



METHODOLOGY FOR CORRUPTION RISKS ASSESSMENT

**in the Activities of
Local Self-Government Bodies**



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PREAMBLE

During the recovery of Ukraine in conditions of martial law and subsequent post-war reconstruction, local self-government bodies play a crucial role as they eliminate the consequences of destruction, assess the extent of damaged property, form budgets, and implement recovery projects. These processes require specific requirements for the principles of transparency and accountability. Corruption prevention at the local level involves clear and effective steps, the consistent implementation of which will help reduce corruption risks in the activities of local self-government bodies.

This handbook presents a methodology for assessing corruption risks in the activities of local self-government bodies, guidelines for writing a report on the results of the conducted assessment, and a concept for developing a program document for the territorial community in the field of corruption prevention, including the Integrity Plan, Anti-Corruption Program, or other document.

The Methodology for Corruption Risks Assessment in the Activities of Local Self-Government Bodies (hereinafter referred to as the Methodology) can be useful for heads, officers for corruption prevention and detection, leaders of structural units of local councils (village, town, city), representatives of the community seeking to minimize corruption risks in the council's activities by developing and implementing effective mechanisms to ensure transparency and accountability, and engaging citizens in monitoring the activities of local authorities.

¹ The concept of a local self-government body in the Methodology is used in accordance with and within the understanding of Article 10, paragraph 1, of the Law of Ukraine «On Local Self-Government in Ukraine», which states: «Village, town, and city councils are local self-government bodies representing the respective territorial communities and exercising, on their behalf and in their interests, the functions and powers of local self-government as defined by the Constitution of Ukraine, this and other laws».



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TERMINOLOGY

In this Methodology, the terms are used with the following meanings:

Source of corruption risk — a circumstance (cause and/or condition) or their combination that may lead to the occurrence and/or realization of a corruption risk.

Stakeholders — individuals, associations, or entities with an interest or influence on the activities of a local self-government body and with whom the local self-government body interacts or may interact while performing its functions.

Stakeholders are divided into:

- **internal:** the mayor, executive bodies of the local council and their employees, local council deputies, local council committees, and other advisory bodies established within the local council, and members of such bodies;
- **external:** contractors under contracts, partners, civic associations whose activities are related to the activities of local self-government bodies, mass media, residents of the respective territorial community, enterprises located within the territory of the respective territorial community, etc.

Measure to mitigate a corruption risk — a measure to eliminate (minimize) the source of a corruption risk.

Corruption risks identification — the process of identifying corruption risks in the activities of a local self-government body.

Indicator — a task, function, or competence of a local self-government body during the formation and/or implementation of which corruption risks may arise.

Indicative value — circumstances that prevent the realization (reduce the probability of realization) of a corruption risk.

Contractors — parties to contracts with the local self-government body.

Corruption risk — the probability of the occurrence of a corruption offense or an offense related to corruption, which negatively affects the achievement of the defined goals and tasks by the local self-government body

Local council — the representative body of local self-government of a territorial community (village, town, city).

Consequences of committing a corruption or corruption-related offense — potential losses (material, reputational) for the local self-government body resulting from the commission of corrupt or corruption-related offenses by its employees or deputies.



Corruption risks assessment — identification, analysis, and prioritization of corruption risks.

Program document of the local self-government body in the field of corruption prevention — an internal document developed with the aim of ensuring effective counteraction to and prevention of corruption, based on the results of the corruption risks assessment in the activities of the local council. Such documents may include the Integrity Plan of the local self-government body, Anti-Corruption Program, or any other format of the document that the local council deems necessary to develop and implement in its activities.

Environment of the local self-government body — the combination of internal and external factors characterizing the activities of the local self-government body and having or potentially having an impact on the achievement of its mission, goals, or objectives.

Key internal factors include:

- tasks, functions, and powers of the local self-government body, decision-making processes;
- contractual and other relationships and obligations existing within the local self-government body;
- management system of the local self-government body, its organizational structure;
- internal acts regulating the activities of the local self-government body.

