervomaiskvuhilia to the general contractor. As established, the amount of work and its cost were overstated by more than UAH 17 million, of which more than UAH 14 million was illegally paid.

Under prosecution

6 suspects

- acting General Director* of Pervomaiskvuhilia SE — Part 2 Article 364, Part 1 Article 366 of the Criminal Code of Ukraine
- Director of Zolote coal mine — Part 2 Article 364, Part 1 Article 366 of the Criminal Code of Ukraine
- chief engineer of Zolote coal mine — Part 2 Article 364, Part 1 Article 366 of the Criminal Code of Ukraine
- chief mechanic of Zolote coal mine — Part 2 Article 364, Part 1 Article 366 of the Criminal Code of Ukraine
- two directors of commercial companies — Part 2 Article 364, Part 5, Article 27, Part 2 Article 364, Part 1 Article 366 of the Criminal Code of Ukraine

** positions as of the time of committing the crime*

Results of NABU actions

The embezzlement of UAH 3.5 million was prevented. Six persons were brought to justice.

24.08.2018 — investigation started
(by the investigators of the Popasna
Police Unit in Luhansk region)

08.01.2019 — NABU takes
over the case



MISAPPROPRIATION OF MORE THAN UAH 17 MLN ALLOCATED FOR PERVOMAISKVUHILIA SE

32 | MONTHS
INVESTIGATION DURATION

120 | VOLUMES
CASE FILES

70 | INTERROGATIONS

20 | SEARCHES

30 | REVIEWS

40 | FORENSIC
EXAMINATIONS

30 | APPROVALS FOR
TEMPORARY
ACCESS
TO EQUIPMENT AND
DOCUMENTS

50 | GRANTED
DOCUMENT
REQUESTS

19.10.2020 —
4 persons notified
of suspicion

30.03.2021 —
2 persons notified
of suspicion

02.04.2021 —
investigation
completed

Essence of the crime

In 2017, the Director and Deputy Director of Marine Search and Rescue Service SE purchased operational leasing services for Volkswagen cars from a predetermined company. The cost of services significantly exceeded the amount for which the enterprise could buy the cars. Thus, according to the contract, the SE had to pay during three years over UAH 16.3 million for the use of seven cars and then return them to the company. The market value of the cars was about UAH 9.7 million. The enterprise was also obliged to cover the full cost of the cars, the lessor's services, interest on the loan received by the lessor to purchase the cars, and the costs induced by the operation of cars. A forensic economic examination established that the difference between the cost for obtaining the cars under an operational leasing agreement and a possible cost for obtaining the same vehicles under a sales contract exceeds UAH 6.5 million.

Under prosecution

2 accused persons

- Director* of Marine Search and Rescue Service SE — Part 2 Article 364 of the Criminal Code of Ukraine
- Deputy Director of Marine Search and Rescue Service SE — Part 2 Article 364 of the Criminal Code of Ukraine

* *positions as of the time of committing the crime*

Results of NABU actions

The lessor entered into a donation agreement with Marine Search and Rescue Service SE under which the enterprise got ownership of six cars with a residual value of UAH 4.9 million.

16.02.2017 — pre-trial investigation launched

25.06.2020 — 2 persons notified of suspicion



UAH 6.5 MLN LOSSES TO MARINE SEARCH AND RESCUE SERVICE SE

44

MONTHS
INVESTIGATION DURATION

48

VOLUMES
CASE FILES

36

INTERROGATIONS

6

SEARCHES

27

REVIEWS

4

**FORENSIC
EXAMINATIONS**

21

**APPROVALS FOR
TEMPORARY
ACCESS**
TO EQUIPMENT AND
DOCUMENTS

33

**GRANTED
DOCUMENT
REQUESTS**

31.07.2020 — case files
opened for the defense

22.03.2021 — case
referred to court

Essence of the crime

As established, from 2014 until 2019, the former Boryspil International Airport SE Head and the Head of the Leasing Department illegally leased the premises of the state enterprise to business entities at reduced prices and beyond tender. Because of such illegal actions, the state enterprise lost more than UAH 16.5 million under two lease contracts alone. As the above airport premises belong to the Ministry of Infrastructure of Ukraine, only the State Property Fund of Ukraine has the right to lease them under the relevant tender procedure.

Under prosecution

2 accused persons

- SE Head* — Part 2 Article 364 of the Criminal Code of Ukraine
- Head of the Boryspil International Airport Leasing Department — Part 5 Article 27, Part 2 Article 364 of the Criminal Code of Ukraine

** positions as of the time of committing the crime*

Results of NABU actions

The airport executives stopped concluding illegal pre-lease agreements in the interests of business only after receiving in 2019 recommendations from the National Bureau on eliminating the causes and conditions that contribute to the commission of a crime.

