



**Government Defence
Integrity Index**



2020

Country Brief:

UKRAINE

UKRAINE

Recent years have been turbulent for Ukraine. The 2014 Euromaidan revolution, which ousted President Viktor Yanukovich after failing to sign an association agreement with the EU, was followed by a Russian-backed separatist movement that took control of parts of Eastern Ukraine, and ultimately the Russian annexation of Crimea.¹ The conflict is still ongoing at the time of writing, albeit largely in a stalemate amidst faltering peace negotiations.² These resulted in a partial pull-out of Ukrainian troops in 2019,³ although the fear of a resurgence of violence remains and Russian military build-up on the border in 2021 has raised the spectre of a full-scale invasion.⁴

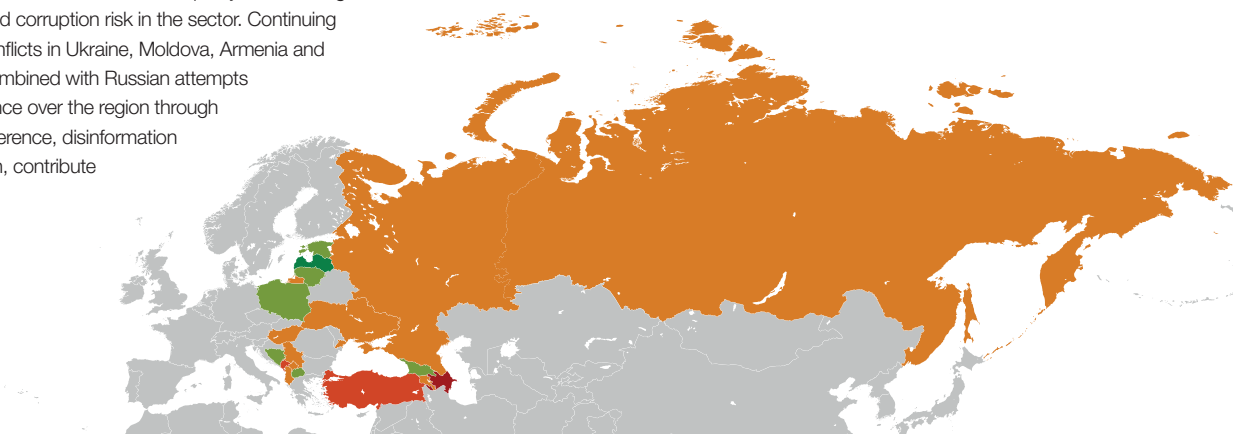
Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2009
Arms Trade Treaty	Has not ratified

The conflict has sparked comprehensive and significant reform of the Ukrainian Armed Forces. Increases in the military's size, budget and infrastructure⁵ have begun to be accompanied by major structural reforms with the goal of meeting NATO standards in 2020.⁶ The government of President Zelenskyy, elected in 2019 with the first parliamentary majority in Ukraine's history,⁷ initially proved itself willing to push through defence reforms and appears committed to improving defence governance.⁸ However, since then, the speed of reform has slowed and analysts have raised some concerns about the administration's policy direction.⁹ Nevertheless, the current period represents a potentially auspicious time to strengthen defence governance standards in Ukraine. To do so will require a politically sustained and forceful effort to address structural failings in Ukraine's defence sector, which include weak parliamentary oversight of the armed forces, entrenched secrecy and lack of transparency in financial management and procurement, which contributes to low institutional resilience to corruption.

Central and Eastern Europe Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent's future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute

to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.



¹ Council of Foreign Relations, 'Conflict in Ukraine', *Global Conflict Tracker*.

² International Crisis Group, 'Crisis Watch Ukraine', September 2021.

³ BBC News, 'Ukraine Conflict: Front-line Troops Begin Pullout', *BBC News*, 29 October 2019.

⁴ Matthew Luxmoore, 'After Seven Years of Conflict, Ukraine's Frontline City of Mariupol is 'Just Tired' of the Fighting', *Radio Free Europe*, 23 May 2021.

⁵ Denys Koryukhin, 'The Ukrainian Military: From Degradation to Renewal', *Foreign Policy Research Institute*, 17 August 2018.

⁶ Valeriy Akimenko, 'Ukraine's Toughest Fight: The Challenge of Military Reform', *Carnegie Endowment*, 22 February 2018.

