



# REPORT

## ON THE ACTIVITIES OF THE ECONOMIC SECURITY BUREAU OF UKRAINE FOR 2022

(according to Article 35 of the Law of Ukraine «About the Economic Security Bureau of Ukraine»)



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# GENERAL SUMMARIES AND RESULTS



The reporting year **2022** is the first calendar year of activity of the **Economic Security Bureau of Ukraine**. Its results indicate both the achievements of the ESBU in the implementation of its mission and the problems mainly of institutional formation to some extent caused by the pandemic, war and lack of resources.

The task of the ESBU is to ensure the economic security of the state by combating crimes that interfere with the functioning of the state's economy. Its main goals are the protection of the state's public finances, the detinization of the national economy, the creation of competitive conditions for business and integration into the European economic space. Successful implementation of the mission will strengthen the economic stability and invulnerability of the national economy to external and internal threats.

**i** For reference: on March 25, 2021, the Law of Ukraine «On the Economic Security Bureau of Ukraine» referred to as the Law) entered into force, which created a fundamentally new law enforcement body designed to combat offenses that interfere with the functioning of the state's economy.

On **May 12, 2021**, the Cabinet of Ministers of Ukraine adopted Resolution No. 510 «On the establishment of the Economic Security Bureau of Ukraine», which granted the Economic Security Bureau of Ukraine the status of a central body of executive power, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine. On **November 24, 2021**, the Cabinet of Ministers of Ukraine issued an order «On the start of the activities of the Economic Security Bureau of Ukraine», according to which the ESBU began to perform functions and tasks related to combating offenses affecting the functioning of the state's economy.

**i** For reference: Article 4 of the Law assigns the ESBU the following tasks:  
1) identification of risk zones in the economy by analyzing structured and unstructured data;

- 2) assessment of risks and threats to the economic security of the state, development of ways to minimize and eliminate them;
- 3) provision of proposals for amendments to normative legal acts on the elimination of prerequisites for the creation of schemes of illegal activity in the economic sphere;
- 4) ensuring the economic security of the state by preventing, detecting, terminating, and investigating criminal offenses affecting the functioning of the state's economy;
- 5) collection and analysis of information about offenses affecting the economic security of the state and determination of ways to prevent their occurrence in the future;

GENERAL SUMMARIES AND RESULTS

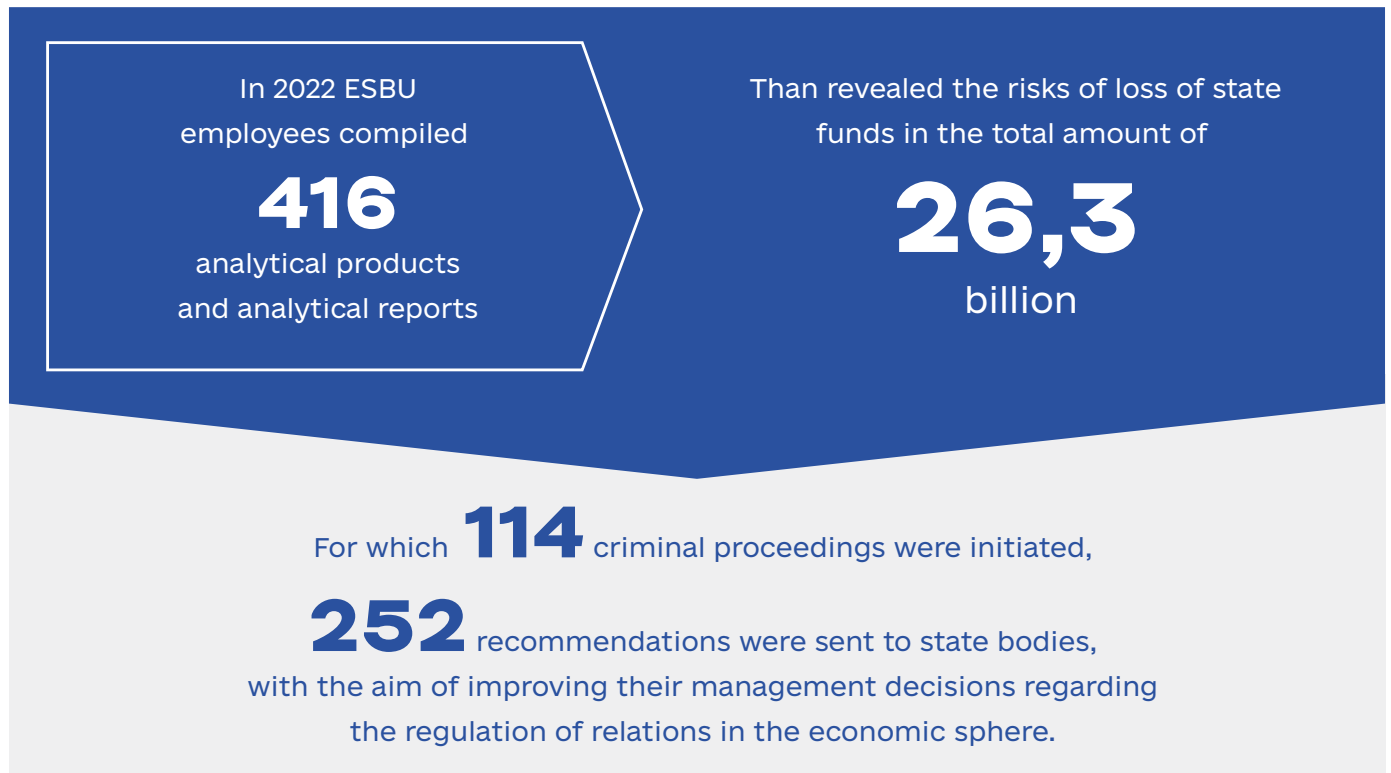
- 6) planning measures in the field of combating criminal offenses assigned by law to its jurisdiction;
- 7) detection and investigation of offenses related to the receipt and use of international technical assistance;
- 8) drawing up analytical conclusions and recommendations for state bodies in order to increase the effectiveness of their management decisions regarding the regulation of relations in the economic sphere.

However, the list of tasks and powers of the ESBU is not regulated exclusively by the Law, more than 60 such powers are provided for by codes, laws, and government acts.

In 2022, the prerequisites for the full-fledged functioning of the ESBU have been created. In particular, the regulatory framework,

organizational principles and practices in analytical and law enforcement activities, institutional development.

ESBU unlike other law enforcement agencies, operates, first of all an analytical component the purpose of which is to assess risks and threats in the economic sphere, prepare forecasts and recommendations aimed at their elimination and/or minimization. During the year, risks were identified in the budgetary, tax, customs, monetary and investment spheres. In 2022, ESBU employees compiled **416** analytical products and analytical reports which revealed risks of loss of state funds in the total amount of UAH **26.3 billion**, for which 114 criminal proceedings were initiated, sent **252** recommendations to state bodies with the aim of increasing the efficiency of their management decision-making regarding the regulation of relations in the sphere of economy.



On the basis of analytical activity, **13** proposals were submitted for the introduction of amendments to normative legal acts aimed at eliminating the prerequisites for the creation of criminal schemes in the economy. Among them the most relevant are the draft amendments to the Criminal Code of Ukraine (hereinafter referred to as the Criminal Code of Ukraine) and the Criminal Procedure Code of Ukraine (hereinafter referred to as the Criminal

Procedure Code of Ukraine) regarding the establishment of criminal liability for causing damage to the financial interests of the European Union, illegal actions with EU funds and the investigation of such manifestations, respectively under the jurisdiction of the ESBU.

During the year there were **961** criminal proceedings in the investigation of the ESBU detectives. According to the results of the

## GENERAL SUMMARIES AND RESULTS

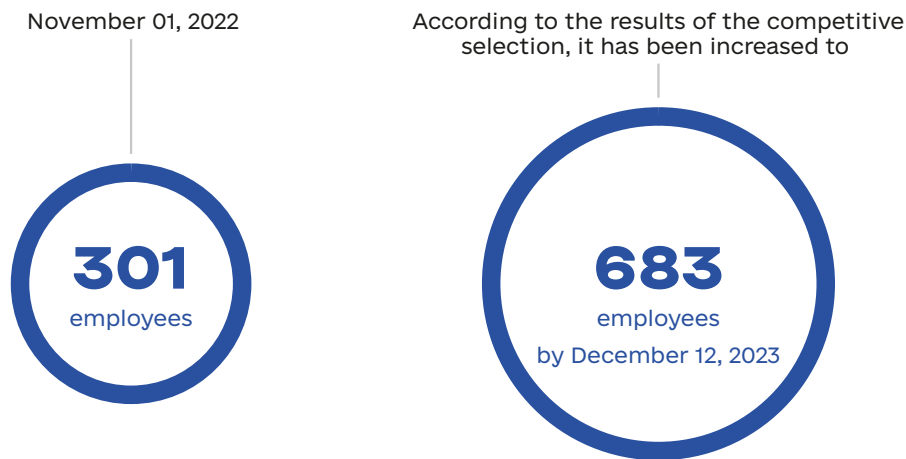
pre-trial investigation, 29 criminal proceedings were sent to the court, 24 of them – with an indictment. In order to ensure compensation for the losses caused to the state, property was seized in all criminal proceedings in the amount of UAH **46.7 billion**, of which UAH 41 billion are assets whose beneficial owners are citizens of the Russian Federation and the Republic of Belarus.

Also ESBU actively interacts with other state bodies on the issue of sanctions against legal entities and individuals of the aggressor state.

For this purpose, relevant draft decisions of the Cabinet of Ministers of Ukraine have been prepared.

The total number of the ESBU employees as of November 1, 2022 was 301 full-time employees and according to the results of the competitive selection it was increased to 683 full-time employees by December 31, 2022. The underfunding of the needs of the ESBU in 2022 amounted to UAH **280.4 million** (expenditure financing – UAH **559.4 million**, the need UAH **839.8 million**).

### The total number of the ESBU employees



### Underfunding of the needs of the ESBU in 2022

The need of the ESBU – UAH **839,8 million**

Financing of expenses –  
UAH **559,4 million**

Underfunding  
UAH **280,4 million**

The ESBU is a new body of executive power that exercises its powers through the central apparatus and Territorial Department which must be provided with appropriate resources. The creation of an appropriate IT infrastructure also directly depends on the necessary budget expenditures.

In general, ensuring the effective functioning of the ESBU is one of the tasks of the **Economic Security Strategy of Ukraine for the period until 2025**. This requires a complex and step-by-step formation of prospective directions for its development which should be reflected

in the Strategy of Institutional Development of the Economic Security Bureau of Ukraine until 2027, which is being developed.

In view of the spreading trends and modern manifestations of economic crime the ESBU should build an “ecosystem” that will allow for effective cooperation in the field of combating crimes affecting the functioning of the state’s economy at the national and international levels.

One of the most important tasks in 2022 was the establishment of cooperation with the state bodies of Ukraine that carry out law

## GENERAL SUMMARIES AND RESULTS

enforcement and control functions (the Office of the Prosecutor General, units of the system of the Ministry of Internal Affairs of Ukraine, the State Tax Service of Ukraine, the State Customs Service of Ukraine, the Security Service of Ukraine, the State Bureau of Investigation of Ukraine, the National Bank of Ukraine, the National Agency for the Prevention of Corruption, the National Agency of Ukraine for the Identification, Search and Management of Assets Obtained from Corruption and other Crimes, the State Audit Service of Ukraine, the State financial monitoring service of Ukraine) and providing access to automated and reference systems, registers and data banks (databases) their filling with new information. Efforts to obtain access to the databases of 38 state bodies are ongoing. To date ESBU has gained access to the databases of 7 state bodies but this area of information provision is developing work is ongoing.

During the year, ESBU established business relations with a number of law enforcement agencies, state and local self-government bodies, mass media and public organizations. The Sectoral Working Group for the Support of the Economic Security Sector of Ukraine was created. In the field of international partnership it should be noted the beginning of establishing contacts with the Organization for Economic Co-operation and Development (OECD), the European Anti-Fraud Office (OLAF), relevant state bodies of foreign countries. Among the non-state partners, the European Business Association (EVA) is important.

Law enforcement pressure on business which was usually exerted by so-called "crime fighters" not so long ago, contributed to the spread of corrupt practices, which negatively affected the effectiveness and authority of the state's law enforcement system as a whole. Overcoming this negative legacy through the implementation of the principles of transparency and integrity in the activities of state bodies is a necessary prerequisite for the successful and offensive development of the ESBU, more effective performance of its functions.

During the year, the ESBU significantly strengthened the regulatory and legal framework of anti-corruption activities, the ESBU Anti-Corruption Program was approved, employee trainings were introduced, a hotline telephone was used, a working group was formed to assess corruption risks with the participation of experts from the European Union consultative mission in Ukraine. Based on the results of activities and taking into

account the results of the study of functions and processes vulnerable to corruption, a risk register was created. Anti-corruption control during the organization of public procurements (monitoring of documents, study of counterparties, etc.) has been established.

The ESBU is open to the public: the Council of Public Control at the ESBU was established, whose representatives provided suggestions on the work of tender commissions. Overcome misunderstandings at the first stages of interaction. But discussions and constructive criticism are integral processes in the formation of the ESBU.

In general, the creation of the ESBU has a positive political and security effect: Ukraine's foreign policy obligations to the World Bank have been fulfilled, macro-financial assistance has been received the structure of pre-trial investigation bodies has been optimized (with the elimination of the tax police, economic units of the police and the SSU), the law enforcement function has been separated from the service function of the State Tax Service services of Ukraine.

Thus, the concentration of powers and competences in combating offenses in the sphere of the functioning of the state economy in a single body was ensured which made it possible to really strengthen the economic security of the state. However, proper provision of the functions of the ESBU in the field of national security and ensuring the economic security of the state requires additional changes to the legislation (regulation of the issue of providing counterintelligence protection of the economy, anti-terrorist function, etc.).

When assessing the effectiveness of the ESBU today, objective factors should be taken into account - the war created unprecedented challenges in all spheres of the state's functioning without exception. The establishment and operation of the body take place in unstable economic and security conditions. A number of indicators in the sphere of economy and finance do not correlate with the results of the ESBU mainly due to the military aggression of the Russian Federation in Ukraine. The destructive impact of the war on the economic processes of the state does not allow obtaining relevant indicators: it should be recognized that currently they reflect the extremely difficult state of the Ukrainian economy.

# THE RESULTS OF INFORMATION AND ANALYTICAL ACTIVITIES OF THE ESBU



Global processes in the world and the military aggression of the Russian Federation create new challenges for Ukraine's national security, including ensuring its economic component. In such conditions, countering threats in the economic sphere which is entrusted to state authorities and first of all law enforcement becomes particularly relevant. Among them the ESBU is essentially the first whose activity is based on an analytical component. Refusal of the "punitive model" of work and emphasis on prevention research on the prerequisites for committing criminal offenses contribute to the introduction of democratic principles professed by the leading countries of the world into the national human rights protection system.

ESBU abandons the "traditional" model of work focused on phenomena and events that have already taken place. The use of a risk-oriented approach in the activities of the ESBU allows you to forecast events and anticipate them based on a comprehensive analysis of significant data sets, including information obtained from automated information and reference systems, registers, data banks (databases) of state authorities, local self-government bodies, access to which according to the Law is granted to the ESBU and thus expands the possibilities of prompt response to existing challenges and negative trends in the economic sphere more fully use reserves in the fight against

criminal offenses that threaten the economic security of the state, apply the most effective countermeasures.

The analysis of the obtained data at the strategic level allows to determine the development trends of global threats to the economy of the state to properly prepare for possible scenarios as well as to promptly take measures to prevent and/or counteract them.

Therefore the main task of the ESBU in this direction is to effectively identify risks to the economic security of the state, assess them, establish the degree of danger to the economy, determine the ability to effectively respond to such risks, as well as develop and take measures to minimize and/or eliminate them.



**For reference:** according to paragraph 6 of the first part of Article 2 of the Law a risk is a threat identified in the budgetary, tax, customs, monetary or investment spheres, the impact of which leads to the shadowing of the economy and the weakening of the economic security of the state.