18.06.2019 —
investigation started

07.09.2020 — 2 persons
notified of suspicion



UAH 16.5 MLN LOSSES TO BORYSPIL INTERNATIONAL AIRPORT

2 | YEARS
INVESTIGATION DURATION

41 | VOLUMES
CASE FILES

67 | INTERROGATIONS

3 | SEARCHES

15 | REVIEWS

3 | FORENSIC
EXAMINATIONS

5 | APPROVALS FOR
TEMPORARY
ACCESS
TO EQUIPMENT AND
DOCUMENTS

42 | GRANTED
DOCUMENT
REQUESTS

02.02.2021 — investigation
completed

15.06.2021 — indictment
sent to court

Essence of the crime

Under an agreement between Ukrmedproektbud SE and Ukrprofmed LLC, the latter, as a general contractor, undertook to build a modern medical and diagnostic complex for the National Children's Specialized Hospital "Okhmatdyt" (one of the tasks under Ukraine's State EURO 2012 preparation program). As established, the officials of Ukrmedproektbud SE and Ukrprofmed LLC colluded to fabricate invoices and transfer-acceptance acts for engineering equipment. Based on forged documents, Ukrmedproektbud SE unjustifiably transferred to Ukrprofmed LLC over UAH 30 mln of budget funds for the products that had not been delivered. The engineering equipment never arrived in Ukraine.

Under prosecution

3 accused persons

- Director* of Ukrmedproektbud SE — Part 2 Article 28, Part 2 Article 364, Part 2 Article 28, Part 1 Article 366 of the Criminal Code of Ukraine
- Head of a private enterprise-general contractor — Part 5 Article 27, Part 2 Article 28, Part 2 Article 364, Part 2 Article 28, Part 1 Article 366 of the Criminal Code of Ukraine
- Head of a private enterprise-keeper of equipment — Part 5 Article 27, Part 2 Article 28, Part 2 Article 364, Part 2 Article 28, Part 1 Article 366 of the Criminal Code of Ukraine

** positions as of the time of committing the crime*

Results of NABU actions

Investigation into the actions of two persons is over. The third suspect is wanted. There are rulings by Commercial courts that the embezzled funds have to be reimbursed, though the bailiff service cannot secure its implementation due to the absence of the funds.

17.09.2017 – pre-trial investigation launched



UAH 30 MLN LOSSES DURING OKHMATDYT HOSPITAL CONSTRUCTION

44 | MONTHS
INVESTIGATION DURATION

78 | VOLUMES
CASE FILES

34 | INTERROGATIONS

1 | SEARCH

8 | REVIEWS

11 | GB OF DIGITAL
INFORMATION

23 | APPROVALS FOR
TEMPORARY
ACCESS
TO EQUIPMENT AND
DOCUMENTS

2 | FORENSIC
EXAMINATIONS

05.05.2020 — 3 persons
notified of suspicion

09.04.2021 — case files
opened for the defense

COOPERATION



COOPERATION WITH GOVERNMENT AGENCIES, THE PUBLIC AND INTERNATIONAL PARTNERS

With the easing of COVID-19 quarantine restrictions, NABU's interaction with the public and international partners is slowly getting back on track.

During the reporting period, the National Bureau began cooperating with the Commission for Counteracting Corruption and Illegal Assets Forfeiture of Bulgaria, extended the Memorandum of Understanding with the Federal Bureau of Investigation (USA), and strengthened cooperation with the British government. With the assistance of the European Union Anti-Corruption Initiative in Ukraine, the development of the interdepartmental information and telecommunication system of pre-trial investigation eCase MS and the preparation of the NABU Development Strategy until 2023 are underway.

NABU has started cooperation with a number of state bodies. Memorandums of Cooperation with the State Customs Service, the Kyiv City State Administration,

the Ministry for Communities and Territories Development, the State Architectural and Construction Inspectorate are intended to unite the efforts of these institutions in combating corruption.

29 educational events held by NABU

Despite the quarantine restrictions, the National Bureau actively maintained communication with the public, using new ways to inform the society about its activities, such as voice-based events on Clubhouse, podcasts, or live broadcasts on Instagram. In total, during the reporting period, NABU organized 29 educational events — lectures, study visits, and discussions — with an audience of over 6,000 people. The anti-corruption school lessons launched in 2020 were conducted in Kremenchuk High School No.12, Berdiansk

Municipal Lyceum, Rusanivskiy Lyceum in Kyiv, and the Ukrainian Humanitarian Lyceum of Taras Shevchenko Kyiv National University.

In January-June 2021, representatives of the National Bureau attended a number of online and offline anti-corruption events organized by the UN, OECD, Network of Corruption Prevention Authorities, and Japan International Cooperation Agency. In particular, they took part in an online event in the framework of the Tenth Global Assembly of the World Movement for Democracy, Zero Corruption Conference 2021, and the International Conference "Whistleblowers in Ukraine: Success and Challenges".