⁷ Orysia Lutsevych & Alyona Getmanchuk, 'What to Know About Ukraine's Parliamentary Elections', *Chatham House*, 2 August 2019.

⁸ NAKO, 'Zelensky Tracker: How His First Year Has Gone for Ukraine's Defence', *The Independent Anti-Corruption Committee*, 1 June 2020.

⁹ Mark Temnycky, 'Zelensky, Servant of the People Experience Major Setback in Ukraine Local Elections', *Wilson Centre*, 9 November 2020.

UKRAINE

Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

UKRAINE SCORE
HIGH RISK

D

41



A > 83-100 VERY LOW

B > 67-82 LOW

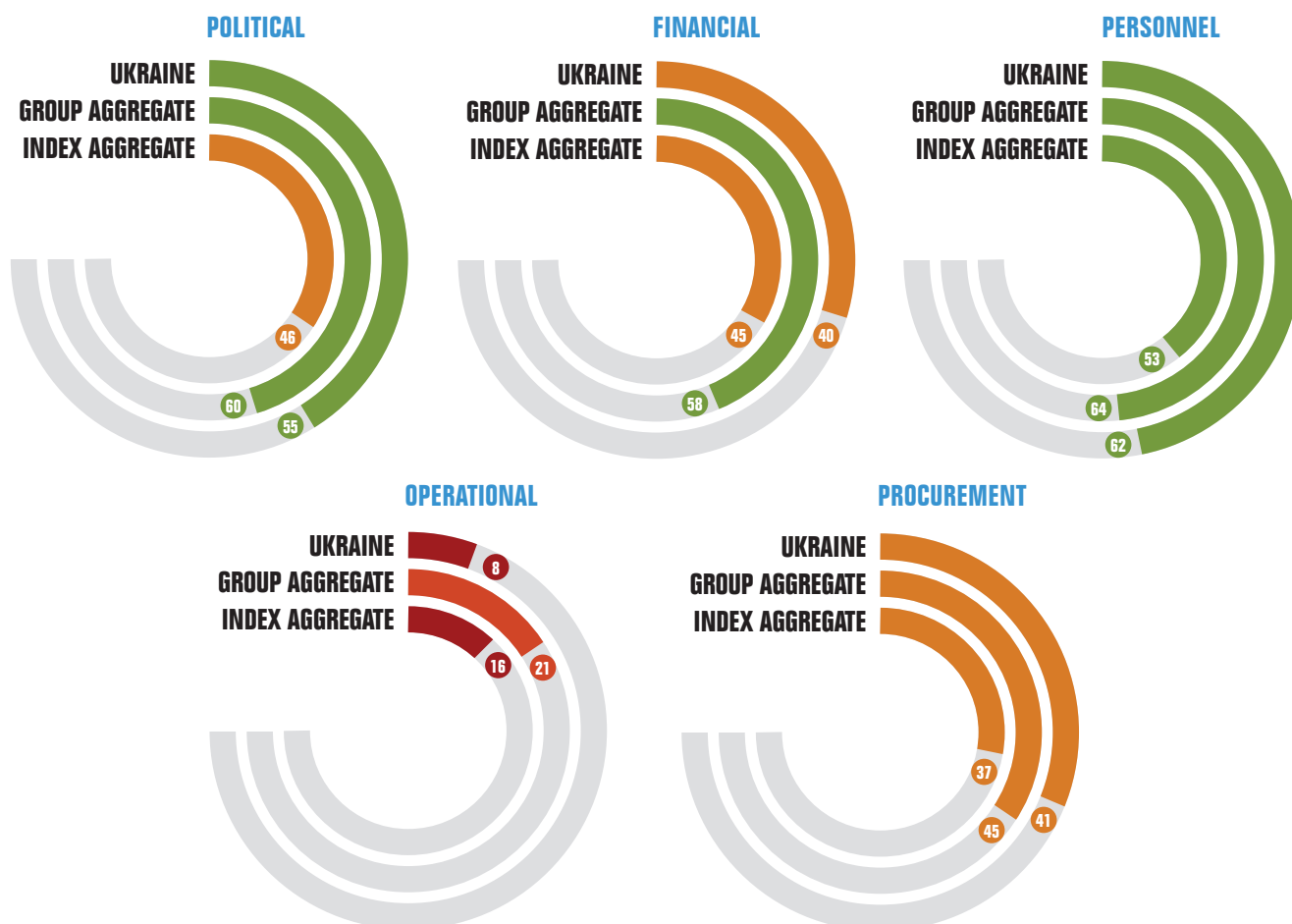
C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