Thus the work of the ESBU, guided by analytics is the most effective in combating the phenomena and processes that produce risks in the economic sphere and ensures the protection of subjects of economic activity from unwarranted interference in their activities.



## THE RESULTS OF INFORMATION AND ANALYTICAL ACTIVITIES OF THE ESBU

## Results of information – analytical activities

The result of the activity of the information and analytical units of the ESBU are analytical products, information documents, proposals and recommendations to state bodies, which are used both to prevent the criminalization of the economy and to counter specific offenses that interfere with the functioning of the state's economy.

During 2022 the information and analytical units of the ESBU analyzed **2.1 million** tender procurement procedures, studied the activities of **6.322** business entities regarding their submitted applications for reimbursement of VAT amounts from the budget and other transactions.

According to the results, **252** recommendations were made for state bodies with the aim of

increasing the efficiency of their management decisions regarding the regulation of relations in the economic sphere which made it possible to prevent state losses in the amount of **UAH 1.99 billion** (mainly recommendations related to VAT refunds, public procurement and auction for the sale of a communal property object).

In total, **282** analytical products and **134** analytical reports were created, which established the risks of committing criminal offenses in the economic sphere in the amount of **UAH 26.3 billion**, based on the results of their consideration, the ESBU detective units initiated **114** criminal proceedings or made procedural decisions to join them in the initiated criminal investigations and submitted **13** proposals for amendments to normative legal acts on the elimination of prerequisites for the creation of schemes of illegal activity in the economic sphere.

## Results of information and analytical activities

An analysis of tender purchases was carried out

**2,1 million** procedures

**252**

Recommendations were sent to state bodies in order to increase the effectiveness of their management decisions regarding the regulation of relations in the economic sphere

The activities of

**6322**

business entities were studied

regarding the applications submitted by them for reimbursement of VAT amounts

In the amount of UAH

**1,99** billion

State losses related to VAT refunds, public procurement and auction for the sale of communal property are prejudged

**282** analytical products were created

**134** analytical references

For a total amount of UAH **26,3** billion

**13**

Submitted proposals for amendments to normative legal acts on the elimination of prerequisites for the creation of schemes of illegal activity in the economic sphere

**114** The number of initiated criminal proceedings

## Identification and management of risks in the budgetary sphere

The budgetary sphere is an important component of the country's economic security, as it depends on the socio-economic development of individual administrative and territorial units and the state as a whole, stimulation of the development of priority sectors of the economy, provision of social support for the least protected segments of the population, etc. Accordingly, one of the key directions of the ESBU's activity, especially in the conditions of military aggression of the Russian Federation is countering the embezzlement of state funds

During 2022, 2.1 million tender purchases worth **UAH 544.2 billion** were analyzed. Based on the facts of established violations in the relevant procedures and other risks in the budgetary sphere, 78 analytical products and 80 analytical reports were created for the total amount of risky operations of **UAH 2.2 billion**, which are directed to the units of the ESBU detectives.

**161** letters of recommendation were sent to state institutions and local self-government bodies, as a result of which budget losses of **UAH 270.8 million** were prevented, mainly through the termination of concluded contracts by the managers of budget funds and the termination of expenditure operations.

### Analyzed

**2,1 million tender purchases**

**in the amount of UAH 544,2 billion**

**Addressed to state institutions and local authorities**

**161 letters of recommendation**

**Budget losses have been prevented through the termination of concluded contracts by the managers of budget funds and the termination of expenditure operations**

**in the amount of UAH 270,8 million**

**Based on the facts of established violations in tender procurement procedures and other risks in the budgetary sphere it was compiled**

**78 analytical products and 80 analytical reports**

**in the amount of UAH 2,2 billion**

## THE RESULTS OF INFORMATION AND ANALYTICAL ACTIVITIES OF THE ESBU

## Individual cases by direction:

- 1 The budgetary sphere is an important component of the country's economic security, as it depends on the socio-economic development of individual administrative and territorial units and the state as a whole, stimulation of the development of priority sectors of the economy, provision of social support for the least protected segments of the population, etc. Accordingly, one of the key directions of the ESBU's activity, especially in the conditions of military aggression of the Russian Federation is countering the embezzlement of state funds
- 2 In July 2022, during the analysis of procurement in the public sector analysts of the ESBU established that one of the local authorities conducted an open procurement of services for the construction of a swimming pool. The estimated cost of the purchase was more than UAH 50 million. According to the agreement the winning company planned to perform all the work with its own forces and means without the involvement of other parties. During the inspection of the service provider a number of inconsistencies were found namely: the actual absence of the enterprise at the legal address, fictitious employment of persons who had nothing to do with the activity of the specified enterprise the absence of any construction work at the place of construction of the swimming pool, etc. These facts call into question the possibility of carrying out the construction of the swimming pool in accordance with the contract and testify to the possibility of a particularly large waste of state funds. As a result of the measures taken by the ESBU, the contract on the construction of the swimming pool was terminated, the unjustified use of local budget funds in the amount of **UAH 50 million** was prejudiced.
- 3 In October 2022, analysts of the ESBU identified risks of harming the economic security of the state during the PJSC's conclusion of contracts for the purchase of storage batteries for electric locomotives for a total amount of over UAH 20.5 million. It was established that one of the founders of the supplier company is a citizen of the Russian Federation. In order to prevent the use of these funds to finance the armed aggression of the Russian Federation against Ukraine, the ESBU employees recommended the specified state company to additionally check its counterparty with the simultaneous suspension of payments and to terminate the procurement contracts, which the state company did. Thus, the transfer of more than **UAH 20.5 million** to the address of a business entity controlled by a citizen of the Russian Federation is **biased**.

In order to protect the economy of Ukraine from the influence of aggressor states on it, in the summer of 2022 proposals were sent to the Cabinet of Ministers of Ukraine to amend a number of legal acts, which proposed to prohibit the participation in public procurement of legal entities whose ultimate beneficial owners are citizens of the Russian Federation of the Republic of Belarus and establish fines for counterparties carrying out foreign economic activity with such companies.

An important area of combating criminal violations in the budgetary sphere is the prevention of illegal VAT reimbursement.

During 2022, based on the results of identifying the risks of illegal reimbursement from the VAT budget, 39 analytical products and 5 analytical reports were compiled for the total amount of probable budget losses of **UAH 1.2 billion**.

According to the results of the examination of 8 analytical products, information on the commission of criminal offenses with the amount of established damages – **UAH 315.3 million** was entered into the Uniform Register of pre-judicial investigations, 29 analytical products and 2 analytical certificates for the total amount of established losses – **UAH 847.3 million** – were attached to previously initiated criminal proceedings.

44 recommendations were sent to the STS of Ukraine authorities regarding the subjects of economic activity, which illegally claimed VAT reimbursement to the budget, which prejudiced the budget losses in the total amount of UAH 1.7 billion (clarifying calculations of VAT tax liabilities were submitted to the tax authorities or reduced by the STS authorities (rejected) declared for reimbursement of the amount of VAT at the expense of control and verification measures).

## Prevention of illegal VAT reimbursement

**UAH 1,7 billion**

The total amount for which budget losses have been prejudiced (the tax authorities have submitted clarifying calculations of tax liabilities with VAT or the STS authorities have reduced (denied) the amount of VAT declared for reimbursement due to control and verification measures)

**44**

Recommendations regarding business entities applying for VAT reimbursement

**UAH 1,2 billion**

The total amount of probable budget losses as a result of identifying the risks of illegal reimbursement from the VAT budget

## Amendments to normative legal acts

In order to improve the norms of tax legislation and prevent budget losses during VAT refunds, in October 2022 proposals were submitted to the Cabinet of Ministers of Ukraine and

the Committee of the Verkhovna Rada of Ukraine on Finance, Tax and Customs Policy to introduce amendments to the Tax Code of Ukraine, which propose to provide for the right of control bodies to require, during inspections from taxpayers under inspection to conduct an inventory with the mandatory participation of officials of control bodies.

### Individual cases by direction:

**1** In July 2022 based on the results of the analysis of the business operations of a number of companies in particular their financial transactions the volumes of imported goods and the legality of declaring the budget VAT refund, it was established that certain enterprises declared the amount of tax credit that exceeded their tax obligations and formed negative value of VAT due to the balance of goods imported during 2021 and submitted applications for the return of the

amount of budget compensation in the amount of UAH 128 million. In order to prevent illegal VAT refunds, the State Tax Service of Ukraine sent recommendations to the State Tax Service of Ukraine to carry out checks on the reliability of the calculation of the budgeted VAT refund amounts, as a result of which the officials of the specified business entities submitted clarifying calculations and significantly reduced the amount claimed for refund.

## Identification and management of risks in the tax field

One of the priority tasks in the work of the ESBU is the prevention of economic crimes and the minimization of the use of shadow schemes in the tax sphere, since taxes are not only the main source of filling the state's revenues, but also one of the main tools for regulating the market economy.

During 2022, based on the results of the detection of risks in the field of taxation, 67 analytical products and 15 analytical reports were created and sent to the detective units

of the ESBU for the total amount of probable budget losses of **UAH 2.8 billion**.

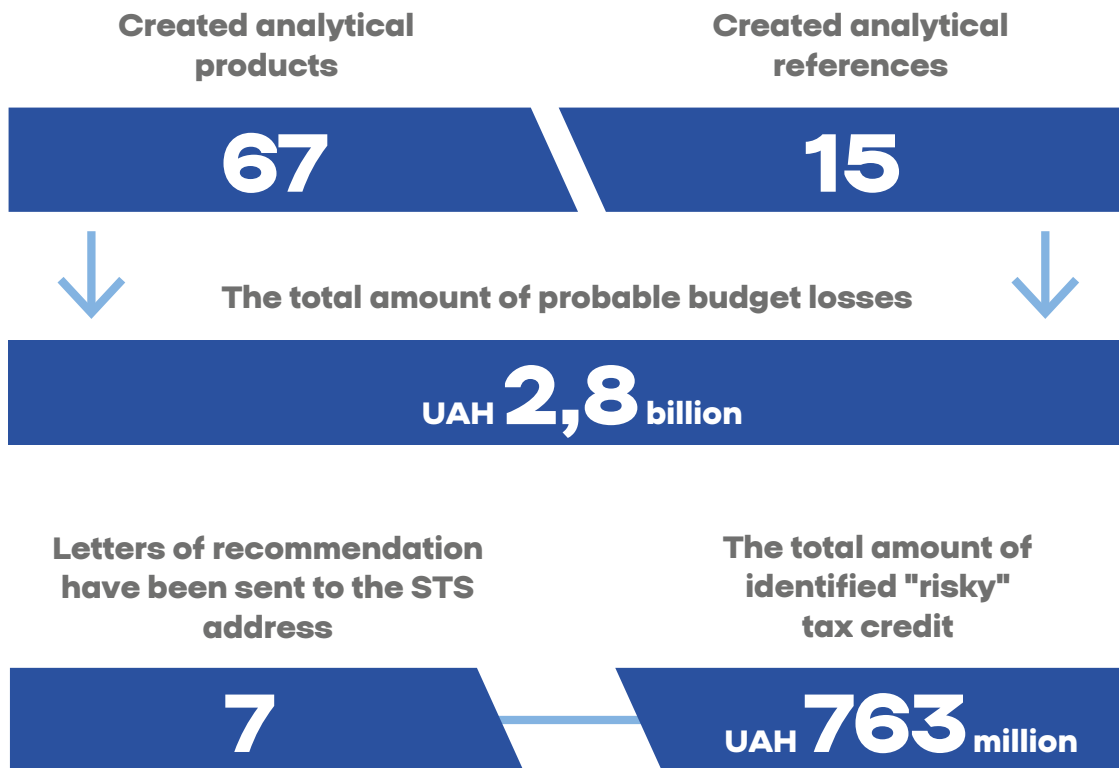
According to the results of the review of 30 analytical products and 5 analytical reports, information on the commission of criminal offenses for the total amount of established losses – UAH 1.3 billion was entered into the Uniform register of pre-judicial Investigations. 33 analytical products and 5 analytical reports were attached to previously initiated criminal proceedings.

7 recommendations have been sent to the STS of Ukraine authorities regarding economic entities that distributed tax credits generated at the expense of risky operations to enterprises in the real sector of the economy for a total of **UAH 763 million** of VAT.

THE RESULTS OF INFORMATION AND ANALYTICAL ACTIVITIES OF THE ESBU

## Identification and management of risks in the tax field:

### Establishing risks in the field of circulation of fuel and lubricants:



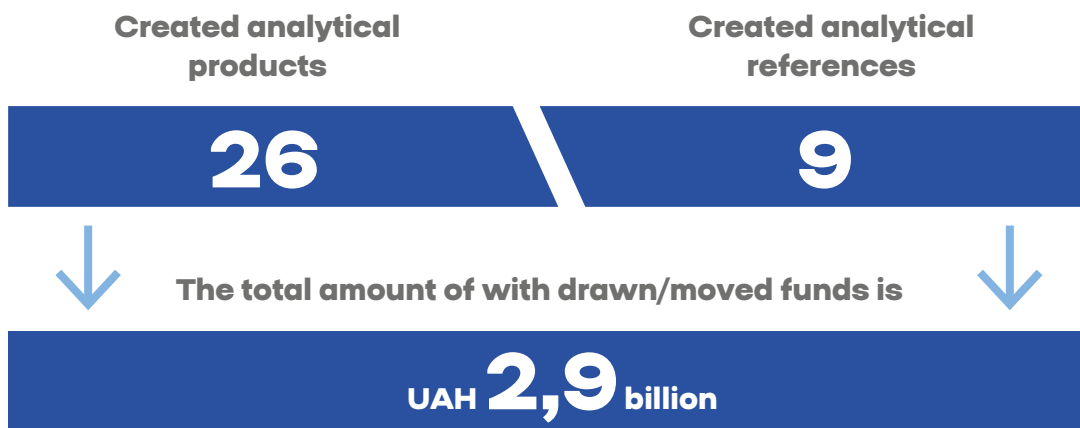
### Individual cases by direction:

- In August-September 2022, analysts of the ESBU established violations of tax, currency and other legislation of Ukraine by officials of the enterprise, the ultimate beneficiary of which is a citizen of the Russian Federation. Officials of this enterprise, which carried out wholesale and retail sales of cosmetics and perfumes, registered tax invoices underestimating the sales price of the goods, did not reflect the actual volumes of product sales in the tax and financial reporting. Thus they deliberately evaded payment of value added tax for UAH 33 million. In addition, the retailer's employees created an artificial tax credit for advertising services from the related business entity mentioned. This made it possible to reduce the amount of VAT tax liability by UAH 17.8 million. According to this fact the ESBU detectives have started criminal proceedings.
- In October 2022, during the analysis of the information of the State Tax Service of Ukraine regarding the sources and amounts of income received by a former member of the pro-Russian party Opposition Platform and a former People's Deputy of Ukraine, as well as the State Register of Property Rights to Real Estate and the Register of property rights to real estate it was established in October 2022 the discrepancy between his income and expenses. Thus in 2018 the ex-deputy registered ownership of a number of real estate objects (hotel premises, multi-storey building, land plots) with an estimated market value of about UAH 310 million, which is more than 200 times higher than official income. Thus, the budget of Ukraine has not received more than **UAH 60 million** in the form of non-payment of personal income tax and military duty.

The next important direction of the ESBU's analytical activity is countering the concealment of illegally obtained profits and their subsequent legalization which are illegally exported/moved by residents and non-residents outside of Ukraine.

During the reporting period, based on the detected facts of violations in the specified field of analytics the ESBU created 26 analytical products and 9 analytical reports for the total amount of withdrawn/moved funds of about **UAH 2.9 billion**.

## Counteraction to the concealment of illegally obtained profits and their further legalization:



In addition, the ESBU in cooperation with STS, NAPC, ARMA and the State Financial Monitoring, took measures to identify and seize the assets of natural persons of Ukrainian citizens on the territory of foreign countries the income of which has not been confirmed on the territory of Ukraine.

Among the threats affecting the functioning of the state's economy is illegal activity related to the illegal production and circulation of excise goods.

