



BUSINESS REGISTRY FOR INTERNATIONAL BRIBERY AND EXTORTION (BRIBELINE) 2009 UKRAINE REPORT

This report summarizes information about bribe demands made in Ukraine and reported to BRIBELINE between July 12, 2007 and November 20, 2009. The objective of this report is to identify patterns in reported bribe demands in Ukraine.

The 2009 BRIBELINE Ukraine Report is the fourth BRIBELINE report published by TRACE. Please visit www.BRIBELINE.org to view the 2008 BRIBELINE China Report, the 2009 BRIBELINE India Report, and the 2009 BRIBELINE Russia Report.

Key Findings

- Ninety-two percent of all bribe solicitations in Ukraine were made by people associated with the government, including employees of state-owned entities, the police, judges or representatives of the judiciary, government officials, city and state officials and members of the military. Forty-three percent of all bribe solicitations in Ukraine were made by employees of state-owned entities.
- Cash (or its equivalent) was demanded in 87% of the reported incidents of bribe demands in Ukraine.
- Eighty-two percent of the bribe demands made in Ukraine were for amounts less than US\$5,000¹, and a full 11% of all demands made were for amounts greater than \$10,000.
- Sixty-six percent of survey respondents reported that a bribe demand was recurring (i.e., a bribe was to be provided more than once). Eighty-five percent of these cases reported that the request for a bribe was made between two and twenty times in a given year. Significantly, 11% of those who reported receiving recurring bribe demands indicated that they had received bribe solicitations more than 50 times in a given year.
- Nearly 60% of the Ukraine reports cited extortion as the primary purpose of the bribe demand. For example, in these cases, the bribe was demanded in order to avert harm to personal or commercial interests, to receive delivery of services to which the intended bribe payor was already entitled or to receive payment for services already rendered.

¹ All dollar amounts in this report are shown in U.S. dollars. A currency converter is provided on the BRIBELINE website.

Comparative Analysis

The 2009 BRIBELine Ukraine Report identifies a strong pattern to bribe demands in this country. Generally, bribe demands in Ukraine originate from government officials, particularly representatives of state-owned entities, and are recurring demands for relatively small amounts of cash. The bribe demands are generally made for the purpose of extortion.

To date, BRIBELine has collected data on bribery patterns in Russia, India, China and Ukraine. Reported bribe demands in Ukraine track more closely to patterns of bribe demands in Russia and India, as opposed to bribe demands in China. In Russia and India, like Ukraine, generally bribe demands were for relatively modest sums. In each of the three countries, over 80% of all bribe demands were for amounts less than \$5,000. In China, only approximately 60% of reported bribe demands were for amounts less than \$5,000. On the other hand, over 22% of bribe demands made in China were for amounts greater than \$10,000. In Ukraine, Russia and India, extortion was the predominant motivation for the bribe demands (representing 58%, 63% and 77% of all bribe demands, respectively). This is in contrast to China, where slightly more than 50% of the reported bribe demands were extortionate. In China, the promise of some advantage – receiving inappropriate favorable treatment, exercising influence over another official or winning new business – represented the motivation for over 30% of all bribe demands, as opposed to Ukraine, Russia and India, where such demands represented between 11% and 16% of all reported bribe demands.