Risk Comparison



UKRAINE

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	87/100
Military expenditure as share of government spending (SIPRI, 2020)	8.8%
Committee members with defence expertise %	60% (8 of 13)
# of meetings/year	132 meetings (between 2014-2019)
Last review/update of defence policy	2020 (National Defence Strategy)

Ukraine's parliament has extensive formal powers and plays a key role in reform processes.¹⁰ Prior to Zelenskyy's 2019 electoral victory, no single party had ever held a parliamentary majority. However, the President has historically held considerable sway over Parliament with regards to defence and security matters, with 73% of laws introduced by the presidency being adopted by Parliament compared with just 7% of those introduced by MPs.¹¹ There have been reports in the media about previous President Poroshenko's ability to "collect votes" in parliament to ensure approval of draft laws.¹² It should also be noted that analysts have identified procedural violations in two thirds of bills passed between August and November 2019 and an average of 38 new bills submitted every day, raising concerns around Parliament's ability to provide effective and sustained oversight.¹³ As a result, the effectiveness of independent parliamentary oversight of defence has been questioned. Parliament's Committee on National Security and Defence is active in reviewing laws and submitting amendments.¹⁴ Whilst it is heavily involved in legislating, its oversight is limited: there is no record of it launching an investigation into defence activities in recent years and on the rare occasions it makes recommendations to the Ministry of Defence (MoD), there are no deadlines or follow-up mechanisms attached.¹⁵ It has also failed to consider audit reports by the MoD's Internal Audit Department and the Accounting Chamber. This is particularly damaging as the committee lacks expertise in financial management, being composed of many ex-military officers who have purely operational expertise. Equally, allegations of corruption have previously dogged committee members, with one accused of committing treason.¹⁶ Regardless, external auditing of defence spending by the Accounting Chamber and State Audit Service is extremely limited and audits are irregular. There are also no follow-up mechanisms to ensure implementation of audit findings.

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: 98.5% (2) # subject to backlog: None
Defence-related complaints to ombudsman/commissioner #	Data is not publicly available.
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	None from State Audit Service. Accounting Chamber reports are not public.
Open Budget Index (IBP, 2019)	63/100
World Press Freedom Index (RSF, 2021)	97th out of 180

Access to information has been largely inadequate in Ukraine, in particular relating to the defence sector. The Law on State Secrets¹⁷ has led to blanket classification of significant areas of defence information and the 2011 Freedom of Information Law,¹⁸ whilst robust on paper, has not been well enforced.¹⁹ As a result, many defence documents are either not declassified on time or have their classification deadline arbitrarily extended. The Parliamentary Commissioner for Human Rights found that refusals to provide information classified as public in the law were systematic and covered data pertaining to salaries, asset disposal and property declarations.²⁰ Information was also rejected for reasons that are not listed in the legislation, such as the absence of a signature from the requester or the absence of a letter of attorney.²¹ The issue of ineffective access to information mechanisms is further compounded by the lack of government transparency around defence budgets and activities. The defence budget, for example, is highly aggregated and lacks justifications, making it difficult to assess what broad categories of expenditure actually entail.²² Expenditure on salaries, allowances and military R&D is not detailed and is instead aggregated into broad groupings. Moreover, while the Ministry of Finance provides monthly and annual reports on budget implementation, the figures provided are aggregated and there are no explanations for variances between original allocations and actual expenditure.²³ Off-budget spending is also a significant issue that significantly undermines budget reliability. This spend comes under the umbrella category of "special budget funds," which are permitted by law and allow for opaque spending that is not fully detailed in the budget.²⁴ In parallel, while income derived from donations from foreign partners is reported, only the total sum if published and the MoD has not released a report on the use of these funds since 2014.²⁵

¹⁰ Lutsevych & Getmanchuk, 'What to Know About Ukraine's Parliamentary Elections.'