The "I expose with NABU" campaign, launched in the first half of 2021, is designed to motivate the fight against corruption. It is a series of video stories by high-ranking officials, who in cooperation with NABU helped expose corruption, proving the system could change from within.

A consistently high number of public reports indicates

trust in NABU. Thus, in the first half of 2021, the National Bureau received 9,868 requests, 85% of them being from citizens. The most popular channel is still a special telephone line accepting 45% of all citizens' requests.

NABU's Civil Oversight Council, consisting of representatives of the public elected by open Internet voting, has long been the Bureau's partner in the field of anti-corruption education. This year, the COC, together with the Uchoose/UCMC project, prepared a quiz to test the knowledge of the anti-corruption system. In order to establish effective communication at the level of public councils, the COC also initiated a joint meeting of its chairman with representatives of the Security Service Department in Lviv region public council and Director of the Lviv Territorial Office Taras Lopushanskyi.

Overall, in the first half of 2021, the COC analyzed 184 sets of documents from candidates for positions at NABU, prepared 8 analytical publications, and published 6 official statements.

REPORTS TO NABU

NABU RECEIVED 9,868 REQUESTS IN THE FIRST HALF OF 2021, 85% OF THEM BEING FROM CITIZENS. ALMOST EVERY SECOND REQUEST WAS RECEIVED VIA PHONE

COOPERATION WITH GOVERNMENT AUTHORITIES

(from 01.01.2021 until 30.06.2021)

NABU LAWYERS ANALYZED AND GAVE CONCLUSIONS IN REGARD TO

23

DRAFT LAWS

- 15** Verkhovna Rada of Ukraine
- 3** Ministry of Justice of Ukraine
- 2** Cabinet of Ministers of Ukraine
- 3** Others

21

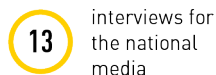
DRAFTS OF SUBORDINATE ACTS

- 4** Cabinet of Ministers of Ukraine
- 4** Ministry of Defence of Ukraine
- 3** Ministry of Finance of Ukraine
- 2** Ministry for Strategic Industries of Ukraine
- 2** Ministry of Justice of Ukraine
- 2** Ministry of Internal Affairs of Ukraine
- 4** Others

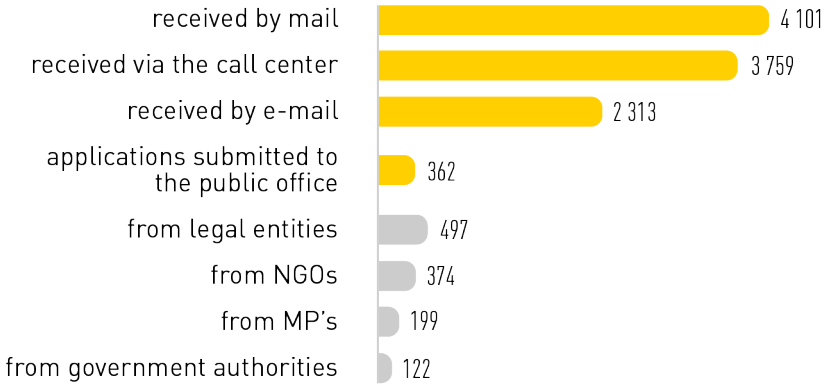
COOPERATION WITH THE PUBLIC

(from 01.01.2021 until 30.06.2021)

PUBLIC ACTIVITY



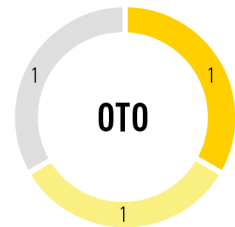
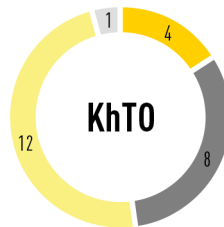
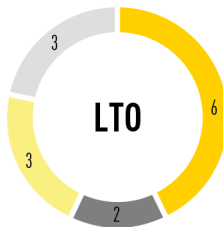
REQUESTS TO THE NATIONAL BUREAU



PUBLIC CONTROL (CIVIL OVERSIGHT COUNCIL)

- 144** requests to government authorities, embassies and international organizations sent
- 184** packages of documents from candidates for positions in NABU analyzed
- 6** official statements published
- 8** analytical publications prepared

PUBLIC EVENTS IN THE REGIONS



- forums, conferences, discussions, etc. (including online)
- activities at universities
- communication with the media
- public meetings

EXPENDITURES AND PROCUREMENT



In the first half of 2021, the National Bureau used 45% of the funds provided by the state budget for this year.