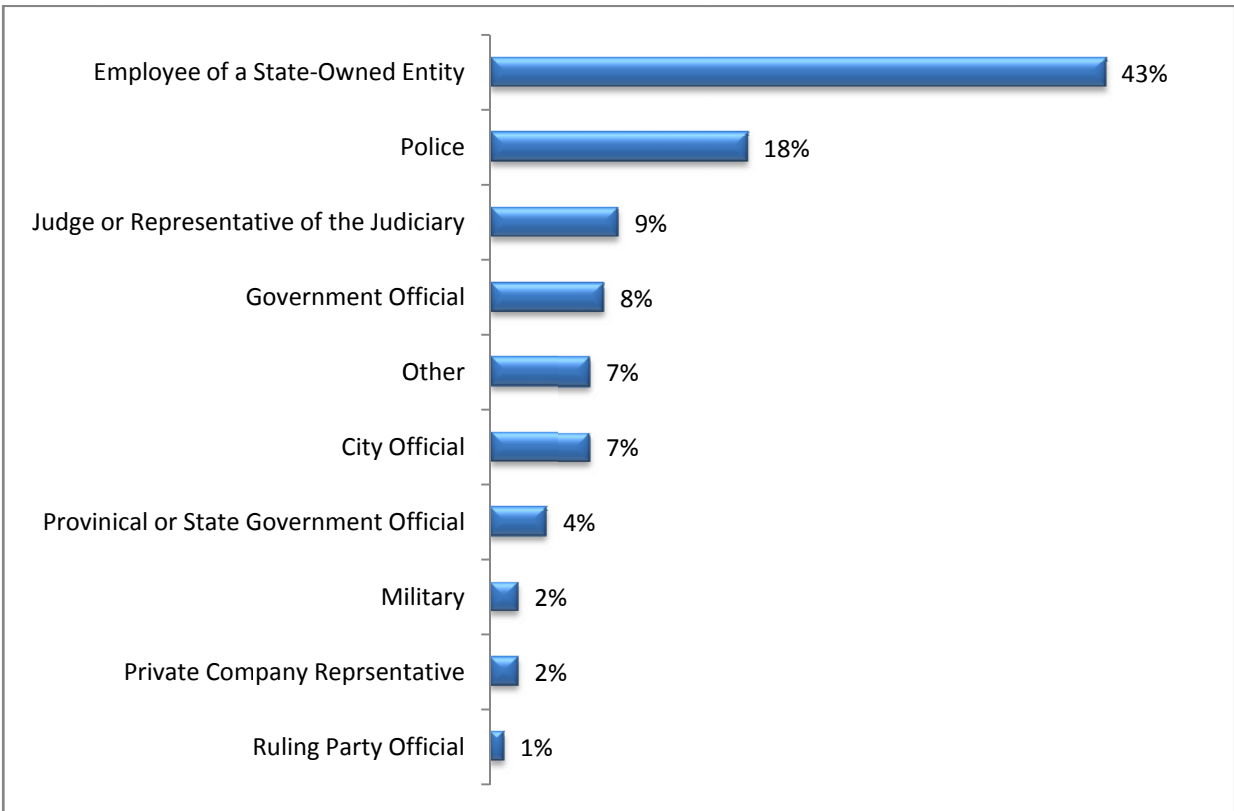
There is one common denominator in the bribe profiles across all countries studied by TRACE to date: government officials represent the single greatest source of bribe demands. In all BRIBELine reports issued to date, people associated with the government represent the source of at least 85% of all bribe demands.

Methodology

BRIBELine, a project managed by TRACE International, Inc., is an anonymous, online reporting tool that collects data about bribe solicitations made by official, quasi-official and private sector individuals and entities. BRIBELine is a secure, multilingual website available in 21 languages. BRIBELine focuses on demand-side bribery only; no information is requested or collected about those who pay, or offer to pay, bribes.

The BRIBELine 2009 Ukraine Report summarizes information about 169 incidents of bribe demands made in Ukraine and reported to BRIBELine in the period from July 12, 2007 and November 20, 2009.