¹¹ 24tv.ua, 'How do the MPs Vote for Poroshenko's Laws: Infographics,' 24 May 2017.

¹² Maria Zharovskaya & Roman Kravets, 'Orbits of Petro Poroshenko. Groups of Influence in the Presidential Environment,' *Ukrainska Pravda*.

¹³ Freedom House, *Nations in Transit: Dropping the Democratic Façade*, Freedom House, Washington DC, 2020, p. 3.

¹⁴ Parliament of Ukraine, 'The Defence Committee Reports for 2017, 2018 and 2019'.

¹⁵ Parliament of Ukraine, 'The Defence Committee Reports'.

¹⁶ Levyi Bereh, 'General Prosecutor's Office published video proof on Savchenko,' *Left Bank*, 22 March 2018.

¹⁷ Parliament of Ukraine, 'Law of Ukraine No. 3855-XII on State Secret', 21 January 1994.

¹⁸ Parliament of Ukraine, 'Law of Ukraine on Access to Public Information', 2011.

¹⁹ Freedom House, 'Ukraine Country Profile', 2020, C3.

²⁰ Ombudsman of the Republic of Ukraine, *Annual Report: On the state of respect for human and citizen's rights and freedoms in the Ukraine*, Kiev, 2017.

²¹ Ombudsman of the Republic of Ukraine, *Annual Report*.

²² Parliament of Ukraine, 'Law of Ukraine No. 2246-VIII, Annex 3, On State Budget of Ukraine for 2018', 7 December 2017.

²³ Ministry of Finance, 'State Treasury Report About the Budget of 2019'.

²⁴ Parliament of Ukraine, 'Law of Ukraine No. 2456-VI, Article 31, On Budget Code of Ukraine', 8 July 2010.

²⁵ Ministry of Defence, 'Information on the purchase of material and technical means at the expense of charitable aid as of 11/06/2014', 2014.

UKRAINE

Personnel Ethics Framework

Whistleblowing legislation	Law on Prevention of Corruption (2014)
# defence-sector whistleblower cases	Data is not publicly available
# Code of conduct violations	Military: Data is not publicly available
	Civilian: Data is not publicly available
Financial disclosure system	# submitted: Data is not publicly available
	# of violations: Data is not publicly available

Ukraine's defence personnel management systems are relatively robust and contain some effective anti-corruption provisions. Codes of conduct for military and civilian personnel are in place and have a strong anti-corruption focus. The military code addresses issues including bribery, gifts and hospitality and conflicts of interest and provides guidance on how to deal with such issues.²⁶ The Code is also explicitly linked to the Law on Corruption Prevention, meaning any breach of the Code is treated as a breach of the criminal code and incurs significant penalties. Nevertheless, while some personnel have been prosecuted for corruption,²⁷ there is little evidence that high-level corruption is being tackled, for instance in relation to illicit trade in the occupied territories of Eastern Ukraine.²⁸ In parallel, a key impediment to anti-corruption efforts in defence relates to the ineffective whistleblowing system. The 2014 Law on Prevention of Corruption introduced a legal framework for whistleblowing, applicable to defence and security personnel.²⁹ Its provisions are fairly comprehensive and in theory, it is a strong legal tool. However, its implementation in defence has been partial at best. Despite the Ministry of Defence making whistleblowing a priority in the Anti-Corruption Programme 2018-2020, there is little evidence of the practice being encouraged through training or information campaigns. As a result, there is some uncertainty as to the effectiveness of the system with little information available on past cases. However, new draft legislation has been submitted to the National Agency on Corruption Prevention in June 2021, which seeks to strengthen whistleblower protections after an earlier version was vetoed by the President.³⁰ The legislation seeks to incentivise personnel to come forward whilst also strengthening protections for whistleblowers and their families.³¹

Operations

Total armed forces personnel (World Bank, 2018)	297,000
Troops deployed on operations #	248 in the DRC (MONUSCO), 40 in Kosovo (NATO KFOR)