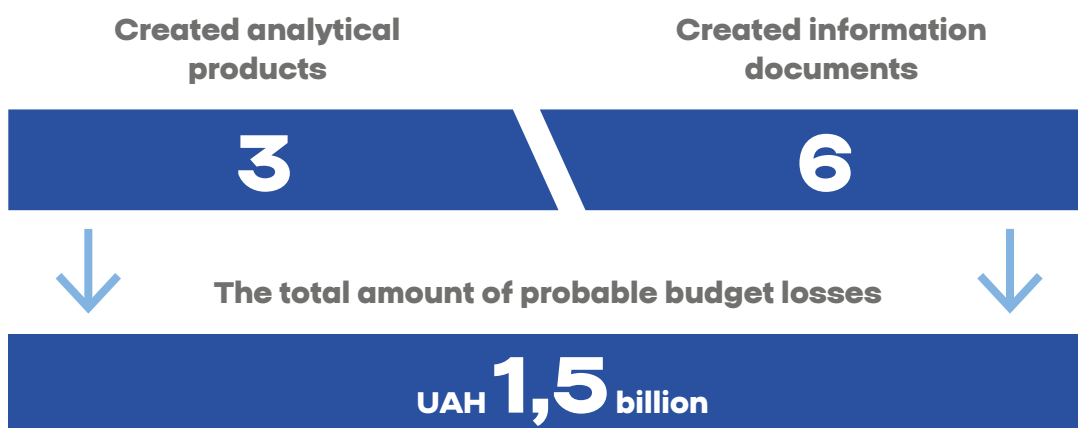
offenses related to the illegal circulation of tobacco products for a total amount of **UAH 1.5 billion**. Based on the results of working out the identified risks, 3 analytical products and 6 informational documents for the specified amount were compiled and handed over to the units of the ESBU detectives.

On the initiative of the ESBU, the State Service for Special Communication and Information Protection of Ukraine blocked the activity of 23 sites that were used for the purpose of illegal sale of tobacco products.

The units of the ESBU intensified the fight against criminal manifestations in the specified area. In particular, in 2022, the information and analytical units of the ESBU identified risks related to the commission of

## Identification and management of risks in the tax field:

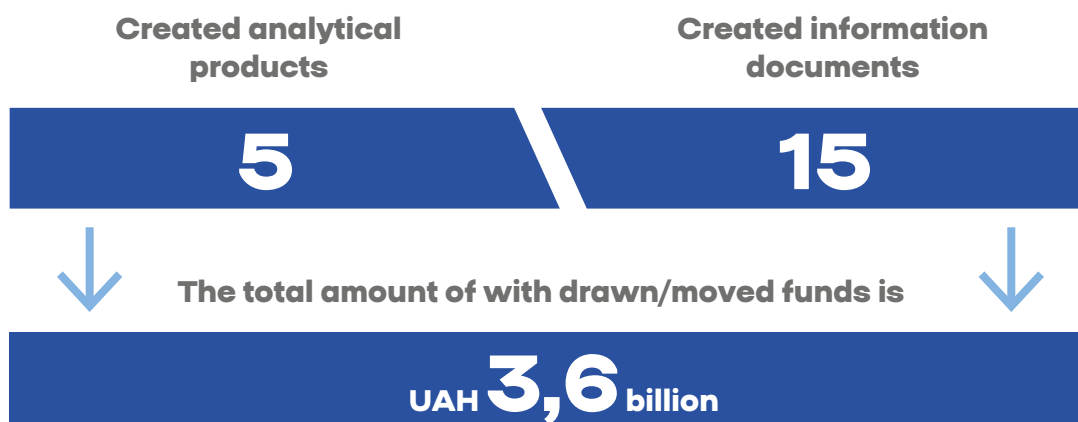
### Illegal activities related to the illegal production and circulation of excise goods:



On the initiative of the ESBU the activities of sites selling tobacco products were blocked

23 website

### Establishing risks in the sphere of circulation of fuel and lubricants:



## Identification and management of risks in the customs sphere

An important element of the state's activity is customs policy, which defines the principles of foreign trade regulation, protection of the domestic market and integration of the Ukrainian economy into the world economy. Offenses in the customs sphere (evasion of payment of customs payments and taxes, illegal movement of goods across the customs border other violations of customs rules) have an extremely negative effect on economic security and lead to a lack of funds from the budget, a decrease in the competitiveness of the national producer, etc. That is why the fight against these negative phenomena is one of the important tasks of the ESBU in protecting the country's economic interests.

During 2022, based on the results of the identification of risks in the customs sphere, 4 analytical products and 7 analytical reports on the evasion of customs payments for a total amount of **UAH 191.4 million** were created and sent to the units of the ESBU detectives.

In the conditions of the war, the identification of risks in the agricultural sector of the economy, primarily related to the export of agricultural products, became particularly relevant. In particular, during the reporting period, **25** analytical products and 3 information documents for a total amount of **UAH 10.6 billion** were compiled by the information and analytical units of the ESBU in this direction, which were sent to the detective units of the ESBU.

According to the results of the examination of 18 analytical products and information documents, information on the commission of criminal offenses with the amount of established damages – **UAH 4.7 billion** was entered into the Uniform register of pre-judicial investigations. 4 analytical products and 3 informational documents for the total amount of established losses of **UAH 5.7 billion** were attached to previously initiated criminal proceedings.

### Individual cases by direction:

**1** ESBU analysts established that during August-September 2022, almost 12 million tons of grain crops and oil with an estimated value of UAH 137 billion were exported from the customs territory of Ukraine. Of them about 4 million tons of agricultural products are exported by enterprises that do not actually carry out economic activity. These companies lack fixed assets and labor resources for the purchase of exported goods, their officials do not report or do not report in full. The ESBU employees discovered probable budget losses due to non-payment of taxes by several enterprises that exported agricultural products of dubious origin, amounting to UAH 4.8 billion.

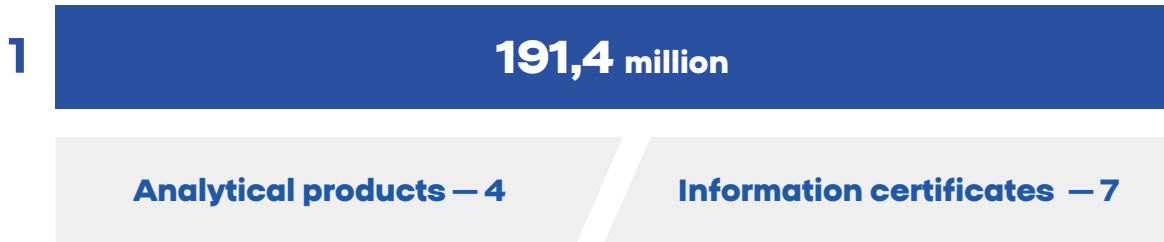
The specified activity was carried out without corresponding reflection in the tax reporting, which indicates the conduct of operations for the legalization of goods of unknown origin. Accordingly, exported products are probably purchased from the population for cash and are not marketed. ESBU analysts also established that the majority of non-resident companies to which grain was exported have signs of risk: they are involved in criminal proceedings are in the status of "liquidation", etc. According to these facts, ESBU detectives are conducting a pre-trial investigation.



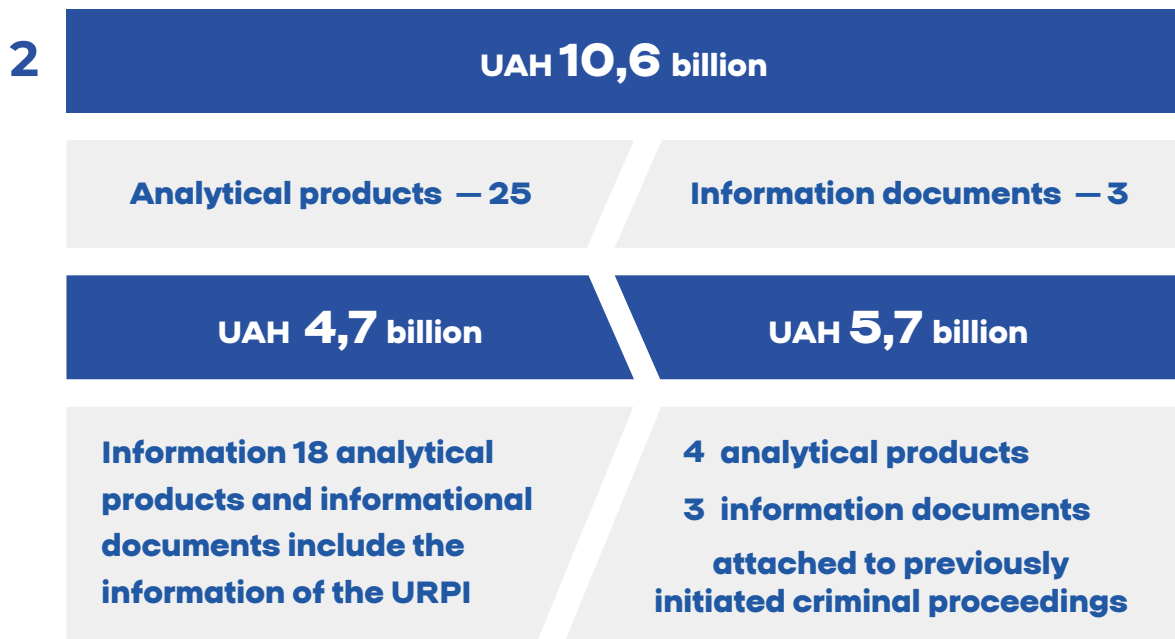
THE RESULTS OF INFORMATION AND ANALYTICAL ACTIVITIES OF THE ESBU

## Customs sphere

### Evasion of payment of customs payments



### Risks in the agricultural sector of the economy (export)



## Identification and management of risks in the customs sphere

The monetary and credit policy of the state plays the role of the main instrument of state regulation of the economy, since it determines the dynamics of the stability of the national currency is a means of managing inflation and activating credit relations. The method of attracting investments into the country's economy is the key to its successful development.

According to Article 4 of the Law, one of the tasks of the ESBU is to identify and investigate offenses related to the receipt and use of international technical assistance.

In order to fulfill the above-mentioned task, the ESBU conducts measures to identify possible abuses in the field of distribution and targeted use of funds provided by partner states within the framework of 1,752 international technical assistance programs for a total amount of **7 billion dollars**.

According to the results of the analysis carried out in 2022, analytical products were compiled and transferred to the detective units of the ESBU 2 regarding the identified risks of possible inefficient use of part of the funds provided by the international technical assistance program, with an estimated project cost of **41.9 million dollars**.

## Identification and management of risks in monetary and investment spheres

Measures to identify possible abuses in the field of distribution and targeted use of funds provided by partner states

**7 billion dollars**

ITA programs – 1752

2 analytical products



Risks were identified – **41,9 million dollars**

In addition in order to eliminate the prerequisites for the non-targeted use of international technical assistance funds the ESBU has prepared proposals for amendments to a number of normative legal acts, including:

- 1) to the Criminal Code of Ukraine – in terms of supplementing its provisions with a new norm that establishes criminal liability for causing damage to the financial interests of the European Union;
- 2) to the Development strategy of JSC “Oschadbank” – in terms of concluding a cooperation agreement with the Uniform register of pre-judicial Investigation which were taken into account when changes were made to it;
- 3) to a number of normative legal acts in the field of supervision of payment systems regarding the development of recommendations to subjects of primary financial monitoring in terms of establishing criteria for unacceptably high risk of business relations with SCAM-projects;
- 4) to the draft resolution of the Cabinet of Ministers of Ukraine “On the coordination and monitoring of international technical assistance” in terms of supplementing its text with separate provisions that will take into account the legislative powers of the ESBU in the field of combating offenses related to the receipt and use of international technical assistance.

## Identification and management of risks in the field of gambling business

During the year, the ESBU conducted an analysis of activities related to the organization or conduct of gambling, including through the Internet on the subject of possible facts of conducting the relevant type of activity without a license.

Based on the results of the identification of risks in this field, 5 analytical products and an information reference were created and sent to the units of the ESBU detectives.

**In order to prevent violations of this category a number of measures were taken, including:**

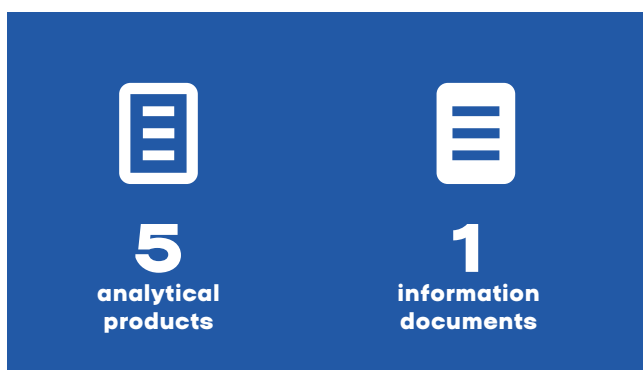
- letters of recommendation were sent to the NBU and financial companies regarding the blocking and termination of financial transactions provided by illegal online casinos under a well-known brand;
- at the request ESBU the State Intelligence Service, access to 1,661 illegal websites was restricted;
- on the initiative of the ESBU Commission for regulation of gambling and lotteries,

## THE RESULTS OF INFORMATION AND ANALYTICAL ACTIVITIES OF THE ESBU

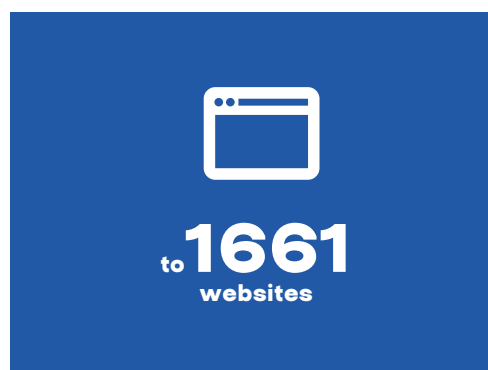
a decision was made to revoke the license of the company that was engaged in bookmaking activities and the organization of gambling games in casinos, due to its ties to the Russian Federation.

## Identification and management of risks in the field of business:

Created and directed to detective units



Access is restricted at the request of the ESBU



## In addition, ESBU proposed a number of initiatives:

- ▶ regarding the development of normatively established recommendations for banks and payment systems, which should contain markers and signs that should help to identify entities that organize, conduct gambling games on the territory of Ukraine without an appropriate license or that provide services related to access to such gambling games, in order to ensure further refusal to make payments in favor of such subjects;
- ▶ regarding the introduction of changes to separate normative legal acts, which determine the strengthening of responsibility for non-compliance with the order of organizing and conducting gambling games.

## II THE COUNTER OFFENSES THAT ENCROACH ON THE FUNCTIONING OF THE STATE ECONOMY



### 1 The number of registered statements and reports on criminal offenses, assigned by law to the jurisdiction of the Economic Security Bureau of Ukraine, taking into account the workload of one detective:

During the reporting period, **650 statements and reports on criminal offenses**, which are under the jurisdiction of the ESBU by law, were registered. The burden on one detective was 3 statements and notifications of criminal offenses.

**i** **For reference:** The calculation of the load is indicative of the last recruitment of employees, for the positions of detectives, which are included in the investigation of criminal proceedings throughout the year, mainly in the second half of it. By the beginning in 2022, the number of detectives was 84.

Taking into account number of criminal proceedings, which were in the proceedings of the ESBU detectives in 2022, the average workload was **5 criminal proceedings** per detective.

### 2 The number of investigative cases and criminal proceedings registered based on their materials which are being processed by the Economic Security Bureau of Ukraine:

The law amended Article 5 of the Law of Ukraine “On operational-investigative activities” regarding the definition of the ESBU as a subject of operational-investigative activities within the scope of jurisdiction provided for by the Code of Criminal Procedure of Ukraine. In order to determine the general principles and uniform requirements for the organization of operational investigative activities by units of the ESBU, the procedure for

## THE COUNTER OFFENSES THAT ENCROACH ON THE FUNCTIONING OF THE STATE ECONOMY

initiating, managing and closing operational investigative cases their registration and operational accounting the features of information and financial support as well as the organization of work with undisclosed freelancers and of the system of control over the implementation of operational and investigative activities after obtaining a special permit for conducting activities related to state secrets the appointment of employees who have experience and skills in such work to the ESBU based on the results of competitive recruitment (granting them appropriate admissions to state secrets) the development of a normative legal act which regulates such activity in accordance with the specifics of the ESBU has been completed.