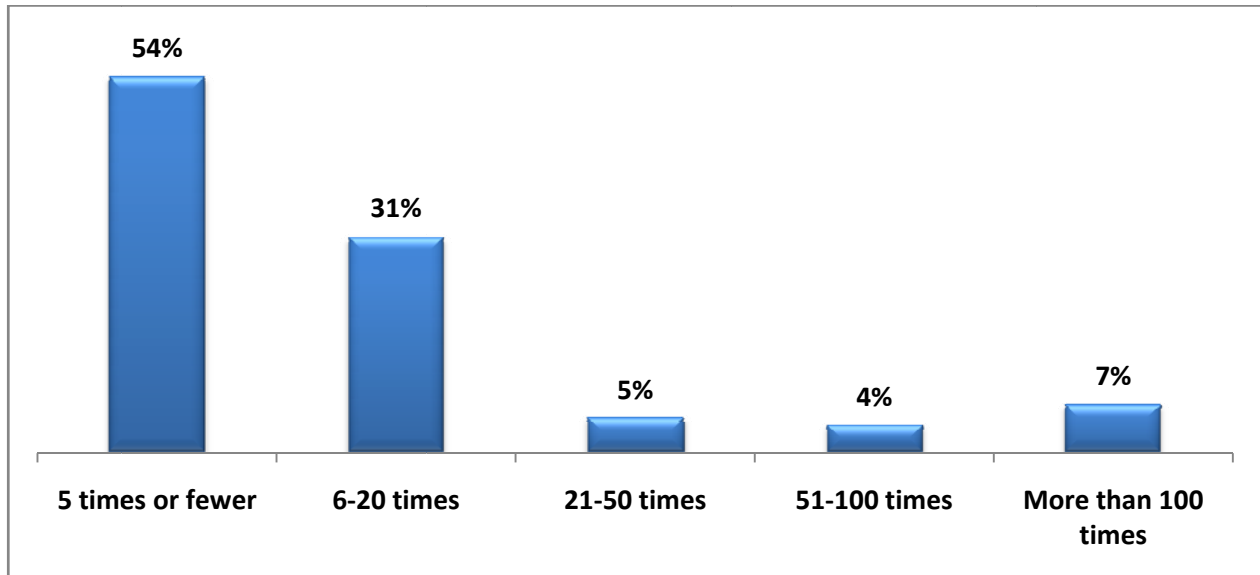
Who requested the bribe?



The overwhelming majority of bribe demands in Ukraine – 92% – were requested by a person associated with the government, including an employee of a state-owned entity (43%), a member of the police (18%), a judge or representative of the judiciary (9%), a national government official (8%), a city official (7%), a provincial or state government official (4%), member of the military (2%) or a ruling party official (1%).

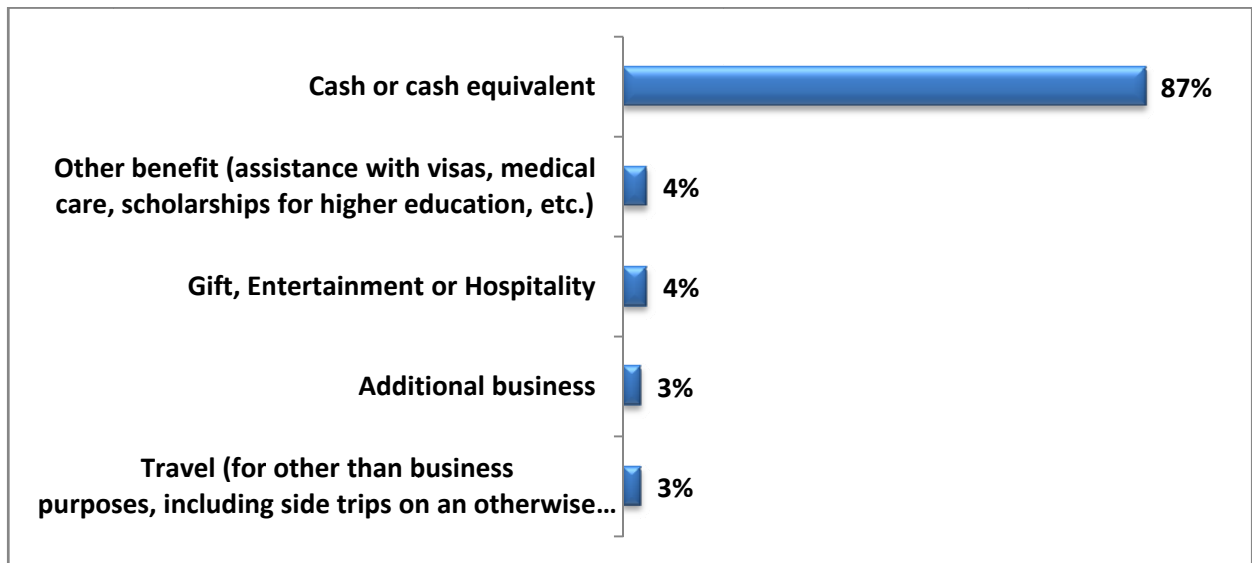
With respect to the 8% of bribe demands originating from national government officials, specific ministries cited by survey respondents include the ministry responsible for the environment (representing 54% of all such bribe demands), as well as the various ministries responsible for agriculture, development, education, land, taxation and transportation (each such ministry representing 8% of the bribe demands made by Ukraine government officials).