In the reporting period, 143 goods and services procurement procedures were announced. 88 contracts worth UAH 24.35 million were concluded. Based on tender results, savings amounted to UAH 8.31 million. The most savings occurred during the procurement of translation services (UAH 4.8 million), services for voluntary insurance of special vehicles (UAH 617.2 thousand),

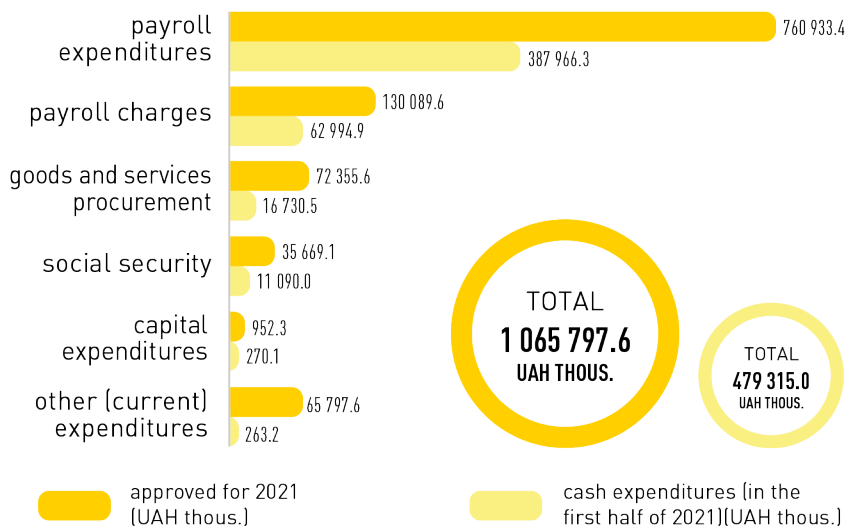
their repair and maintenance (UAH 522 thousand), purchase of diesel fuel and gasoline (UAH 407.8 thousand).

As of June 30, 2021, UAH 47.8 million are kept on NABU's deposit accounts. These are funds seized in criminal proceedings with no traces of crime, in particular: UAH 9.5 million, EUR 285.9 thousand, USD 1 million, RUB 104.5 thousand, and GBP 5.8 thousand. Interest accrued on deposit funds shall be sent to the budget of Ukraine.

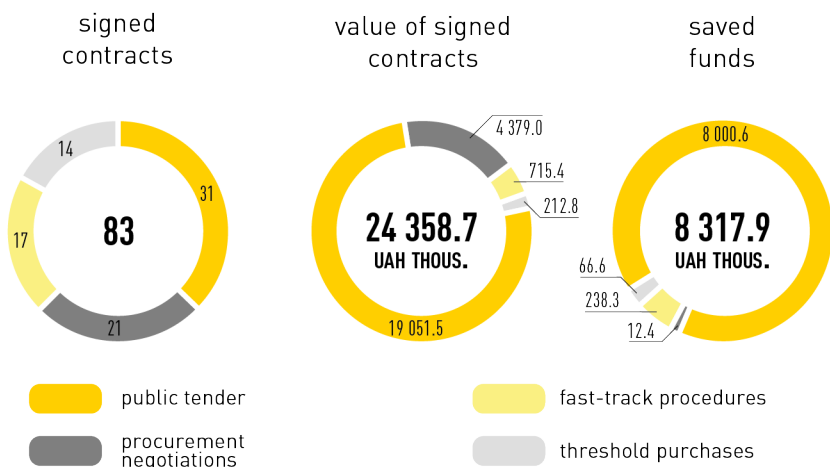
UAH
8.31 million was saved
during purchases in
the first half of 2021

During January-June 2021, the EU Advisory Mission to Ukraine, the US, and UK governments provided the National Bureau with international technical assistance totaling UAH 8.4 million. These funds were used to upgrade the equipment of the criminal laboratory, create four workplaces for OSINT operations, and organize a number of trainings for employees.

NATIONAL BUREAU BUDGET



GOODS AND SERVICES PROCUREMENT (in the first half of 2021)



SALARIES OF THE NABU EMPLOYEES

(as of 30.06.2021)