After internal and external approval with the interested bodies the Instruction on the organization of operative investigative activities by units of the Economic Security Bureau of Ukraine was developed which was approved by the order of the ESBU dated January 16, 2023, and registered on the Ministry of Justice of Ukraine under No. 190/39246 dated January 31, 2023.

A significant period for the development of the specified Instruction is due to the need to harmonize its provisions with the current norms of the legislation of Ukraine and international law and the practice of the ECHR in the part that regulates human rights, as well as compliance with the requirements for secret record keeping.

Taking into account that in 2022 the mentioned Instruction was being developed and agreed upon detectives of the ESBU did not initiate investigative cases and accordingly, criminal proceedings based on their materials were not registered.

### 3 The number of criminal proceedings pending in the Economic Security Bureau of Ukraine during the reporting period:

During 2022 the ESBU detectives investigated **961 criminal proceedings**.

In **46** criminal proceedings **persons were notified of suspicion**.

**29 criminal proceedings were referred** to the court.

According to the information of the Unified Register of Pretrial Investigations for the period from January 1, 2022, to December 31, 2022, **442 criminal proceedings** were registered by the ESBU, including under investigation by the ESBU detectives in accordance with Part

3 of Art. 216 of the Criminal Procedure Code of Ukraine, namely:

- art. 191 of the Criminal Code of Ukraine – 89,
- art. 199 of the Criminal Code of Ukraine – 37,
- art. 203-2 of the Criminal Code of Ukraine – 12,
- art. 204 of the Criminal Code of Ukraine – 24,
- art. 205-1 of the Criminal Code of Ukraine – 34,
- art. 206-2 of the Criminal Code of Ukraine – 2,
- art. 212 of the Criminal Code of Ukraine – 165,
- art. 212-1 of the Criminal Code of Ukraine – 2,
- art. 218-1 of the Criminal Code of Ukraine – 2,
- art. 219 of the Criminal Code of Ukraine – 5,
- art. 229 of the Criminal Code of Ukraine – 1,
- art. 232-2 of the Criminal Code of Ukraine – 1,
- art. 233 of the Criminal Code of Ukraine – 1,
- art. 358 of the Criminal Code of Ukraine – 14,
- art. 364 of the Criminal Code of Ukraine – 3,
- art. 366 of the Criminal Code of Ukraine – 13.

Also, during the specified period the detectives of the ESBU registered 18 more criminal proceedings on the grounds of criminal offenses provided for in Art. 209 of the Criminal Code of Ukraine, pre-trial investigation which according to Part 9 of Art. 216 of the Criminal Procedure Code of Ukraine is carried out by the investigators of the body that started the pre-trial investigation or that is responsible for the criminal offense that preceded the legalization (laundering) of property obtained through criminal means, except for cases when these criminal offenses are referred to the National Anti-Corruption Bureau of Ukraine in accordance with this article.

In addition, in 2022, the ESBU registered 12 criminal proceedings pending investigation by other bodies, namely for:

In addition, in 2022, the ESBU registered 12 criminal proceedings pending investigation by other bodies, namely for:

- art. 110-2 of the Criminal Code of Ukraine – 2,
- art. 111-1 of the Criminal Code of Ukraine – 1,
- art. 201-2 of the Criminal Code of Ukraine – 3,
- art. 255 of the Criminal Code of Ukraine – 2,
- art. 263 of the Criminal Code of Ukraine – 1,
- art. 367 of the Criminal Code of Ukraine – 1,
- art. 388 of the Criminal Code of Ukraine – 2.

THE COUNTER OFFENSES THAT ENCROACH ON THE FUNCTIONING OF THE STATE ECONOMY

## Combating economic crimes

**650**

statements and reports on the commission of criminal offenses were registered

Detectives of the ESBU investigated

**961** criminal proceedings

**29** criminal proceedings

were referred to the court

Of them with an indictment – 24

Balance of criminal proceedings as of the end of 2022

**510** of them with notification of a person of suspicion – 15

Number of acquittals

**0**

Compensation for losses of

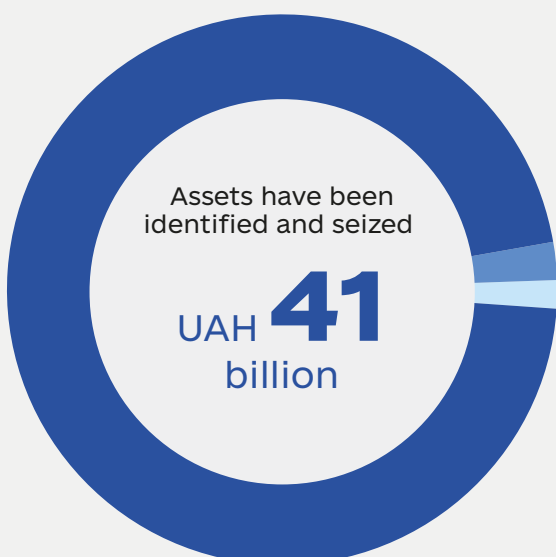
UAH **33,3** million has been ensured

## Regarding the results of the ESBU's work in these directions.

Currently, the ESBU detectives are investigating **27 criminal proceedings** related to the assets of the Russian Federation and the Republic of Belarus, according to which such

assets have been **identified and seized** for a total amount of **UAH 41 billion**.

The specified seized goods and material values were handed over to ARMA, which has already **sold such property for UAH 951 million**. In order to speed up the transfer of these funds for the needs of the Armed Forces in agreement with the Cabinet of Ministers of Ukraine **UAH 600 million worth of military bonds were purchased**.



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**951** million

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UAH **600** million worth of military bonds were purchased

## THE COUNTER OFFENSES THAT ENCROACH ON THE FUNCTIONING OF THE STATE ECONOMY

### Individual cases by direction:

- 1 In the course of a pre-trial investigation the ESBU detectives seized 166,000 tons of strategic raw material – iron ore, which is owned by a foreign company. The non-resident legal entity is registered in an EU country together with other russian companies affiliated with a citizen of the russian federation – an oligarch close to the russian president. **The estimated value of the seized ore is about UAH 1.8 billion equivalent (approximately 45,000,000 dollars).**
- 2 A pre-trial investigation is conducted in criminal proceedings based on signs of a violation provided for in Part 3 of Article 28 and Part 3 of Art. 212 of the Criminal Code of Ukraine, regarding a transport holding whose beneficial owners are citizens of the russian federation. As part of the pre-trial investigation, **the corporate rights of the said company, vehicles, real estate objects (buildings, land plots, etc.) with a total value of UAH 700 million have been seized.**
- 3 Detectives of the ESBU within the framework of criminal proceedings under part 3 of Art. 212 of the Criminal Code of Ukraine during searches of trucks with trailers, various household appliances and consumer goods as well as documents on the origin of the goods and documents confirming the declaration of the goods, were found. When crossing the customs border of Ukraine, declaration of goods and payment of customs payments were not carried out. **More than 2,000 units of products with an estimated value of about UAH 40 million were seized.**
- 4 In the course of a pre-trial investigation in criminal proceedings under Part 3 of Art. 212 of the Criminal Code of Ukraine established that officials of the pharmacy chain one of whose beneficial owners is a citizen of the russian federation, evaded paying taxes in the amount of UAH 143 million. **Property owned by a citizen of the russian federation and other property in the amount of UAH 102.5 million was seized.**
- 5 ESBU detectives transferred to ARMA the corporate rights of the enterprise a complex for the production of frozen semi-finished meat products, a residential building, a warehouse, administrative and industrial buildings and other real estates with an estimated value of UAH 350 million. The specified property is owned by the company, which is one of the largest producers of semi-finished products on the territory of Ukraine and whose **beneficial owner is a citizen of the russian federation.**

**56** criminal proceedings under Article **191 of the Criminal Code of Ukraine** (theft of budget funds) are also being investigated.

### Individual cases by direction:

- 1 In the course of the pre-trial investigation it was established that officials of one of the Ukroboronprom state-owned enterprises in March 2022 purchased low-quality goods for military purposes, which caused the waste of budget funds in the total amount of **UAH 5.4 million**. Currently, six officials have been notified of suspicion of criminal offenses under part 2 of Art. 28, Part 2 of Art. 366, Part 5 of Art. 191 of the Criminal Code of Ukraine.
- 2 The ESBU together with the Security Service of Ukraine and the Prosecutor General's Office prevented the implementation of a large-scale scheme of unjustified VAT refunds with the direct participation of the management and officials of the Main Department of the State Tax Service in Lviv region. As part of criminal proceedings under part 2 of Art. 364, Part 2 of Art. 366, Part 3 of Art. 209 of the Criminal Code of Ukraine, it was established that officials of a number of enterprises, acting in collusion with officials of the Department of Internal Affairs and Communications in the Lviv region, entered false information into official documents, which led to illegal compensation from the VAT budget in the amount of **UAH 131.8 million to three officials suspicion was reported to the State Tax Service of Ukraine Department in Lviv region.**
- 3 The tax evasion scheme for the export of grain using enterprises with signs of risk with the use of which more than 1

## THE COUNTER OFFENSES THAT ENCROACH ON THE FUNCTIONING OF THE STATE ECONOMY

**million tons of grain of dubious origin was exported** in the period of August-September 2022, has been discontinued. As part of criminal proceedings based on part 2 of Art. 364 of the Criminal Code of Ukraine, **ESBU detectives together with the SSU conducted 30 searches in the administrative premises of the State Customs Service and at the residence of Odesa customs officials, seized draft records, documents and other evidence of the commission of a criminal offense.**

The next priority area of the ESBUs work is strengthening the fight against the illegal circulation of excise goods,

in particular, stopping the criminal activities of persons involved in the illegal manufacture, storage, sale and transportation for the purpose of selling excise goods.

### **As a result of the measures taken, the following were removed from illegal circulation:**

- spirit products – 109.6 thousand liters, 2 – lines for bottling liquor and vodka products;
- electronic cigarettes – 87.8 thousand pcs.;
- cigarettes – 4.3 million units, 1 – cigarette production line;
- fuel and lubricants – 331 tons.

**The estimated value of the seized item is UAH 431 million.**

### **The following items were seized from illicit trafficking**

Alcohol products

**109,6** thousand liters

**2** lines for bottling liquor and vodka products

Electronic cigarettes

**87,8** thousand units

Cigarettes

**4,3** million units

**1** cigarette production line

Fuel - lubricants

**331** tons

The estimated value of the seized is

UAH **431** million

## **Individual cases by direction:**

**1** During the emergency search of the warehouse, more than **47,000 electronic cigarettes without excise tax stamps** were found and seized. The estimated cost is **UAH 15 million**. The mentioned excise goods belong to a group of persons who brought them to the customs territory of Ukraine without going through customs clearance procedures. A pre-trial investigation is being conducted under Part 1 of Art. 199 and Part 1 of Art. 204 of the Criminal Code of Ukraine.

**2** ESBUs employees discovered 4 business entities that evaded payment of excise tax in particularly large amounts. It was established that the officials of these enterprises entered notoriously inaccurate data on the volumes of fuel received at excise warehouses. Such actions were carried out with the aim of illegally forming volumes of fuel, which led to the evasion of payment of excise tax in the amount of more than UAH 350 million.

Also, ESBUs detectives provide countermeasures against crimes related to the illegal transfer of currency values abroad. According to such facts, 4 criminal proceedings

are being investigated, the illegal transfer of funds abroad in the amount equivalent to UAH 500 million has been suspected.



**THE COUNTER OFFENSES THAT ENCROACH ON THE FUNCTIONING OF THE STATE ECONOMY**



**4**  
criminal proceedings  
are being investigated  
for such facts



Illegal withdrawal abroad  
of funds equivalent to  
**UAH 500**  
million  
was prevented

**Individual cases by direction:**

**1** ESBU employees exposed a citizen of Ukraine who during martial law moved money in foreign currency across the customs border of Ukraine. The funds amounting to **EUR 3.6 million** (equivalent to approximately more than UAH 140 million), were properly declared, while their origin raised doubts. As part of the pre-trial investigation, ESBU detectives established that the exported funds do not correspond to the actual official income of the mentioned person in the territory of Ukraine and beyond. The citizen aimed to legalize them on the territory of the European Union countries and to hide their probably illegal sources of origin. As a result, the state budget of Ukraine did not receive more than **UAH 27 million** in personal income tax.

**2** The customs authorities of Romania established the fact of an attempt by a citizen of Ukraine to export currency values across the state border without proper declaration in the amount of **1.6 million USD** and **50,000 EUR** which is roughly equivalent to more than **UAH 66 million**. According to the specified fact, the ESBU detectives initiated criminal proceedings and established that the citizen did not officially receive and declare the specified amounts of income on the territory of Ukraine. At the initiative of the ESBU the seized funds were seized by court decision.

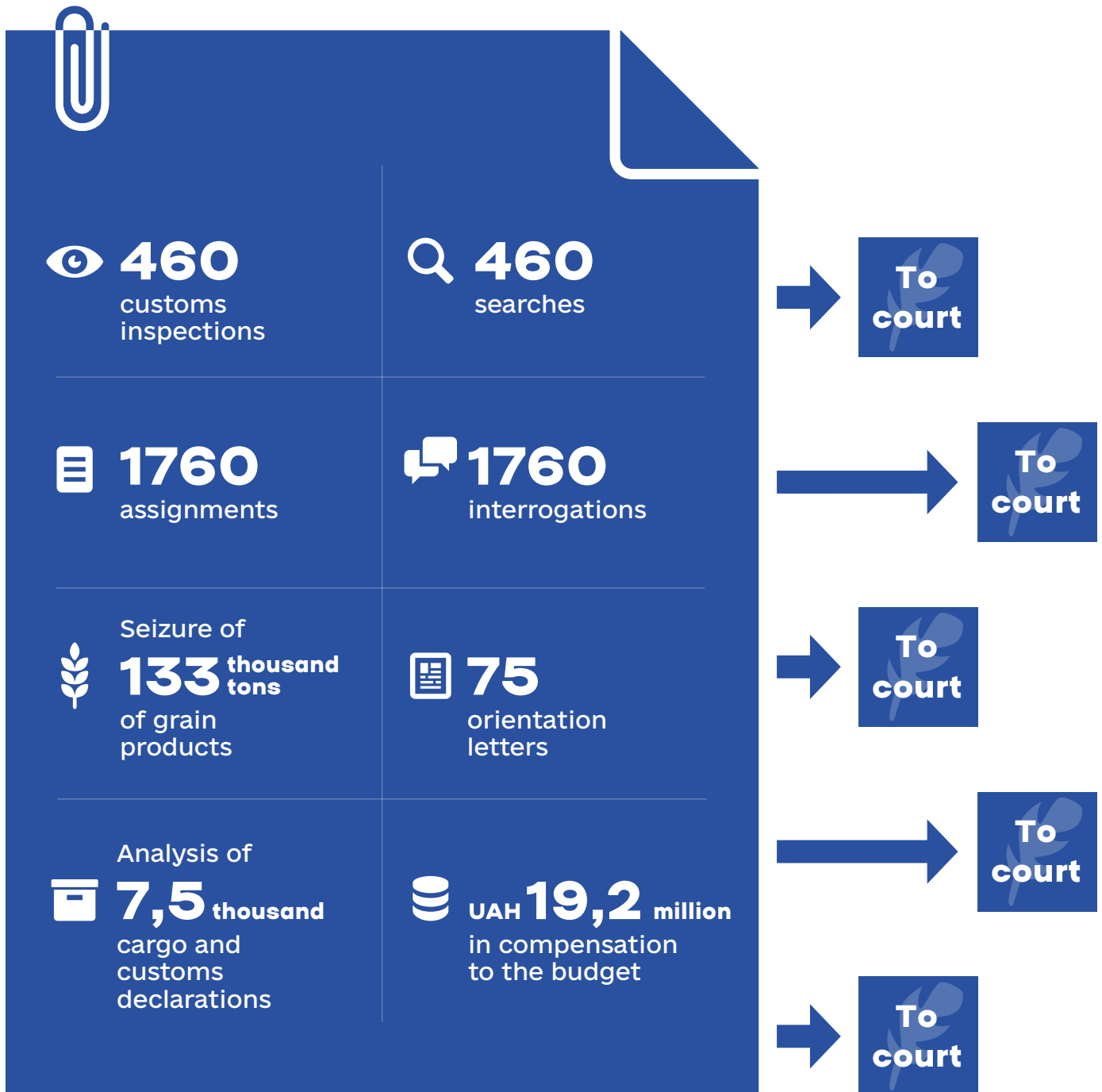
It should be noted that the vast majority of criminal proceedings investigated by the ESBU detectives are proceedings that as determined by prosecutors are sent to the ESBU for further investigation by other law enforcement agencies. At the same time in such proceedings the facts of multi-episode offenses are investigated which often have an interregional nature and relate to events of past years. Research and collection of evidence regarding such offenses are somewhat complicated by the antiquity of the events the need to conduct investigative and procedural actions throughout the country, including areas bordering on hostilities. Today's reality caused by Russia's aggressive actions is a significant migration of Ukrainian citizens, both within the state and abroad which objectively complicates investigative actions

with participants in criminal proceedings.