If the request for the bribe was recurring (i.e. a bribe was to be provided more than once), approximately how frequently did the request recur in a given year?



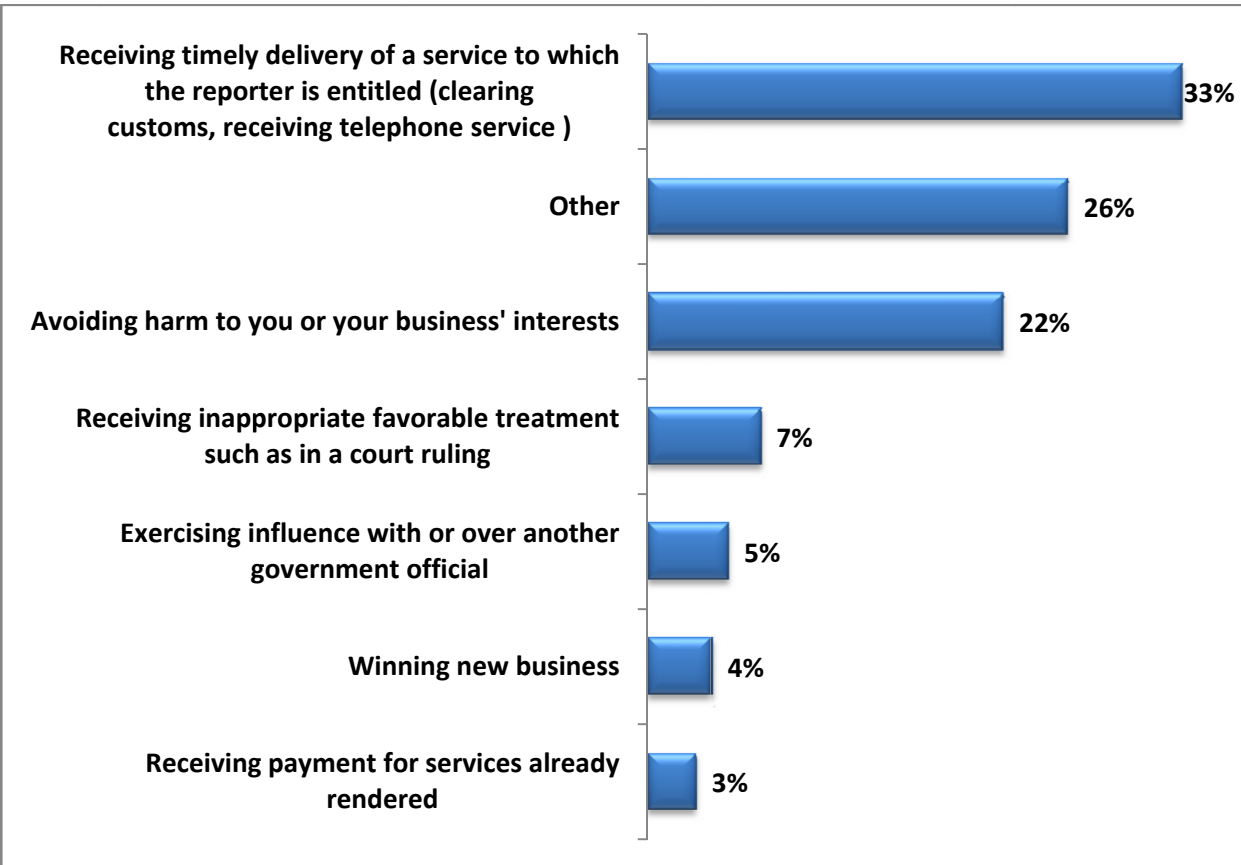
Approximately 66% of survey respondents reported that they received multiple bribe demands from the same source. Eighty-five percent of those who received recurring bribe demands were solicited between two and twenty times in a given year. A full 11% of the respondents who received recurring bribe demands reported being solicited for a bribe more than 50 times in a given year.