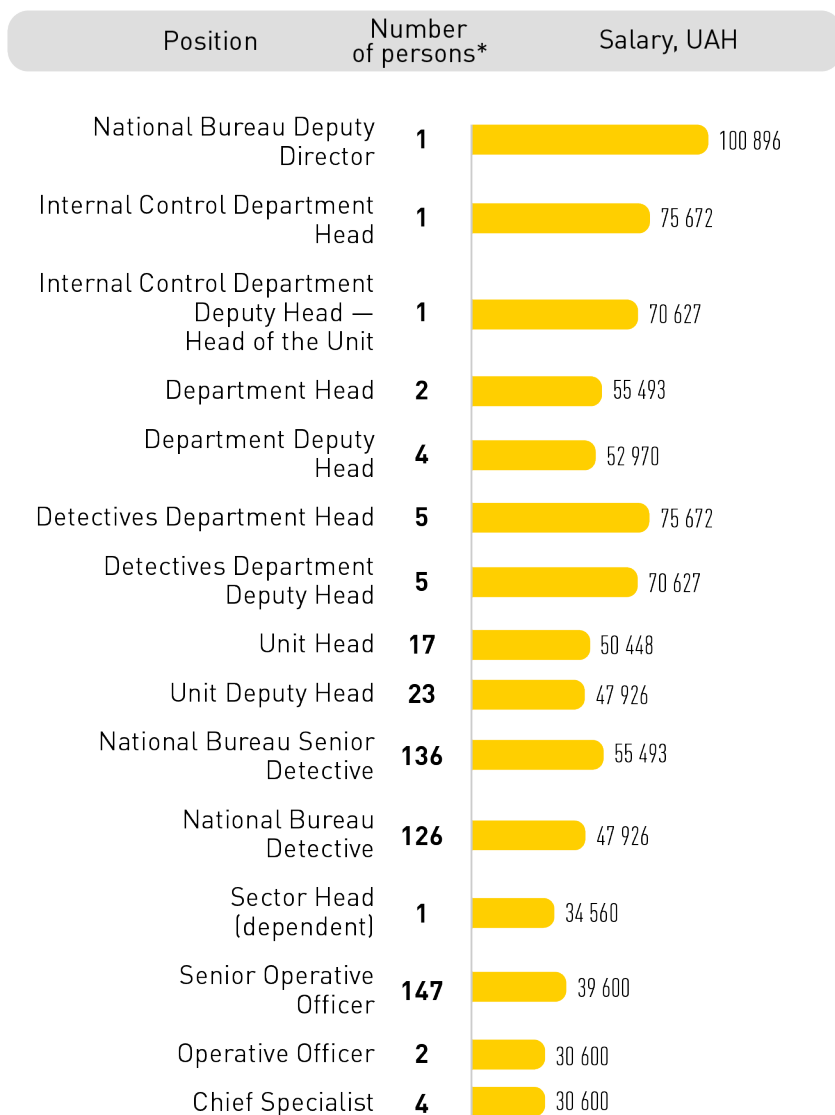
CENTRAL APPARATUS CIVIL SERVANTS

Position	Number of persons*	Salary, UAH
National Bureau Director	1	126 120
National Bureau Deputy (First Deputy) Director	2	100 896
Department Head	7	55 493
Department Deputy Head	7	52 970
Unit Head	18	50 448
Unit Deputy Head	20	47 926
National Bureau Senior Detective	24	55 493
National Bureau Detective	24	47 926
Sector Head (independent)	1	39 600
Sector Head (dependent)	1	34 560
Chief specialist	98	30 600

TERRITORIAL OFFICE EMPLOYEES

Position	Number of persons*	Salary, UAH
Territorial Office Director	3	63 060
Territorial Office Deputy Director	3	58 856
Chief Specialist	15	25 500

CENTRAL APPARATUS SENIOR RANKED PERSONNEL



* according to Staff list

CHALLENGES



POLITICAL PRESSURE



Political pressure is endemic in the reality in which Ukrainian anti-corruption agencies have to work. It stems from the high level of political corruption and the country's unreformed judiciary. This results in the avoidance of punishment for corruption crimes and reduces trust in institutions designed to combat such offenses. It also discourages citizens from joining the fight against corruption and exposing corruption crimes.

Such a context determines the fight against corruption in the state as a whole. However, when it comes to top officials, this issue is getting more pronounced. Persons prosecuted by the National Anti-Corruption Bureau use all levers of influence to protect themselves. Thus, last year the Constitutional Court of Ukraine ruled to deprive NABU of institutional independence, abolished criminal liability for putting false information in asset declarations, while some political forces took efforts to initiate the dismissal of the NABU Director and make changes to the relevant law. Moreover, the number of paid smear campaigns in the media against the National Anti-Corruption Bureau has increased.

The resistance of the system, which significantly increased in 2020, did not decrease in the first half of 2021. On June 3, 2021, the Verkhovna Rada of Ukraine passed a bill (No.4651) that resurrected electronic declaration. However, the document made it more difficult to

prosecute top officials and created a basis for them to avoid such a prosecution. Due to a public outcry and the tough stance of Ukraine's international partners, the President vetoed the draft law. On June 29, the Verkhovna Rada passed the bill with amendments submitted by the President. However, in the end the punishment for false declaration was mitigated: the term of imprisonment was reduced from two years to one.

The risk of stripping the National Anti-Corruption Bureau of its functional and institutional independence is still quite high

The decision by the Constitutional Court of Ukraine that effectively amnestied the undeclared wealth acquired by 2020 and the approach demonstrated by the majority of parliamentarians to electronic asset declarations proves the unwillingness of political elites to fight corruption, especially at the highest level.