Ukrainian troops are heavily involved in NATO and UN missions, as well as in the conflict in the Donbass region. With aspirations to join NATO in the near future³² and the ongoing military reform, there is a strong chance of troop deployments increasing. To do so without having corruption risk threaten operational effectiveness will require serious and sustained efforts to improve the current governance framework for operational planning and deployments. Ukraine's military doctrine currently does not recognise corruption as a threat to the success of operations and only superficially mentions corruption issues throughout.³³ There is also no evidence that corruption risks are included in the forward planning of operations, potentially leading to troops contributing to corruption in operations and jeopardising mission success. Moreover, there is no requirement for anti-corruption training for commanders ahead of deployments, though some receive this on an ad-hoc basis. The 2018-2020 Anti-Corruption Programme by the Ministry of Defence has delivered some training courses,³⁴ however, these courses have insufficiently focussed on the issue of corruption risks during deployments. Finally, there is no evidence that corruption monitoring and evaluation activities are carried out or that corruption risks are subject to reporting as part of operations.

²⁶ Ministry of Defence, 'Code of Integrity and Professional Ethics of Military Officials, Civil Servants and Other Individuals Authorized to Perform State Functions in the Ministry of Defence of Ukraine and the Armed Forces of Ukraine', 2017.

²⁷ Ukrainian Army, 'Military Paramedic Exposed for Taking Bribes', 2018.

²⁸ NAKO, 'Crossing the line: how the illegal trade with occupied Donbas has undermined defence integrity', 28 November 2017.

²⁹ 'Law of Ukraine No. 1700-VII'.

³⁰ Transparency International Ukraine, 'MPs Adopt Draft Law on Corruption Whistleblowers', 1 June 2021.

³¹ Mallene, 'Ukraine's New "Whistleblower Law."'.

³² Akimenko, 'Ukraine's Toughest Fight.'

³³ President of Ukraine, 'Decree of the President of Ukraine No. 555/2015 On the decision of the National Security and Defence Council of Ukraine On the new edition of the Military Doctrine of Ukraine', 2 September 2015.

³⁴ Ministry of Defence, 'Anti-Corruption Programmes, 2018-2022', 2018.

UKRAINE

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	5995
Open competition in defence procurement (%)	45% classified; 38.2% public procedures single-sourced
Main defence exports – to (SIPRI, 2016-20)	China, Russia, Thailand, India, Venezuela
Main defence imports – from (SIPRI, 2016-20)	Czechia, United States, France, Turkey, Poland

Procurement has long been a key issue for the Ukrainian defence sector. Historically, purchases have been conducted through the national arms holding and corruption-plagued giant Ukroboronprom, which has acted as an intermediary in most defence purchases.³⁵ This has led to Ukraine often paying double the price for equipment and hardware.³⁶ Equally, until 2020, defence procurement legislation was outdated, with the Law on State Defence Order and the Law on State Secrets 20 and 26 years old respectively.³⁷ These laws were rooted in the old Soviet system of government and cemented an approach of over-classification in order to protect state secrets, leading to corruption schemes and a staggering loss of public funds.³⁸ As a result, transparency and external scrutiny of the procurement process have been weak. In 2018, 45% of all defence

procurement was classified, representing 14.5% of the entire budget of the Ministry of Defence (MoD)³⁹ Whilst these procedures are subject to oversight by the Accounting Chamber, it does not have the power to challenge or reject the procedure. Non-classified procurement procedures are also subject to oversight by the State Audit Service and Internal Audit Department of the MoD, however, despite multiple reports of irregularities in such procedures, there is no record of contracts being cancelled by these bodies despite them having such statutory power. Recent years have seen advances in procurement transparency and oversight. In 2019, Ukraine joined NATO's Support and Procurement Agency (NSPA), opening the way for the country to buy weapons and other defence-goods directly from NATO suppliers, reducing costs and reliance on intermediaries.⁴⁰ Moreover, in July 2020, Parliament passed a new law on defence procurement. Its central objective is the reduction of defence corruption risks, by ensuring transparency of procurement procedures and strengthening oversight of the entire process.⁴¹ The law represents a positive step, however the litmus test will be the adoption of the accompanying secondary legislation and its implementation in practice, which are now the key priorities.

³⁵ Jill Aitoro, 'Rocked by Scandal: Can Defense Conglomerate Ukroboronprom Regain Some Legitimacy?', *Defense News*, 22 July 2019.

³⁶ Katya Gorchinskaya, 'Ukraine Joins NATO Procurement System', *Forbes*, 27 January 2020.