Which best describes the primary form of the bribe requested?



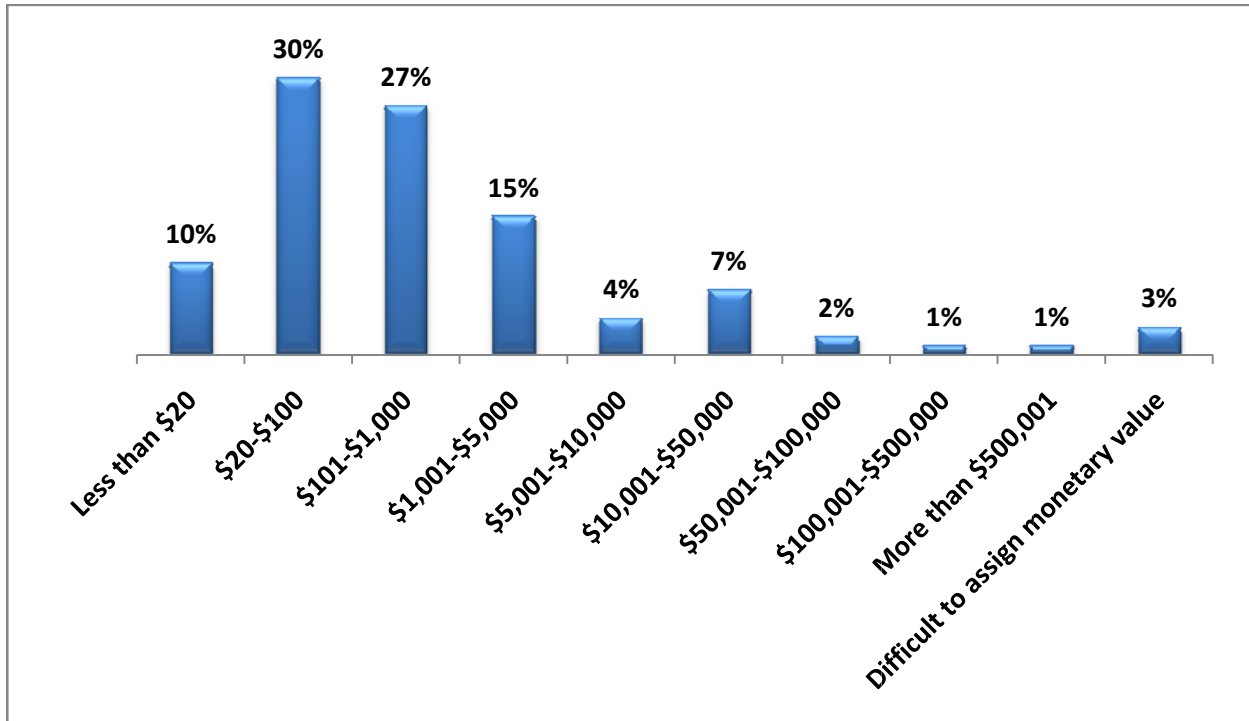
In Ukraine, cash is the overwhelmingly preferred form of bribe payment.

Please indicate the primary nature of the requested bribe:



Nearly 60% of survey respondents reported being the victim of an extortionate demand, including receiving timely delivery of a service to which the target of the bribe demand is already entitled (33%), avoiding personal harm or harm to business interests (22%), or being solicited for a bribe in order to receive payment for services already rendered (3% of all bribe demands). In 16% of all bribe demands reported, gaining some form preferential treatment was the primary motivation for the bribe demand, including receiving inappropriate favorable treatment (7%), exercising influence with or over another government official (5%) or winning new business (4%).

Value of the requested bribe?



Eighty-two percent of bribe demands in Ukraine were for amounts less than \$5,000. However, a full 11% of bribe demands were for amounts greater than \$10,000.