In this context, the adoption of a new National Anti-Corruption Bureau legislation is a matter of concern. Thus, in May 2021, the Verkhovna Rada passed in the first reading a bill amending a number of laws to bring the status of NABU in line with the requirements of the Constitution of Ukraine. In particular, it provides for turning the National Anti-Corruption Bureau into an executive body with a special status and changing the procedure for appointing its Director, while the Cabinet of Ministers will not be able to interfere with the work of the agency. However, in the process of finalization before the second reading, this bill may undergo radical changes: in 2019-2020 alone, some 20 bills seeking to expand grounds for Director's dismissal were registered in the Verkhovna Rada.

We believe that the risk of stripping the National Anti-Corruption Bureau of its functional and institutional independence is still quite high. Therefore, any developments in the second half of 2021 will require constant attention of both civil society and international partners.

PROSECUTOR'S SUPERVISION



The absence of the Head of the Specialized Anti-Corruption Prosecutor's Office in the first half of 2021 undermined the effectiveness of criminal investigations conducted by the NABU Detectives.

SAPO is an independent unit of the prosecutor's office responsible for prosecutor's supervision in NABU investigations. The independence in decision-making and autonomy of SAPO from the Prosecutor General's Office is an underlying principle of its functioning.

However, in the first half of 2021, the center for making key procedural decisions in NABU cases moved from SAPO to the PGO. As a result, ambiguous decisions have been made in a number of high-profile criminal proceedings involving senior officials.

By law, the SAPO Head is also a Deputy Prosecutor General empowered to make important decisions, such as approving the entry of information about the start of a probe into the Unified Register of Pre-Trial Investigations, appointing prosecutors in a probe, approving motions for various procedural actions and notices of suspicions, etc. After the dismissal of SAPO Head Nazar Kholodnytskyi in the summer of 2020, his duties including those of Deputy Prosecutor General were taken over by Maksym Hryshchuk, First Deputy SAPO Head. However, four months later, the Prosecutor General stripped him of the status of Acting SAPO Head and all relevant powers.

All this happened shortly after the NABU Detectives gave notice of suspicion

to the Deputy Head of the President's Office of corruption in December 2020. In this case, the PGO secretly changed the group of prosecutors, and later, based on an illegal decision by the Pechersk District Court of Kyiv, — the jurisdiction, with the probe being further transferred to the SSU. At the same time, the PGO actually blocked the possibility to challenge the decision in the Appeals Chamber of the High Anti-Corruption Court, as required by law.

This case became a threatening precedent, as it demonstrated to other top officials the way of changing jurisdiction in the NABU and SAPO proceedings, and, despite the illegality of the grounds, proved to be acceptable to political elites. During the first half of 2021, other suspects in the NABU and SAPO cases tried to avoid prosecution using the same scheme. If the SAPO Head had been in the office, such a scenario could hardly be implemented.

Similarly, the absence of the SAPO Head had a negative impact on the investigation in the so-called Rotterdam+ formula case. For about

six months, the Detectives were trying to persuade the Prosecutor General to replace the senior prosecutor in the case, who had closed it three times. In March 2021, the Prosecutor General appointed a new senior prosecutor who, without proper familiarization with the case file consisting of more than 100 volumes of written materials and 150 hours of recorded interrogations, also closed it 10 days after the appointment.

The competition for the position of the SAPO Head started in January 2021 and is far from over. Therefore, NABU and SAPO will continue to work in the face of increased resistance and attempts to interfere in prosecutor's supervision in top-corruption investigations

The competition for the position of the SAPO Head started in January 2021 and is far from over. Therefore, NABU and SAPO will continue to work in the face of increased resistance and attempts to interfere in prosecutor's supervision in top-corruption investigations.



Ласкаво просимо до
eCase
Management System

Имя:
Пароль:
Логин

Регістрація нових користувачів: Створити

INTRODUCTION OF ECASE MS

The necessary legal grounds for the operation of the interdepartmental information and telecommunication system of pre-trial investigation eCase Management System have finally been created. On June 1, 2021, the Verkhovna Rada of Ukraine adopted amendments to the Criminal Procedure Code of Ukraine — Article 106-1 introduces a legal framework for the use of eCase MS. This norm will come into force on December 15, 2021, and by this time the Prosecutor General's Office, the National Bureau, and the Council of Judges must approve the system operation procedure.

eCase MS allows you to exchange data quickly and efficiently and saves 200 hours per year for just a single employee

eCase MS provides for the gradual transformation of the paper-based criminal process with the participation of the National Bureau, the Specialized Anti-Corruption Prosecutor's Office, and the High Anti-Corruption Court into electronic format. Such

a step is intended to increase the efficiency of investigations, ensure the transparency of anti-corruption bodies and save resources. The project is implemented with technical, expert, and financial support of the European Union Anti-Corruption Initiative in Ukraine.