³⁷ Emilia Dieniezhna, 'Revolution in Defence Procurement: Why is the New Law Important for Every Ukrainian', *The Independent Anti-Corruption Committee (NAKO)*, 28 July 2020.

³⁸ See NAKO's Research on Corruption Risks in Ukrainian Defence Procurement.

³⁹ Olena Tregub, 'Defence Procurements'.

⁴⁰ Gorchinskaya, 'Ukraine Joins NATO Procurement.'

⁴¹ Dieniezhna, 'Revolution in Defence Procurement.'

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GDI data collection for **Ukraine** was conducted April 2018 to June 2019. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.

UKRAINE 2020 GDI Scorecard

		Grade	Score
Political Risk		C	55
Q1	Legislative Scrutiny	C	58
Q2	Defence Committee	D	42
Q3	Defence Policy Debate	C	56
Q4	CSO Engagement	B	75
Q5	Conventions: UNCAC / OECD	E	25
Q6	Public Debate	B	75
Q7	Anticorruption Policy	A	88
Q8	Compliance and Ethics Units	C	50
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	B	75
Q11	Acquisition Planning	C	58
Q12	Budget Transparency & Detail	B	75
Q13	Budget Scrutiny	B	75
Q14	Budget Availability	B	67
Q15	Defence Income	B	67
Q16	Internal Audit	B	69
Q17	External Audit	C	50
Q18	Natural Resources	D	40
Q19	Organised Crime Links	C	50
Q20	Organised Crime Policing	B	67
Q21	Intelligence Services Oversight	C	50
Q22	Intelligence Services Recruitment	E	25
Q23	Export Controls (ATT)	E	25
Q76	Lobbying	F	0
Financial Risk		D	40
Q24	Asset Disposal Controls	C	50
Q25	Asset Disposal Scrutiny	D	33
Q26	Secret Spending	E	25
Q27	Legislative Access to Information	C	50
Q28	Secret Program Auditing	D	38
Q29	Off-budget Spending	D	33
Q30	Access to Information	C	50
Q31	Beneficial Ownership	E	25
Q32	Military-Owned Business Scrutiny	D	38
Q33	Unauthorised Private Enterprise	D	38
Q77	Defence Spending	C	56
Personnel Risk		C	62
Q34	Public Commitment to Integrity	D	42
Q35	Disciplinary Measures for Personnel	A	88
Q36	Whistleblowing	C	58
Q37	High-risk Positions	C	50
Q38	Numbers of Personnel	C	50
Q39	Pay Rates and Allowances	C	63
Q40	Payment System	B	67
Q41	Objective Appointments	D	42
Q42	Objective Promotions	D	33
Q43	Bribery to Avoid Conscription	A	100
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	C	50
Q46	Military Code of Conduct	B	81

OVERALL COUNTRY SCORE

HIGH RISK



RISK GRADE

A • 83-100 VERY LOW
B • 67-82 LOW
C • 50-66 MODERATE
D • 33-49 HIGH
E • 17-32 VERY HIGH
F • 0-16 CRITICAL



		Grade	Score
Personnel Risk		C	62
Q47	Civilian Code of Conduct	C	63
Q48	Anticorruption Training	C	58
Q49	Corruption Prosecutions	C	50
Q50	Facilitation Payments	B	67
Operational Risk		F	8
Q51	Military Doctrine	F	0
Q52	Operational Training	F	0
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	F	13
Q55	Controls in Contracting	E	25
Q56	Private Military Contractors	NS	
Procurement Risk		D	41
Q57	Procurement Legislation	C	63
Q58	Procurement Cycle	B	75
Q59	Procurement Oversight Mechanisms	D	42
Q60	Potential Purchases Disclosed	E	25
Q61	Actual Purchases Disclosed	C	50
Q62	Business Compliance Standards	C	63
Q63	Procurement Requirements	C	58
Q64	Competition in Procurement	D	38
Q65	Tender Board Controls	C	56
Q66	Anti-Collusion Controls	D	44
Q67	Contract Award / Delivery	B	69
Q68	Complaint Mechanisms	C	58
Q69	Supplier Sanctions	C	50
Q70	Offset Contracts	E	25
Q71	Offset Contract Monitoring	E	31
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI Not enough information to score indicator
NS Indicator is not scored for any country
NA Not applicable



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