Key external factors include:

- contractual and other relationships and obligations existing between the local self-government body and other entities;
- legal and regulatory acts regulating the activities of the local self-government body.



METHODOLOGY FOR ASSESSING CORRUPTION RISKS IN THE ACTIVITIES OF LOCAL SELF-GOVERNMENT BODIES

Following the onset of the full-scale invasion by the Russian Federation, the issue of corruption remains one of the most significant concerns for the citizens of Ukraine. According to the results of the sociological study conducted in 2022 by the research company Info Sapiens, titled «Corruption in Ukraine 2022: Understanding, Perception, Prevalence»², corruption ranks third (64.2 percent) among the problems that most worry citizens. The high cost of living and low income levels rank second (69.2 percent), while the armed aggression of the Russian Federation against Ukraine tops the list (90.4 percent).

In the context of Ukraine's anti-corruption policy, one of the identified problems outlined in the Anti-Corruption Strategy for 2021-2025³ and the State Anti-Corruption Program for 2023-2025⁴ is the untapped potential of anti-corruption programs and other program anti-corruption documents.

This issue is attributed to shortcomings in regulatory frameworks and the perception of anti-corruption programs primarily as a formal legal requirement (Article 19 of the Law «On Corruption Prevention»). This leads to a formal approach to assessing corruption risks, including a failure to consider sector-specific characteristics that define the nature of the authority's activities.

As a result:

- The assessment of corruption risks is not conducted comprehensively, and the measures taken do not achieve the intended results;
- Typical corruption risks identified by the National Agency on Corruption Prevention (hereinafter referred to as NACP) are not taken into account in the strategic documents developed by local councils in the field of corruption prevention;
- There are no tools for monitoring the implementation of anti-corruption programs to assess their effectiveness.

² Sociological research conducted in 2022 by the sociological company Info Sapiens «Corruption in Ukraine 2022: Understanding, Perception, Prevalence»: <https://www.sapiens.com.ua/en/publication-single-page?id=275>

³ The Anti-Corruption Strategy for 2021-2025 was approved by the Law of Ukraine dated June 20, 2022 No. 2322-IX. Access mode: <http://surl.li/ddwrn>

⁴ The State Anti-Corruption Program for 2023-2025 was approved by the Resolution of the Cabinet of Ministers of Ukraine No. 220 of March 4, 2023. Access mode: <http://surl.li/obyii>



Additionally, a high level of corruption risks persists in the activities of local self-government (hereinafter referred to as LSG) bodies, particularly in areas such as public procurement, land relations, management of municipal property, and urban planning.

The first edition of the Methodology for Corruption Risks Assessment in the Activities of Local Self-Government Bodies was prepared in 2020 in partnership with the United Nations Development Program under the project “Integrity Cities” implemented by the EU Anti-Corruption Initiative in Ukraine (EUACI)⁵. Integrity plans were introduced and implemented in five Ukrainian city territorial communities: Zhytomyr, Mariupol, Nikopol, Chervonohrad, and Chernivtsi. This process can be divided into several stages, including the assessment of corruption risks, the formation of a working group to prepare the plan, the development of the plan, the review and approval of the plan by the city council, and monitoring and implementation of the plan.

As a result of the assessment, over 80% of the measures outlined in the plans were implemented in the mentioned communities, contributing to the minimization of corruption risks in identified areas (public procurement, management of communal property, architecture and urban planning, land issues, etc.), strengthening institutional capacity, improving the image of local self-government bodies, enhancing trust, and increasing public participation in anti-corruption efforts.

Due to the positive results in communities and in response to new challenges and realities, the second, improved iteration of the Methodology for Assessing Corruption Risks in Local Self-Government Bodies and the development of **Integrity Plans** are presented for your consideration.