The development of eCase MS started in 2019. Since then, preparations have been underway for the system's full-fledged operation, which is scheduled for 2021. Detectives and Prosecutors, in test mode, have already worked out typical electronic criminal process scenarios, and government experts have confirmed the reliability of the eCase MS information protection system.

Automation of investigation processes, reduction of printing and mailing costs, high-quality analytics for management decisions are just some of the benefits offered by eCase MS.

Transforming pre-trial investigation into electronic form is a call of times. However, this process is a challenge for law enforcers, as it will require them to change skills acquired over decades.

APPENDICES



НАЦІОНАЛЬНЕ
АНТИКОРУПЦІЙНЕ
БЮРО УКРАЇНИ

НАЦІОНАЛЬНЕ АНТИКОРУПЦІЙНЕ БЮРО УКРАЇНИ

These appendices contain statistical information on the NABU activities in the second half of 2020 as required by **Article 26 of the Law of Ukraine “On the National Anti-Corruption Bureau of Ukraine”**

1. STATISTICAL DATA ON THE RESULTS OF ACTIVITIES

from 01.01.2021 until 30.06.2021

№	Activity category	Result
1.	Number of registered applications and reports on criminal offences classified by the law as those under the jurisdiction of the National Bureau	336
2.	Number of investigation initiated by the National Bureau and their results	18
		2
3.	Number of persons standing indicted for committing criminal offences classified by the law as those under the jurisdiction of the National Bureau	43
4.	Number of persons officially found guilty of committing criminal offences classified by the law as those under the jurisdiction of the National Bureau	16
5.	Number of persons officially declared innocent of committing criminal offences	1
6.	Information by categories of persons indicated in part 1 Article 3 of the Law of Ukraine “On Preventing Corruption”	*
7.	Information on the amount of losses and damage caused by criminal offences classified by the law as those under the jurisdiction of the National Bureau, status and the amount of compensation	UAH** 97 017 248 000***
		UAH** 2 806 338 820 including in the first half of 2021: 1 112 856 000 UAH

8.	Information on the funds and other property received as a result of criminal offences, classified by the law as those under the jurisdiction of the National Bureau, confiscated by court decisions as well as the funds in the amount of illegally received services or benefits refunded to the State and their use	totaling UAH 9 573 588
9.	Information on funds and other property received as a result of criminal offences classified by the law as those under the jurisdiction of the National Bureau which were recovered to Ukraine from abroad and their keeping	—
10.	Information on seizure property, confiscation of objects and funds acquired as a result of criminal offences classified by the law as those under the jurisdiction of the National Bureau and their use	****
11.	Number of submissions made as of the elimination of causes and conditions which contributed to commitment of a criminal corruption offence	5
12.	The results of integrity tests	4 (1 negative result)
13.	The cost of detected assets with signs of unreasonableness, the number of materials sent to the prosecutor's office to resolve the issue of claim for recognition of unreasonable assets and their recovery to the State, the results of the prosecutor's and the court decisions, including the cost of the unreasonable assets recovered to the State	—

** as of 30.06.2021

*** approximate amount of losses examined during pre-trial investigation

* Information as of categories of persons referred in Part 1 Article 3 of the Law of Ukraine
 "On Preventing Corruption"

from 01.01.2021 until 30.06.2021

№	The subject	Number of individuals notified of suspicion (total per each category)	Number of indicted persons (total per each category)	Number of convicted persons (total per each category)
1.	Persons authorised to perform the state or local government functions:			
	a) President of Ukraine, Chairman of the Verkhovna Rada of Ukraine, First Deputy and Deputy Chairmen of the Verkhovna Rada of Ukraine, Prime Minister, First Vice Prime Minister, Vice Prime Ministers, ministers, other heads of central government bodies that are not part of the Cabinet of Ministers of Ukraine and their deputies, the Head of the Security Service of Ukraine, the Prosecutor General of Ukraine, the Governor of the National Bank of Ukraine, First Deputy Governor and Deputy Governors of the National Bank of Ukraine, Chairman and Members of the Accounting Chamber, the Ukrainian Parliament Commissioner for Human Rights, the Commissioner for the Protection of the state language, the Chairman of the Verkhovna Rada of the Autonomous Republic of Crimea, the Chairman of the Council of Ministers of the Autonomous Republic of Crimea	—	—	—
	b) Members of Parliament of Ukraine, deputies of the Verkhovna Rada of the Autonomous Republic of Crimea, deputies of local councils, village, settlement, city mayors	—	3	1