Despite the complexity of the pre-trial investigation, ESBU detectives within the limits of available resources, make maximum efforts to effectively investigate the offenses under investigation.

One of the priority directions of the ESBU is the investigation of economic crimes. Conducting a pre-trial investigation in the specified category of criminal proceedings involves conducting a significant number of investigative (search) actions, applying a number of measures to ensure criminal proceedings, appointing and conducting forensic examinations.

## Criminal proceedings regarding the export of grain products



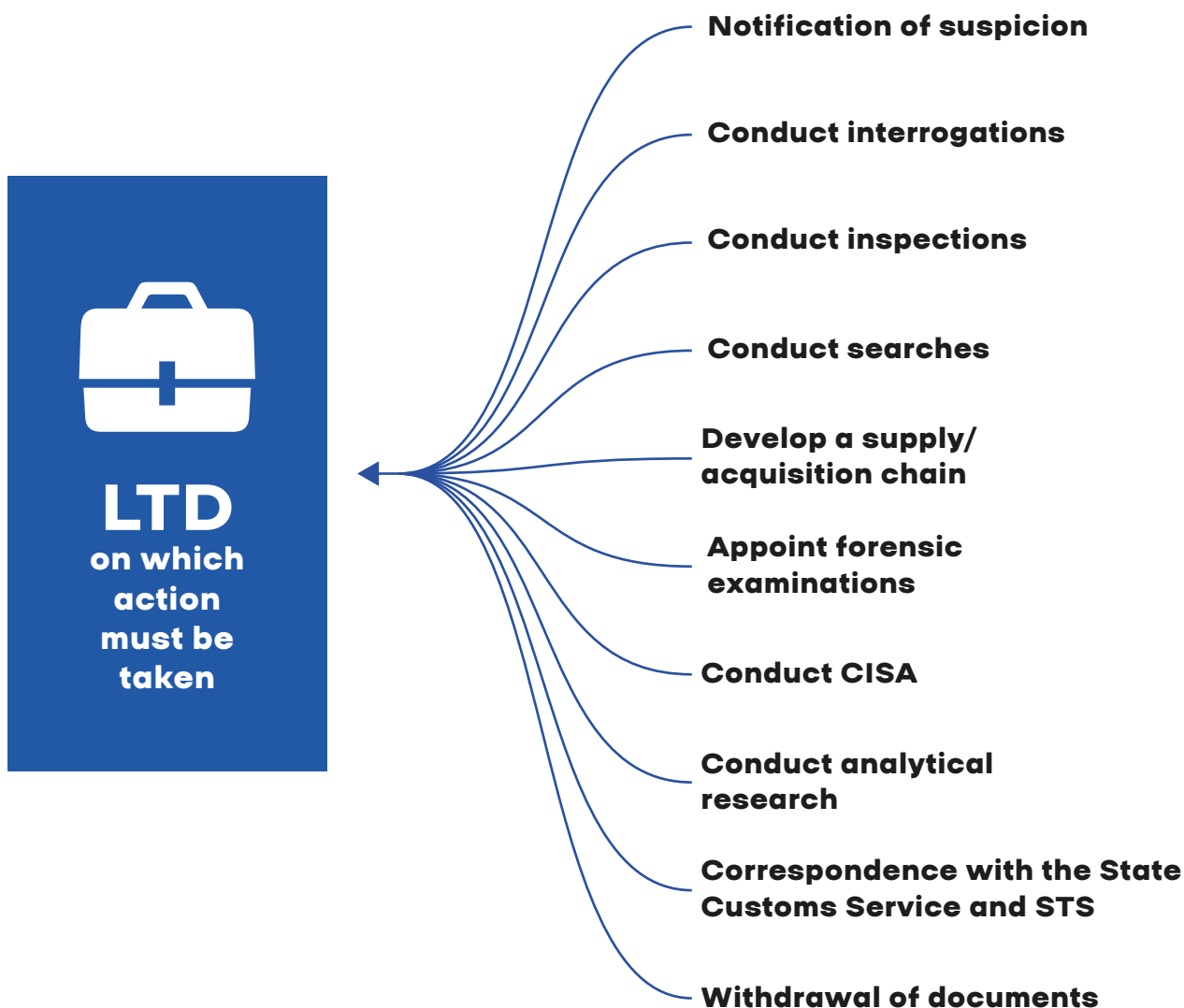
In addition, the specifics of the commission of such crimes involve the use in criminal schemes of a significant number of business entities and the use of details (seals and

invoices) of enterprises, which may number several hundred within the framework of the investigation of one criminal proceeding.

THE COUNTER OFFENSES THAT ENCROACH ON THE FUNCTIONING OF THE STATE ECONOMY

## Investigation of criminal proceedings on the fact of illegal VAT reimbursement

LTD №1	LTD №2	LTD №3	LTD №4	LTD №5	LTD №6	LTD №7	LTD №8	LTD №9	LTD №10	LTD №11	LTD №...	LTD №...
LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...
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LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №...	LTD №337	LTD №338	LTD №339		



## Ensuring the state sanctions policy.

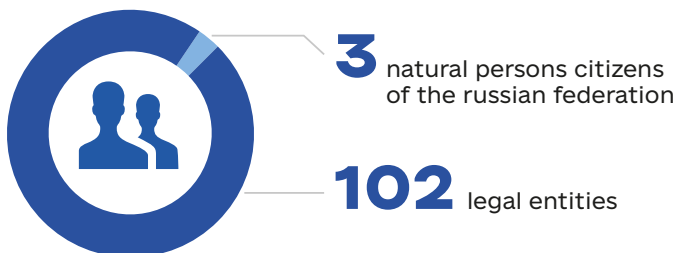
For the year 2022, 863 requests of the Ministry of Justice of Ukraine were processed for the purpose of establishing assets in the implementation of the state sanctions policy: a collection of assets of persons subject to sanctions to state income. Information was sent to the interested bodies regarding the existence of grounds for the application of special economic and other restrictive measures and 3 draft decisions of the Government on the application of sanctions were prepared on their basis.

3 draft acts of the Cabinet of Ministers of Ukraine "On the introduction of proposals for the application of personal special

economic and other restrictive measures (sanctions)" have been prepared of which 1 draft act has already been considered by the Interdepartmental working group on the implementation of State Sanctions Policy, as a result of which the project was submitted for finalization to Security Services of Ukraine. In total the specified acts proposed to apply sanctions to 102 legal entities and 3 individuals - citizens of the Russian Federation. Out of the total number of legal entities, 53 are foreign legal entities, namely:

- 34 legal entities registered in the Russian Federation;
- 18 legal entities registered in the Republic of Belarus;
- 1 legal entity registered in the Republic of Serbia.

In total the specified acts proposed to apply sanctions to



From the total number of legal entities



These draft decisions propose to apply sanctions to 49 legal entities registered in Ukraine and controlled by foreign legal entities and individuals.

At the initiative of the ESBU the Cabinet of Ministers of Ukraine Resolution No. 1430 of December 23, 2022 amended Clause 6 of the regulation on the Economic Security Bureau of Ukraine, approved by the Cabinet of Ministers of Ukraine No. 1068 of October 6, 2021, namely: provides for the authority of the ESBU to prepare and submit to the Cabinet of Ministers of Ukraine proposals for the application, cancellation and amendment of special economic and other restrictive measures (sanctions) introduced by the Cabinet of Ministers of Ukraine for consideration by the

National Security and Defense Council of Ukraine in accordance with the Law of Ukraine "On Sanctions" and the participation of the ESBU in the implementation and monitoring of the effectiveness of the state sanctions policy on issues that fall within its competence.

### 4 The number of persons in respect of whom the acquittal verdict of the court on their commission of criminal offenses brought under the jurisdiction of the Economic Security Bureau of Ukraine became legally binding:

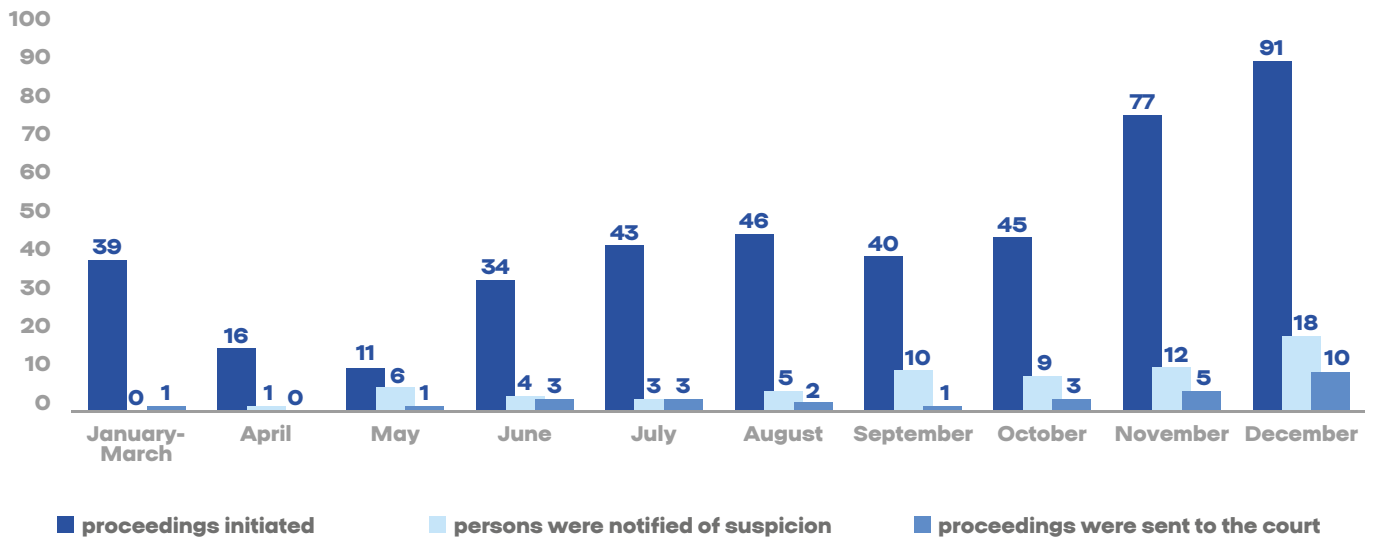
According to the results of the trial of the criminal proceedings referred to the court by the detectives of the ESBU the court did not pass acquittals.

**THE COUNTER OFFENSES THAT ENCROACH ON THE FUNCTIONING OF THE STATE ECONOMY**

**5 Information on the amount of funds paid to the state as compensation for damage caused by criminal offenses brought under the jurisdiction of the Economic Security Bureau of Ukraine by law:**

In all criminal proceedings, the ESBUE detectives for January-December 2022 provided compensation for losses of **UAH 560.6 million** of which **UAH 33.3 million** were paid in the completed criminal proceedings.

**The results of the pre-trial investigation**



	January-March	April	May	June	July	August	September	October	November	December
proceedings initiated	39	16	11	34	43	46	40	45	77	91
persons were notified of suspicion	0	1	6	4	3	6	10	9	12	18
proceedings were sent to the court	1	0	1	3	3	2	1	3	5	10

## III INTERACTION AND COOPERATION



### Interaction with other bodies of state power and local self-government, enterprises and organizations

In accordance with Article 7 of the Law, interdepartmental treaties (agreements), joint orders (disposal) and protocols regarding electronic information interaction, including access to automated information and reference systems, registers and data banks (databases), the holder (administrator) of which are signed state bodies or local self-government bodies.

A register has been compiled covering 38 state bodies, which use 54 automated information and reference systems, registers and data banks (databases, excluding subsystems).

As of the end of February this year, ESBU has access to automated information and reference systems, registers and data banks (databases) of 7 state bodies:

#### 1) The State Tax Service of Ukraine:

on the basis of the Agreement on information cooperation between the STS and the ESBU No. 18/2022 of January 24, 2022, the joint order of the ESBU and the Ministry of Finance of Ukraine No. 206/265 of August 31, 2022 "On

approval of the Procedure for the provision by the State Tax Service of Ukraine of information from the State register of individual taxpayers on the income of individuals at the request of the Economic Security Bureau of Ukraine" access to the databases: ITC "Tax block", ITC "One-stop shop for submitting tax reports", ITC "State register of individuals paying taxes";

#### 2) The State Customs Service of Ukraine:

on the basis of the Agreement on information cooperation between the State Customs Service and the ESBU dated January 14, 2022 No. 2, access to the database of the Inspectorate of the ACMO "Inspector" was obtained;

#### 3) The Ministry of Justice of Ukraine (SE "National Information Systems"):

on the basis of applications for joining the State Security Service dated February 10, 2022 No. 1/4/0/1250-22, dated July 07, 2022 No. 1/4/0/6730-22 and others, access to the database was obtained: Information system of unified and state registers of the Ministry of "just" (State register of property rights to immovable property, State register of acts of civil status of citizens, Unified register of powers of attorney, Unified state register of legal entities and natural persons - entrepreneurs and public formations);

#### 4) The Office of the Prosecutor General:

access to the database: Unified register of pre-trial investigations;

## INTERACTION AND COOPERATION

**5) The Administration of Sea Ports of Ukraine:**

on the basis of the contract between LLC PPL 33-35 and the ESBU dated September 8, 2022, No. 37-app., access to the database was obtained: LLC PPL 33-35 information system of the port community (ISPS);

**6) The State Treasury Service of Ukraine:**

on the basis of the Agreement on information cooperation between the State Treasury Service of Ukraine and the ESBU dated June 27, 2022 No. 59-22, access to the database of JSC "E-Kazna DB" was obtained;

**7) The National Bank of Ukraine:**

on the basis of the Agreement between the ESBU and the National Bank of Ukraine on the use of information protection means of the National Bank of Ukraine No. 105206 dated June 13, 2022, access to the database: ARM-NBU-info, E-mail system was obtained.

In addition, after the implementation of the integrated system of information protection (CIS) the ESBU will have access to automated information and reference systems, registers and data banks (databases) of the following state bodies:

**1) The State Border Service of Ukraine:**

on the basis of the Agreement on information interaction between the ESBU and the State Tax Service of Ukraine administration dated October 19, 2022 No.4-22 to the database: system "Arkan", "Hart-1";

**2) The Ministry of Internal Affairs of Ukraine:**

on the basis of the joint order of the ESBU and the Ministry of Internal Affairs "On approval of the Procedure for electronic information interaction of the Economic Security Bureau of Ukraine, the Ministry of Internal Affairs of Ukraine and central executive bodies, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Internal Affairs of Ukraine" dated November 22, 2022 No. 342/ 760 are scheduled to gain access to the database: Interpol (data bank using the "Find" technology); The unified information system of the Ministry of Internal Affairs of Ukraine for establishing a "user-system" connection to the following information resources: an integrated interdepartmental information and telecommunication system for the control of persons, vehicles and goods crossing the border; unified state register of vehicles; unified state demographic register;

information on the registration of firearms; integrated information and search system; personal reference accounting; the register of persons for whom the police are conducting preventive work; detected criminal and administrative offenses, the persons who committed them, the progress of criminal proceedings; the accused, the indictment against whom has been sent to the court; search for suspects, accused (defendants) who are evading serving a sentence or a court sentence; search for missing persons.