	c) public officials, officials of local government	6	—	—
	d) military officials of the Armed Forces of Ukraine, the State Service for Special Communications and Information Protection of Ukraine and other military units formed under the law, except for servicemen of compulsory military service, cadets of higher military educational institutions, cadets of higher educational institutions that have military institutes, cadets of faculties, departments and offices of military training	2	7	—
	e) judges, judges of the Constitutional Court of Ukraine, Chairman, Deputy Chairman, members and disciplinary supervisors of the High Council of Justice, officials of the Secretariat of the High Council of Justice, Chairman, Deputy Chairman, members and disciplinary supervisors of the High Qualification Commission for Judges of Ukraine, officials of the Secretariat of the High Qualification Commission for Judges of Ukraine, officials of the State Judicial Administration of Ukraine, jury (when they are on duty)	1	2	4
	f) rank members and commanding staff of the State Penal Service and Tax Police, the commanding staff of civil protection bodies and units, the State Bureau of Investigations, the National Anti-Corruption Bureau of Ukraine	—	2	—

	g) officials of prosecutor's offices, the Security Service of Ukraine, the State Bureau of Investigations, the National Anti-Corruption Bureau of Ukraine, the diplomatic service, the State Forest Protection, the State Protection of Nature Reserve Fund, the central executive authority, responsible for formation and implementation of the state tax policy and state customs policy	1	2	2
	h) Head, Deputy Heads of the National Agency on Corruption Prevention	—	—	—
	i) members of the Central Election Commission	—	—	—
	j) police officers	1	—	—
	k) officials of other state authorities, authorities of the Autonomous Republic of Crimea	—	1	—
	l) members of state collegial bodies	—	—	—
	m) Head of the Presidential Office of Ukraine, First Deputy Head and Deputy Heads, as well as persons holding the positions of patronage service, defined by the Law of Ukraine "On Civil Service", except for persons which perform their duties on a voluntary basis, judge assistants	—	1	—

2.	Persons who, for the purposes of the Law, have an equal status to persons authorised to perform functions of the state or local governments:			
	a) officials of legal entities of public law which are not referred in Clause 1 Part 1 of the abovementioned Article, members of supervisory boards of state banks, state enterprises or state-owned organizations working with the purpose of receiving profit, business enterprises where more than 50 percent of the stakes (shares) belong to the State	16	9	4
	b) persons who are not public officials or local government officials but provide public services (auditors, notaries, appraisers and others), as well as experts, arbitration managers, independent intermediaries, arbitrators etc.	—	—	—
	c) representatives of public associations, scientific and educational institutions, relevant experts, other persons, who are members of competition and disciplinary commissions formed under the Laws of Ukraine “On Civil Service”, “On Service in Local Governments”, other laws (except for non-resident aliens who are members of such commissions), the Council of Public Integrity formed under the Law of Ukraine “On the Judicial System and the Status of Judges”, while not being persons referred in Clause 1 Paragraph “a” Part 2	—	—	—

3.	Persons who are not officials but permanently or temporarily hold positions related to fulfilment of organisational, administrative or business duties, or specially authorised to perform such duties in legal entities of private law, regardless of organizational form	1	2	—
4.	Candidates for Members of Parliament of Ukraine, for the President of Ukraine, candidates for the heads of regional, district, city, district in cities, village and settlement councils, candidates for village, settlement, city mayors and prefects	—	—	—
5.	Other	14	14	5

**** Information on seized property, items and proceeds of crime legally counted under jurisdiction of the National Bureau and the way they were used

in criminal proceedings in which indictments have been prepared in the period from 01.01.2021 untill 30.06.2021

Nº	Type of property	Quantity	Total amount
1.	Land plots	30.27 Ha	—
2.	Residential real estate (objects)	25	113 313 000.00
3.	Non-residential real property (objects)	9	—
4.	Means of transportation	10	1 847 000.00
5.	Funds, including:		
	in UAH	—	112 641 66.00
	in USD	—	7 837 175.00
	in EUR	—	23 815.00
6.	Комп'ютерна техніка (комп'ютери, планшети тощо)	3	—
7.	Mobile phones	6	—
8.	Other	a half of semi-trailer	—

NABU CONTACTS:



The National Anti-Corruption Bureau of Ukraine
3, Vasylia Surykova St., Kyiv, 03035



Lviv Territorial Office of the NABU
3, Hrekova O. Henerala St., Lviv, 79007



Kharkiv Territorial Office of the NABU
140, Moskovskiy Avenue, Kharkiv, 61000



Odesa Territorial Office of the NABU
83, Kanatna St., Odesa, 65107



Free call line:
0-800-213-200



info@nabu.gov.ua
(for the public)



press@nabu.gov.ua,
press.nabu@gmail.com (for the media)



**FOLLOW THE NATIONAL BUREAU
ON SOCIAL MEDIA**