**At the same time, concluded with the prospect of active use:**

– Memorandum on interaction and information exchange between the Commission for the regulation of gambling and lotteries and the Economic Security Bureau of Ukraine dated February 29, 2022;

– The procedure for the interaction of ARMA and the Economic Security Bureau of Ukraine regarding the identification and search of assets, approved by order No. 54/50 dated February 22, 2022;

– Agreement on providing access to IS of human resources management in state bodies dated November 22, 2022 No. 536;

– Agreement on mutual exchange of information resources between the State Statistics Service and the ESBU dated September 29, 2022 No. 11.

In addition, the draft Agreement on information cooperation between the ESBU for Food Safety and Consumer Protection and the Economic Security Bureau of Ukraine was sent by letter of the Ministry of Internal Affairs of Ukraine dated September 9, 2022 No. 1/4/0/10538-22. In addition, the ESBU addressed the STS in letters dated July 18, 2022 No. 1/4/0/7116-22 and dated October 6, 2022 No. 1/4/0/12621-22 regarding the expansion of information cooperation between the STS and the ESBU.

Further measures regarding cooperation with other state authorities, local self-government bodies, enterprises, institutions and organizations are ongoing.

## IV COOPERATION WITH AUTHORIZED BODIES OF FOREIGN STATES, INTERNATIONAL COOPERATION



In order to ensure a systematic approach to the implementation of the reform in the economic security sector of Ukraine and to support institutional development, during the year ESBU carried out a number of activities in the field of international cooperation.

### 1. Establishing international contacts

In order to establish and develop further cooperation, letters of the ESBU were sent to more than 90 diplomatic missions of foreign countries operating in Ukraine, nine international organizations. More than 20 diplomatic missions and international organizations have confirmed their readiness to cooperate with the ESBU.

Contacts have been established with liaison officers of 18 diplomatic missions of foreign states in Ukraine in particular active communication is carried out with Sweden, Italy, Poland, Germany, the USA and Great Britain.

In accordance with the established contacts the competent authorities of Lithuania, Latvia, the Czech Republic and Georgia provide methodological and expert support for the development of the ESBU. Cases

(joint investigations) with the competent authorities of the Czech Republic, Lithuania, and Latvia are being developed.

### 2. Contract work

In order to form a regulatory and contractual basis for cooperation with competent bodies of foreign countries the ESBU has developed a draft Memorandum on strategic partnership and interaction, which has been sent to the relevant organizations of 39 countries of the world, to 6 international organizations operating in the sphere of powers of the ESBU, as well as to the Inspector General of the Treasury from the Tax Administration (TIGTA) and the Internal Revenue Service (IRS) of the United States of America with a proposal to establish cooperation and sign a Memorandum.

The draft of the Memorandum was also sent to the Ministry of Foreign Affairs of Ukraine for appropriate transmission to the Federal Bureau of Investigation (FBI) and other competent bodies of foreign countries.

The first bilateral Memorandum was signed on April 20, 2022 between the ESBU and the Investigation Service of the Ministry of Finance of Georgia.



## COOPERATION WITH AUTHORIZED BODIES OF FOREIGN STATES, INTERNATIONAL COOPERATION

The second and third Memoranda were signed within the framework of the visit of the ESBU delegation to Lithuania, namely the Memorandum on strategic partnership and interaction between the Economic Security Bureau of Ukraine and the State Revenue Service of the Republic of Lithuania and the Memorandum on strategic partnership and interaction between the Economic Security Bureau of Ukraine and the Financial Crimes Investigation Service at Ministry of Internal Affairs of the Republic of Lithuania and the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania (May 23, 2022).

Currently, the issue of signing the Memorandum on strategic partnership and interaction with the competent authorities of the Czech Republic, Romania, Sweden, Slovakia, the USA, Great Britain, Estonia, Lithuania (Customs Department of the Ministry of Finance of the Republic of Lithuania), Portugal, as well as with the Organization for Economic Cooperation and Development is being worked out. (OECD), the European Anti-Fraud Office (OLAF).

Work was carried out on preparation and participation in the conclusion of intergovernmental agreements in the field of economic security.

In particular, ESBU developed and submitted proposals for draft agreements with the governments of the Republic of Poland, the Kingdom of Saudi Arabia and the Czech Republic.

In order to implement the analytical function of the ESBU, a draft Agreement was developed between the Cabinet of Ministers of Ukraine and the Government of the United Kingdom of Great Britain and Northern Ireland on cooperation in the field of combating offenses affecting the functioning of the state's economy. The draft of the said Agreement passed a legal examination and received a positive opinion from the Ministry of Justice of Ukraine. This Agreement enables ESBU to receive information from various competent authorities of the United Kingdom of Great Britain and Northern Ireland for analytical purposes in order to prevent abuses and offenses.

In addition, in January 2022, the ESBU initiated the procedure for amending the Agreement between Ukraine and the European Police Office on operational and strategic cooperation - the designation of the ESBU as a competent

body authorized to interact with the European Police Office (Europol) to replace the State Fiscal Service of Ukraine. Accordingly, on December 21, 2022, amendments were made to the Agreement, which designate the ESBU as one of the competent authorities in Ukraine, empowered to exchange information with Europol.

### 3. Exchange of information

At the working level, communication has been established with Europol, within which information has already been exchanged on a number of criminal cases through the SIENA secure information exchange network, as well as Interpol and OLAF.

### 4. European integration

In order for Ukraine to obtain the status of a candidate for accession to the European Union the ESBU in communication with other state authorities of Ukraine, carried out work on filling out two questionnaires regarding Ukraine (section "Financial control").

In order to develop the relevant competencies of the ESBU employees, all ESBU employees are provided with the opportunity to participate in a pilot project on learning English under the EF Language Learning Solutions program.

### 5. Cooperation with authorized bodies of foreign states, international and foreign organizations, as well as representation of interests abroad for the purpose of institutional development of the ESBU

In order to develop the institutional potential of the ESBU a number of measures were taken to establish cooperation with international partners and competent bodies of a foreign state.

#### **Sectoral working group to support the development of the economic security sector of Ukraine**

With the aim of attracting international technical assistance, in June 2022, the ESBU initiated the creation of a permanent advisory body "Sectoral Working Group on Support for the Development of the Economic Security Sector of Ukraine" (hereinafter - SWG) for the organization and maintenance of constant interaction of donors on the development of the ESBU with the participation Secretariat of the Cabinet of Ministers of Ukraine, representatives of international organizations, foreign diplomatic missions in Ukraine,

## COOPERATION WITH AUTHORIZED BODIES OF FOREIGN STATES, INTERNATIONAL COOPERATION

central executive authorities, security and law enforcement agencies of Ukraine.

At the meetings of the SWG, the basic needs of the ESBU were defined in terms of strengthening the economic security of the state and the implementation of innovative approaches to counteracting the negative impact on the economy of Ukraine.

### Cooperation on the issue of institutional development of the ESBU

ESBU involved representatives of the Advisory Mission of the European Union in Ukraine (EUAM) to participate in the work of the ESBU Competition Commission regarding the holding of competitions to fill vacant positions of full-time employees with special titles in the central office and Territorial Department of the ESBU.

An appeal has been sent to the Embassy of Denmark in Ukraine regarding the inclusion of the ESBU in the anti-corruption program, preparatory measures have been taken on this issue.

Confirmation of financing needs for the institutional development of the ESBU due to material and technical assistance from the Embassy of the United Kingdom of Great Britain and Northern Ireland was received.

In order to develop cooperation between the ESBU and OLAF, communication was established directly with the management of this organization and directions of cooperation were agreed. In addition, the Memorandum on Strategic Partnership was sent to OLAF and an agreement was reached on its signing. This initiative was fully supported by the Director General of OLAF.

In this regard the ESBU has developed a relevant draft resolution on changing the National Contact Point of OLAF in Ukraine which after approval by the interested authorities, has been submitted to the Cabinet of Ministers of Ukraine for consideration.

### International scientific and practical cooperation

ESBU approached 35 leading higher educational institutions of the world with a strong scientific component from the rating of the world's best higher education institutions in economics and business in order to establish contacts and jointly develop the initiative of the ESBU on the practical implementation of scientific developments in analytics and economic forecasting.

A positive response regarding cooperation

was received from the University of California at Berkeley. As a result of the work carried out, on December 12, 2022, a Memorandum of Understanding was signed between the University of California, Berkeley and ESBU.

**In order to develop institutional capacity, the ESBU also turned to:**

- The Hague Academy of International Law regarding personnel training;

- Organization for Economic Cooperation and Development (OECD);

- Secretariat of the OECD/UNDP "Tax Inspectors without Borders" program, to receive international expert assistance;

- South-Eastern Europe Law Enforcement Center (SELEC);

- European Union Agency for Training Law Enforcement Officers (CEPOL).

All the specified bodies have given their consent for cooperation.

### Donor coordination and development projects

A project of the Project Management Procedure at the Economic Security Bureau of Ukraine has been developed. This Procedure establishes the basic principles and establishes the project management procedure at each of its stages, defines the functions and powers of all participants in the process.

Active cooperation was carried out with the American research company Moody's analytics regarding advisory support and inclusion of the ESBU employees in the Orbis information database. As a result of the agreements, the ESBU employees were granted seven trial licenses to use the Orbis analytical database. In November 2022, an agreement was reached with the Internal Revenue Service of the United States to conduct a series of trainings for 25 ESBU employees, including the analytical division on the investigation of cases involving virtual assets.

### 6. International meetings and events

In order to establish cooperation, the management and representatives of the ESBU in 2022 joined international events and held more than 40 meetings with international partners.

## V COOPERATION WITH NON-GOVERNMENTAL ORGANIZATIONS AND MASS MEDIA

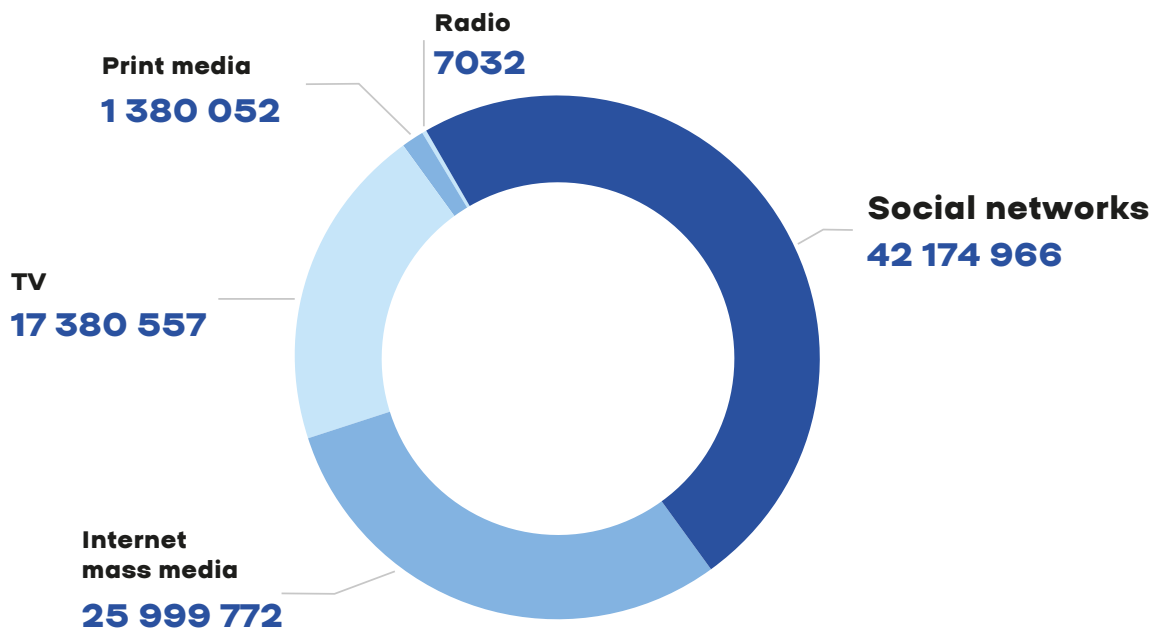


The ESBU's interaction with non-state structures, public organizations, mass media is aimed at establishing partnership relations, introducing the principles of public control. Influential news agencies, general political and specialized internet publications, TV channels and radio stations, including Obozrevatel, Ukrainian Pravda, LB.ua, LIGA.net, UNIA

Ukrinform and others cover information about the activities of the ESBU. During 2022, 8,440 mass media and pages in social networks published 30,882 messages about the activities of the ESBU the estimated number of contacts in the identified publications is 86,866,137.

### Sum of contacts by source type

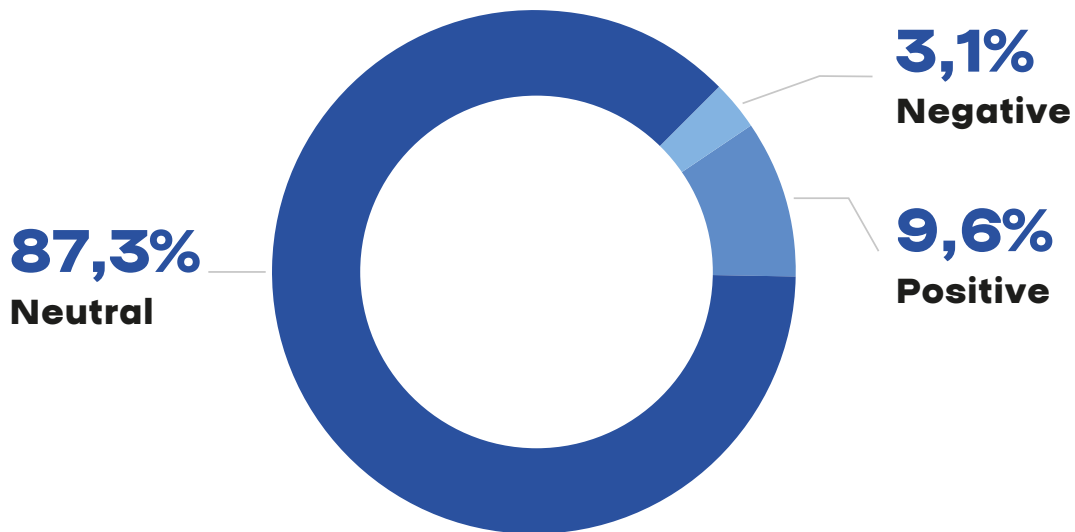
The mass media type received the most contacts – Social networks with **42,174,966 (48,5 %)**, contacts with the audience.



Of these, 96.9% of mentions are positive and neutral, and only 3.1% are negative.

### The tone of the references

Among all the information mentioned in a positive tonality – **2968 (9.6 %)**, in a negative tonality – **945 (3.1 %)**.



Representatives of the ESBU took part in 16 live broadcasts and appearances on television of the national telethon “The only news” of the Inter, 1+1, Ukraine 24, Rada and ICTV TV channels. 4 interviews of the Director of the ESBU were held with journalists of the Internet resources “LIGA.net”, “LB.ua”, “First Channel of Ukrainian Radio”, UNIA “Ukrinform”.

Permanent communication with mass media representatives is established: messages for publications are sent, answers to journalists’ inquiries and comments are provided. The analysis of media monitoring shows that almost every second message of the ESBU is published in the rating media. This indicates a great attention to the results of the ESBU activity.

The Council of Public Control under the Economic Security Bureau of Ukraine (hereinafter referred to as the Council) was established. Representatives of the Council, elected through online voting, became members of the competition commissions the Disciplinary Commission and the ESBU board.

In 2022, the director of the ESBU participated in the meetings of the Council, where the members of the Council were informed about the priority areas of the ESBU’s activities and the issues of areas of cooperation were discussed. The principle of openness is a guarantee of taking into account the opinion of citizens during the development and implementation of state decisions. In order to implement this principle, the public was involved in the

creation of the ESBU Anti-Corruption Program for 2022-2023 through electronic consultations on the official website of the ESBU.

The open policy of the ESBU is evidenced by a number of events with civil society institutions, in particular, meetings were held with the European Business Association (EBA), LIGA ZAKON. Participated in the IX International Tax Forum, organized by the editors of the newspaper “Legal Practice” at which the Director of the ESBU highlighted the main areas of activity of the ESBU and in the round table meeting “The vision of combating illegal trade and circulation of tobacco products in Ukraine in 2022” as part of the project with opposition to illegal trade in tobacco products “No! Contraband!”.

In addition, at working meetings with representatives of the All-Ukrainian public organization “Association of Advocates of Ukraine”, the ESBU work model, a risk-oriented approach and issues of interaction were discussed.

A number of communication channels with civil society (Facebook, Instagram, and Twitter as well as the Telegram channel of the ESBU) have been developed to inform society about the priorities, directions and results of the ESBU’s activities.

Up-to-date support is provided for the Ukrainian and English versions of the official website of the ESBU- <https://esbu.gov.ua/>. Information on the ESBU activities is updated daily.

## VI RESULTS OF THE WORK REDUCTION OF CORRUPTION RISKS



Measures to reduce corruption risks in the activities of the ESBU and measures to implement anti-corruption policy in 2022 were carried out on the basis of the Anti-Corruption Program of the ESBU, approved by order of the ESBU dated May 26, 2022, No. 98.

The issue of preventing and countering corruption in the ESBU is governed by the Procedure for conducting integrity checks and monitoring the lifestyle of employees of the Economic Security Bureau of Ukraine, approved by the ESBU Order No. 19 of November 19, 2021, registered in the Ministry of Justice of Ukraine on January 27, 2022 under No. 94/37430, which stipulates that each employee submits a completed integrity questionnaire which is a reflection of data on the employee's compliance with the provisions and requirements of the laws of Ukraine "On Prevention of Corruption", "On the Economic Security Bureau of Ukraine", "On Civil Service" and legislation on ethical behavior. Filling out and submitting questionnaires is aimed at reducing the risks of unscrupulous behavior of the ESBU employees by identifying

areas of greatest corruption influence (risk) in order to prevent acts that may negatively affect the reputation of the employee and the authority of the ESBU.

For the purpose of forming a culture of reporting possible facts of corruption or corruption-related offenses and assisting employees in identifying and reporting possible facts of corruption or corruption-related offenses committed by other employees, as well as forming respect for whistleblowers as a component of ESBU's corporate culture adopted the Regulation on the implementation of mechanisms to encourage whistleblowers and the formation of a culture of reporting on possible facts of corruption or corruption-related offenses, other violations of the Law of Ukraine "On Prevention of Corruption" in the Economic Security Bureau of Ukraine, approved by the order of the ESBU dated July 5, 2022 No. 134, registered with the Ministry of Justice of Ukraine on August 11, 2022 under No. 911/38247.

## RESULTS OF THE WORK REDUCTION OF CORRUPTION RISKS

The procedure for organizing work with reports on possible facts of corruption or corruption-related offenses other violations of the Law of Ukraine "On Prevention of Corruption" in the Economic Security Bureau of Ukraine, approved by the ESBU order dated July 5, 2022 No. 134, registered in the Ministry of Justice of Ukraine on August 11, 2022 under No. 911/38247, defines the internal procedures and mechanisms for acceptance, review, verification and appropriate response in the ESBU, Territorial Administrations of the ESBU to the whistleblower notification of possible facts of corruption or corruption-related offenses. Possible corruption offenses and offenses related to corruption, other violations of the Law of Ukraine "On Prevention of Corruption" committed by the ESBU employees can be reported: through the Telegram bot <https://t.me/SaveEconomyBot>, using the "Report corruption" button, by writing to the e-mail box [anticor@esbu.gov.ua](mailto:anticor@esbu.gov.ua) or by calling the specified numbers. The Territorial Department of the ESBU have also created their own communication channels.

Rules of professional ethics of employees of the Economic Security Bureau of Ukraine, approved by the ESBU order dated June 30, 2022 No. 129, registered in the Ministry of Justice of Ukraine on August 19, 2022 under No. 943/38279, establish the basic moral and professional ethical principles and requirements for the behavior of employees. Each ESBU employee familiarizes himself with the content of these Rules and signs a notice of compliance with their requirements.

Rules of professional ethics of employees of the Economic Security Bureau of Ukraine, approved by the ESBU order dated June 30, 2022 No. 129, registered in the Ministry of Justice of Ukraine on August 19, 2022 under No. 943/38279, establish the basic moral and professional ethical principles and requirements for the behavior of employees. Each ESBU employee familiarizes himself with the content of these Rules and signs a notice of compliance with their requirements.

**With the aim of forming the appropriate level of awareness of employees with the norms of anti-corruption legislation for employees of the central apparatus and territorial offices of the ESBU the following were conducted:**

- anti-corruption training, a seminar on the main provisions of anti-corruption legislation with the participation of experts from the National Agency for the Prevention of Corruption;
- training on identification, assessment and determination of measures of influence on corruption risks in the activities of the ESBU with the involvement of specialists of the National Agency for the Prevention of Corruption and the Consultative Mission of the European Union in Ukraine, training on "Principled, corruption-free leadership in war and post-war times" with the support of the Swiss non-governmental organization "International Projects" (the training covered issues related to the formation

of leadership qualities, increasing the efficiency of management activities, the negative consequences of corruption and the advantages of principled leadership for the development of society and the state, the importance of observing the principles of ethics and integrity in public service);

- a seminar on the formation of a culture of reporting possible facts of corruption or corruption-related offenses with the participation of specialists of the Consultative Mission of the European Union in Ukraine. The training covered international experience in the field of whistleblower protection, the legal status of the whistleblower, types of corruption and corruption-related offenses, the procedure for considering such reports in the ESBU, the rights and guarantees of the protection of whistleblowers, the role of the authorized unit for the prevention of corruption and other subjects in the field of whistleblower protection.

In addition, briefings are held on issues of prevention and detection of corruption regarding the main provisions of anti-corruption legislation (restrictions, prohibitions), as well as rules of ethical behavior for newly appointed employees of entities subject to the Law of Ukraine "On Prevention of Corruption".

In order to improve the personnel management system and minimize corruption risks when making personnel decisions, competitive commissions were formed to hold a competition to fill vacant positions of full-time employees with special titles in the central office and Territorial Department of the

ESBU and regulations on these competitive commissions were approved. An analysis of information is carried out regarding the compliance of the ESBU employees with the requirements and restrictions of anti-corruption legislation regarding the joint work of close persons, co-operation and combination with other types of activities, prevention and settlement of conflicts of interest.

In order to minimize corruption risks in the field of financial and material resources management, a constant analysis and assessment of risks is carried out during the

## RESULTS OF THE WORK REDUCTION OF CORRUPTION RISKS

organization of public procurements and information on possible financial violations is monitored. Monitoring of public procurement is carried out on the basis of documents posted in the ProZorro electronic procurements system, information received from external sources and includes verification of compliance with applicable legislation. At the same time, an anti-corruption audit of the ESBU's potential counterparties is being carried out to identify possible corruption risks in connection with the conclusion (execution) of the contract (deed), an inventory of the ESBU's assets and liabilities was carried out as of November 1, 2022.

In an effort to prevent the disclosure or illegal use of information obtained by the ESBU employees in the course of their duties, an electronic document management system was introduced which provides for monitoring the actions of the ESBU employees in the creation and use of information. In addition, the rules of access to the information resources of the ESBU were approved control of information processing, protection of information from unauthorized use was ensured and appropriate

organizational and technical solutions were applied.

In order to identify corruption risks, taking into account the challenges of martial law, establish the probability of committing corruption and corruption-related offenses by employees of the ESBU, establish the causes, conditions and consequences of the possible commission of such offenses, as well as analyze the effectiveness of control measures aimed at preventing the implementation of corruption risks, a working group on corruption risk assessment was formed, which included experts from the Consultative Mission of the European Union in Ukraine. The working group examined the ESBU environment, identified functions and processes vulnerable to corruption. The results of the identification of corruption risks, the levels of probability of realization of the consequences and the levels of corruption risks, as well as the measures of influence on corruption risks and the stages of their implementation are indicated in the register of risks, which is included in the Anti-Corruption Program of the ESBU, approved by the order of the ESBU dated December 5, 2022 No. 357.

#### Measures to reduce corruption risks in the activities of the ESBU include:

- 1) development of Methodological recommendations (Standards) that determine the requirements for the procedure for considering applications and reports of crimes, taking into account court practice and the results of prosecutorial supervision;
- 2) equipment of separate special offices equipped with technical devices for recording interrogations and carrying out other investigative actions;
- 3) development of normative legal acts on determining the procedure for dealing with materials of criminal proceedings and the procedure for transferring physical evidence to the ESBU;
- 4) carrying out by the heads of the subdivisions an analysis of the effectiveness of the detectives' activities regarding the application of methods and measures of operative investigative activity to detect offenses that interfere with the functioning of the state's economy;
- 5) conducting additional exercises (trainings) with proof of typical situations regarding the violation of anti-corruption legislation during the documentation and investigation of criminal offenses, as well as situations regarding the violation of special legislation that may precede or be a consequence of the commission of corruption or corruption-related offenses;
- 6) other measures of control and provision of information to employees to prevent them from committing corruption and corruption-related offenses in the spheres of the ESBU activity.

## VII THE ESTIMATE OF THE ESBU AND THE STATE OF ITS EXECUTION



ESBU as the main administrator of budget funds in 2022 carried out its activities at the expense and within the limits of the expenditures provided for in the State Budget of Ukraine under budget program 6491010 “Leadership and management in the field of economic security”.

During the legislative regulation of the creation and normalization of the activity the principle of guaranteeing the independence of its activity was established to which the provisions of Article 5 of the Law include the proper remuneration of employees, the procedure for financing and material and technical support of the ESBU established by law.

The state’s guarantee of decent and sufficient material, monetary and other types of support in the amount that corresponds to the conditions of service stimulates the recruitment and retention of qualified personnel, encourages the achievement of high results in official activities, and enables the worthy and effective performance of the tasks assigned to the ESBU. At the same time, it should be noted that ESBU officials perform law-enforcement and law-enforcement functions, the performance of which is associated with carrying weapons, making procedural and responsible

management decisions which in certain cases, for example, when occupying the positions of detectives (corresponds to the positions of investigators), according to the provisions According to the Law of Ukraine “On Prevention of Corruption” and the Criminal Code of Ukraine it is defined as occupying positions with a responsible and especially responsible position, on a level with the highest officials in the state.

The Law of Ukraine “On the State Budget of Ukraine for 2022” under the budget program 6491010 “Leadership and management in the sphere of economic security” provides for the amount of funding at the level of UAH 621.6 million, which is only 1.1% more than in 2021, while the main component of the budget is labor costs with accruals (95%).

The proven amount was only 10.5% of the total need specified in the Budget request for 2022 and in turn did not ensure the maintenance of even 40% of the approved staff, blocked the process of starting the work of the territorial offices of the ESBU and did not provide for development expenses for the provision of material technical base of the ESBU.

The total need of the ESBU in accordance with the submitted Budget request for 2022 was **UAH 5,875.7 million**. However, taking into account the realities of today and the introduction of martial law in Ukraine, ESBU calculated the minimum necessary volume of expenditures by priority and urgency for 2022 reduced by almost 4 times, which amounts to **UAH 1,399.2 million**.

The additional, minimally necessary need for 2022 was UAH 839.8 million.

- consumption expenditures (current expenditures) – UAH 443.6 million;
- development expenses (capital expenses) – UAH 396.2 million.

The calculated additional need of the ESBU included the necessary capital expenditures in the amount of **UAH 396.2 million** which are not at all provided for in the approved volume



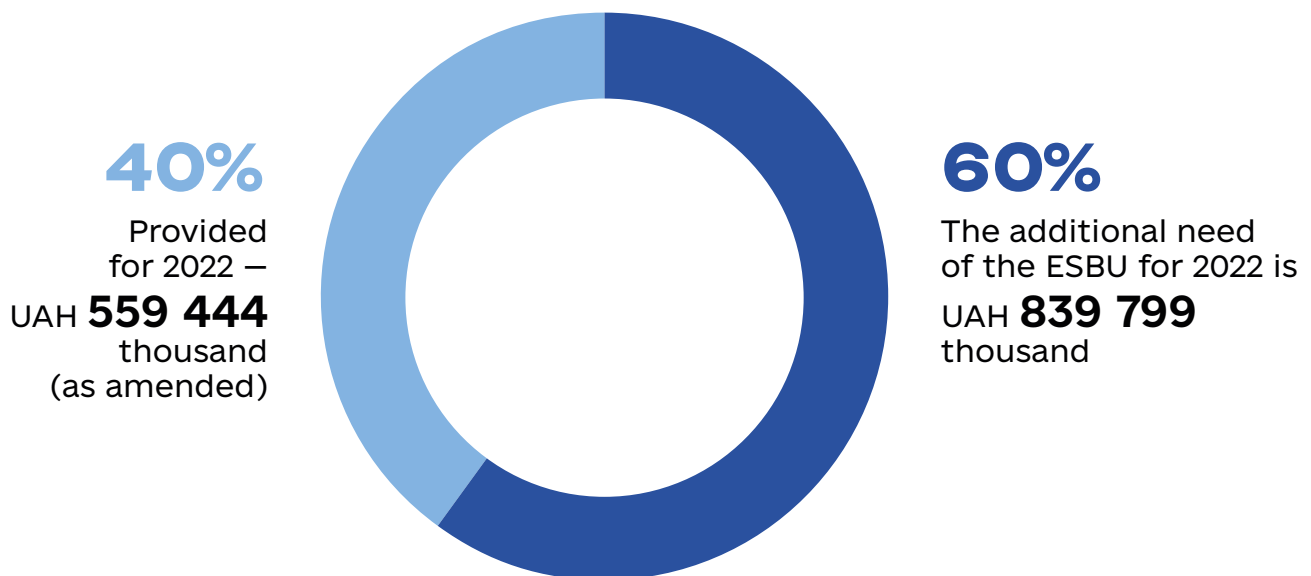
THE ESTIMATE OF THE ESBU AND THE STATE OF ITS EXECUTION

in 2022 but are guaranteed in accordance with Article 32 of the Law for the creation and functioning of the IT infrastructure of the ESBU at the proper level, which should ensure the daily activities of all its divisions. Despite the clear legislative regulation of the sources of funding for the ESBU, to which Article 32 of the Law includes only funds from the State Budget of Ukraine and funds provided for by international technical assistance projects, **adequate financing for the creation and effective functioning of the ESBU was not provided in the reporting year.** The main needs for its full functioning are

the creation of own systems (networks) of information exchange with limited access, databases necessary to ensure the daily activities of the ESBU divisions in the field of labor, financial and management relations (Article 9 of the Law). Another task is to provide material and technical resources, administrative premises of the Territorial Offices of the ESBU located in regional centers. At the same time the ESBU is actually not equipped with modern computer and office equipment and in the absence of appropriate expenditure items the use of licensed office software products is also problematic.

## The percentage of estimated appointments as part of the total need of the ESBU under the general fund for 2022

The total need of the ESBU for 2022 is – 1399 243 thousand



With the adoption of the Decree of the President of Ukraine “On the introduction of martial law in Ukraine” and in accordance with the resolution of the Cabinet of Ministers of Ukraine dated April 4, 2022 No. 401 “On the allocation of funds to the reserve fund of the state budget”, the ESBU reduced expenditures under the budget program 6491010 “Leadership and management in the field economic security” by 10% to the

level of UAH 559.4 million. Thus, UAH 559.4 million was approved by the estimate under the general fund of the KPKV 6491010 “Leadership and management in the sphere of economic security” (with changes), including the costs provided for under the general fund of the state budget for 2022 for use by the central apparatus of the ESBU – UAH 448.8 million, by territorial bodies of the ESBU,

created from July 2022 – UAH 110.6 million.

Taking into account the legislative limitation regarding the initiation of amendments to the Law of Ukraine “On the State Budget of Ukraine for 2022” in terms of an additional increase in the total volume of expenditures, ESBU implemented a number of measures aimed at the effective use of financial resources by redistributing expenditures within the approved volume in agreement with the Ministry of Finance of Ukraine.

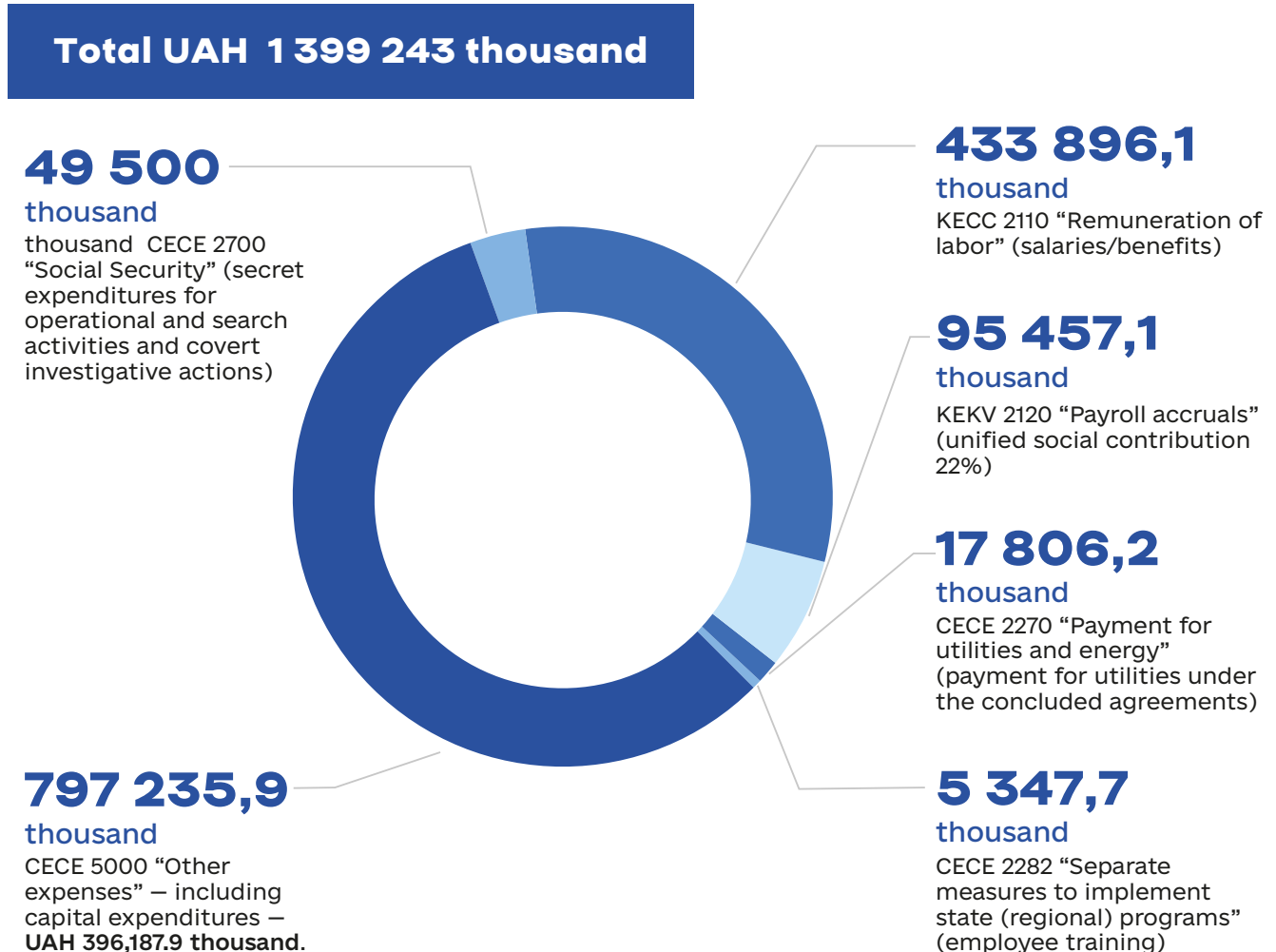
Cash expenditures for 2022 amounted to UAH 275.4 million (49% of the amount of approved budget allocations) the balance of funds according to the budget for the general fund – UAH 284.0 million.

Accounts receivable from the general fund as of January 1, 2023 amounts to UAH 0.3 million.

Accounts payable as of January 1, 2023 is UAH 2.2 million, which is due to legislative restrictions on the priority and order of payments during martial law in accordance with the Resolution of the Cabinet of Ministers of Ukraine dated June 9, 2021 No. 590 “On approval of the Procedure for the exercise of powers by the State Treasury Service in special regime under martial law” (with changes).

Taking into account that the ESBU is one of the bodies that has an analytical and law enforcement function the purpose of which is to ensure the economic security of the state, **inadequate funding over a long period of time creates the risk of the impossibility of full performance of the ESBU’s functions and tasks for the implementation of a comprehensive reform aimed at ensuring state economic security.**

## Directions for the use of funds in 2022 (in general need) KPKVK 6491010 «Leadership and management in the field of economic security»



## VIII OTHER INFORMATION RELATING TO THE RESULTS OF THE ESBU ACTIVITIES AND THE FULFILLMENT OF THE TASKS ASSIGNED TO IT



### Institutional development

During the reporting period the organizational foundations of the ESBU were normalized. The Regulation on the Economic Security Bureau of Ukraine was developed, which was approved by the Resolution of the Cabinet of Ministers of Ukraine dated October 6, 2021 No. 1068 "Some issues of organizing the activities of the Economic Security Bureau of Ukraine". The Regulation on Territorial Department of the ESBU was approved and registered in the Ministry of Justice of Ukraine (order of the ESBU dated January 21, 2022 No. 14). The state registration of seven Territorial Department of the ESBU (in Odesa, Zakarpattia, Chernivtsi, Poltava, Volyn, Lviv regions, in the city of Kyiv and Kyiv region) has been ensured.

The necessary normative framework has been created for bringing to disciplinary responsibility persons who have special titles of the ESBU:

- 1) the regulation on the completion of service by persons holding special titles of the Economic Security Bureau of Ukraine which was approved by resolution No. 1333 of the Cabinet of Ministers of Ukraine dated November 29, 2022, was developed;
- 2) the regulation on the Disciplinary Commission of the Economic Security Bureau of Ukraine was approved and registered in the Ministry of Justice of Ukraine (order of the ESBU dated January 24, 2022 No. 15);
- 3) approved and registered in the Ministry of Justice of Ukraine rules of professional ethics of employees of the ESBU (order of the ESBU No. 129 dated June 30, 2022);

## OTHER INFORMATION RELATING TO THE RESULTS OF THE ESBU ACTIVITIES AND THE FULFILLMENT OF THE TASKS ASSIGNED TO IT

### In the field of effective countermeasures against potential threats and elimination of obstacles to the sustainable economic development of the state:

- approved and registered in the Ministry of Justice of Ukraine, the Procedure for the State Tax Service of Ukraine to provide information from the State Register of Individuals – Taxpayers on the income of individuals upon requests by the ESBU (order of the ESBU No. 206/265 dated August 31, 2022);
- the participation of the ESBU in the implementation of the sanctions policy is ensured by making appropriate changes to the regulations of the Economic Security Bureau of Ukraine (Cabinet of Ministers of Ukraine Resolution No. 1430 of December 23, 2022);
- the inclusion of the Deputy Director of the ESBU in the composition of the Interdepartmental Coordinating Council on Countering Violations Affecting the Financial Interests of Ukraine and the EU, established by resolution No. 1110 of the Cabinet of Ministers of Ukraine dated October 25, 2017 (changes to the composition of the Interdepartmental Coordinating Council were made by the resolution of the Cabinet of Ministers of Ukraine dated June 14, 2022 No. 686);
- the inclusion of the Director of the ESBU in the Council on prevention and countermeasures against legalization (laundering) of criminal proceeds, financing of terrorism and financing of the proliferation of weapons of mass destruction, established by resolution No. 613 of the Cabinet of Ministers of Ukraine dated September 8, 2016 (changes to the composition of the Council have been made) by resolution No. 498 of the Cabinet of Ministers of Ukraine dated April 29, 2022).

Based on the results of the analysis of current regulatory and legal acts, the Economic Security Bureau of Ukraine has developed an activity **Plan for the preparation of projects of regulatory and legal acts in 2023** (hereinafter referred to as the Plan) which was approved by the ESBU order dated December 13, 2022 No. 369 “On the organization of rule-making activities”.

### The Plan includes projects of regulatory legal acts in key areas:

- development of the draft Law of Ukraine “On amendments to the Criminal Code of Ukraine on liability for illegal actions with funds from

the budgets of the European Union”;

- development of the draft Law of Ukraine “On amendments to the Code of Criminal Procedure of Ukraine on liability for illegal actions with funds from the budgets of the European Union”;

- development of the draft Law of Ukraine “On amendments to the Criminal Code of Ukraine and the Criminal Procedure Code of Ukraine regarding the implementation of EU regulatory acts in the criminal legislation of Ukraine”;

- development of a draft Agreement between the Cabinet of Ministers of Ukraine and the Government of the United Kingdom of Great Britain and Northern Ireland on cooperation in the field of combating offenses affecting the functioning of the state’s economy;

- development of the draft Resolution of the Cabinet of Ministers of Ukraine “On making changes to the plan of measures for the implementation of the Association Agreement between Ukraine on the one hand and the European Union, the European atomic energy community and their member states on the other hand.”

**Ensuring effective internal interaction and control**, in particular to eliminate the prerequisites for the emergence of anti-corruption risks:

**1)** streamlining the interaction of structural units of the ESBU during implementation contractual work through the development of the Regulation on the procedure for conducting contractual work in the Economic Security Bureau of Ukraine, which was approved by the ESBU order of December 21, 2021 No. 87;

**2)** approved and registered in the Ministry of Justice of Ukraine the Instruction on processing of materials on administrative offenses by authorized officials of the ESBU (order of the ESBU dated September 20, 2022 No. 234);

**3)** approved and registered in the Ministry of Justice of Ukraine Instruction the procedure for accepting, registering and considering applications and reports on criminal offenses assigned by law to the jurisdiction of the Economic Security Bureau of Ukraine (order of the ESBU of March 23, 2022 No. 58).

## OTHER INFORMATION RELATING TO THE RESULTS OF THE ESBU ACTIVITIES AND THE FULFILLMENT OF THE TASKS ASSIGNED TO IT

The ESBU is connected to the system of electronic interaction of executive authorities (System of electronic interaction of executive bodies) which made it possible to automate the processes of creating, sending, transmitting, receiving, processing, using, storing, and destroying documents in electronic form that do not contain information with limited access.

In addition, on April 2, 2022, the Instruction on record keeping at the Economic Security Bureau of Ukraine was approved and agreed with the Central State Archive of Higher Authorities and Administration of Ukraine, as well as the Nomenclature of Cases of the Economic Security Bureau of Ukraine was approved and agreed with the Central State Archive of Higher Authorities and Administration of Ukraine.

The Procedure for consideration of citizens, appeals and the organization of personal reception of citizens at the Economic Security Bureau of Ukraine and the Procedure for ensuring access to public information at the Economic Security Bureau of Ukraine were approved.

At the same time, record-keeping, storage use of documents and other physical media containing official information is ensured. The Instruction on the procedure for record keeping, storage, use and destruction of documents and other physical media containing official information in the Economic Security Bureau of Ukraine and territorial offices of the Economic Security Bureau of Ukraine has been developed.

In 2022, an electronic document management system was implemented in the ESBU.

Training is provided under the guidance of experts of the Secretariat of the Commissioner of the Verkhovna Rada of Ukraine on human rights regarding the proper implementation of control over the implementation of the laws of Ukraine, decrees of the President of Ukraine, resolutions of the Verkhovna Rada of Ukraine adopted in accordance with the Constitution and laws of Ukraine, acts of the Cabinet of Ministers of Ukraine and instructions of the Prime Minister of the Minister of Ukraine, the National Security and Defense Council of Ukraine, requests and appeals of People's Deputies of Ukraine, as well as orders and assignments of the leadership of the ESBU, acts of other central executive bodies.

### Work with personnel

The ESBU staffing level as of January 1, 2023 is 17%. During 2022 tenders were announced and held to fill vacant positions of full-time employees who have special titles in the central office and vacant positions of the Territorial Department of the ESBU. In total 3,921 packages of documents were submitted by applicants for participation in the competition (1,485 to the central office of the ESBU and 2,436 to the territorial offices of the ESBU). According to the results of the competitions, 312 winners were determined.

In 2022, 592 employees were admitted to the ESBU of which 284 were winners of competitions for positions involving special titles; for civil service positions – 267; persons who concluded an employment contract with the ESBU – 41.

The actual number of the ESBU employees as of January 1, 2023 is 683 employees (central office – 432; the ESBU territorial offices – 251). In addition, 9 ESBU employees were mobilized to the ranks of the Armed Forces of Ukraine and the Security Service of Ukraine.

In 2022, 151 ESBU employees upgraded their qualifications.

In 2022, 403 special titles were awarded to ESBU employees for the first time.

In accordance with the third part of Article 19 of the Law, 1,747 qualification exams (tests) on knowledge of general legislation were organized and in accordance with Article 24 of the Law, 1,379 psychological tests and 864 with the use of a polygraph and 864 interviews with candidates for vacant positions of full-time employees were organized, who have special titles of the ESBU.

### Conducting activities related to state secrets

In 2022, a regime-secret body (hereinafter - RSO) was created in the Economic Security Bureau of Ukraine and received a special permit to carry out activities related to state secrets (hereinafter - Special permit) issued by the ESBU, which actually allowed to start in the ESBU activities related to state secrets. In addition, Special permits were received by the Territorial Departments of the ESBU in the city of Kyiv and Kyiv Oblast, Lviv, Odesa, Volyn and Zakarpattia Oblasts.

## Development of IT infrastructure

Article 17 of the Law stipulates that the powers of the Director of the ESBU include ensuring the protection of state secrets in accordance with the requirements of the secrecy regime, cyber protection, technical and cryptographic protection of information and monitoring its condition.

**In order to implement the aforementioned powers, a number of measures were implemented in 2022, namely:**

- **the initial stage of creation of active directory servers, file server, and update server was carried out;**
- **a package of office programs with a corporate mail server and means of communication of the ESBU employees was implemented;**
- **a communication channel was built in order to ensure the exchange of information of the ESBU with subjects of information relations;**
- **the implementation of a pilot project regarding a software solution to prevent the leakage of confidential information has been started;**
- **software for detecting cyber threats at endpoints and anti-virus protection was installed.**

In addition, the List of computer programs allowed for use in the ESBU, approved by the order of the ESBU dated October 26, 2023 No. 303, Regulations on the use of Internet resources, approved by the ESBU order dated October 26, 2023 No. 304, Regulations on the use of corporate e-mail, has been developed. approved by the ESBU order dated October 26, 2023 No. 305 and the Password Protection Policy when working with users' ICS and ARMs, approved by the ESBU order No. 306 dated October 26, 2023.

To protect against cyber-attacks, the ESBU uses a scalable IT infrastructure protection model. Certified security gateways provide perimeter protection against external attacks, traffic filtering and access demarcation, and also enable secure remote user connections using VPN technology.

In order to fully protect the virtual cloud environment and provide remote access functions for the ESBU employees, a tender purchase was held, approved by the Ministry of Digital, for the purchase of licensed software products.

Therefore, one of the priority areas of the ESBU activity is the implementation of a unified information policy in terms of prevention of manual intervention, prevention of violations of information security (threats of acquiring official information), threats of cyber-attacks that can cause negative consequences in the field of the ESBU activity, ensuring the appropriate level of cyber security, which is one of the tasks of the ESBU.







2022