The purpose of the Integrity Plan is to define effective strategic and tactical measures aimed at enhancing the capacity of local self-government bodies in a specific territorial community in the process of creating and applying mechanisms to prevent corruption.

The updated Methodology is based on the approach to assessing corruption risks adopted by the National Agency on Corruption Prevention at the end of 2021. It has been accepted and approved as the Corruption Risk Management Methodology⁶. At the same time, it takes into account the specifics of the local self-government system and the following **international standards**:

- 1 ISO 31000:2018 «Ризик менеджмент»;
- 2 ISO 31010:2019 «Методи оцінки ризиків»;
- 3 ISO 37001:2016 «Системи менеджменту протидії корупції».

⁵ The methodology was developed within the “Integrity Cities” project, implemented by the EU Anti-Corruption Initiative (EUACI) in partnership with the United Nations Development Programme (UNDP) and funded by the European Commission and the Ministry of Foreign Affairs of Denmark.

⁶ Methodology of Corruption Risk Management, approved by the order of the National Agency on Corruption Prevention dated 12.28.2021 No. 830/21. Access mode: <https://zakon.rada.gov.ua>



The methodology is designed to provide practical guidance to local self-government bodies in conducting the assessment of corruption risks. It also includes the list of corruption risks in the prioritized areas of activity.

The Methodology outlines the algorithm for assessing corruption risks adapted to the business processes of local self-government bodies which can serve as the basis for preparing program documents in the field of corruption prevention for local councils. These may include Integrity Plans, Anti-Corruption Programs, or other program documents in this domain, which the local self-government body chooses for implementation.

STAGES OF CORRUPTION RISKS ASSESSMENT

The process of assessing corruption risks, creating a registry of corruption risks in the activities of local self-government bodies consists of the following main stages:

- 1) preparatory measures;
- 2) corruption risks identification;
- 3) corruption risks prioritization;
- 4) development of measures to mitigate corruption risks;
- 5) corruption risks monitoring and review.

Preparatory measures include:

- 1 Staffing the working group for assessing corruption risks;
- 2 Identification of the areas of activity of the local self-government body subject to corruption risk assessment.

In order to assess the corruption risks of the local self-government body, it is advisable to define the areas of activity associated with the administration (management) of property, funds of the local self-government body, communal property, and those involving interaction between the local self-government body, its employees, and deputies, both internally and with other entities. This includes relationships of subordination, control, accountability, contractual relationships, and relations within administrative service procedures, among others.

Within the preparation of this Methodology for assessing corruption risks, the following directions of activity for local self-government bodies have been identified:

- public procurement;
- land resources;
- management of communal property;
- urban planning;
- anti-corruption activities;
- socio-economic infrastructure.

- 3 Compilation of the list of documents necessary for assessing corruption risks.



- 4 Preparation of questions for stakeholder surveys.
- 5 Preparation of questions for interviews with employees, deputies of the local self-government body, and other entities with which the local self-government body interacts (such as experts, public organizations in the field of the local self-government body's activities, contract partners, affiliated municipal enterprises and institutions).

The identification of corruption risks involves analyzing the processes of local self-government bodies aimed at implementing their tasks, functions, and powers, to determine the presence of deficiencies in regulatory frameworks and the actual implementation of these processes.

To identify corruption risks, probable events of committing corrupt or corruption-related offenses by employees and/or council deputies⁷ are modeled. Such modeling may be based on identified deficiencies in the processes of local self-government bodies or previously established facts of corrupt or corruption-related offenses.

Identification of corruption risks is based on the following sources of information:



Documents/Acts:

- Legal acts regulating the activities of village, town, and city councils;
- Decisions of village, town, and city councils and their executive committees; orders of village, town, and city mayors;
- Results of audits, inspections (both internal and external) conducted regarding the local self-government body;
- Materials of disciplinary proceedings, official investigations conducted regarding the employees of the local self-government body;
- Court decisions in cases of holding employees, council deputies administratively or criminally responsible for committing corrupt or corruption-related offenses;
- Analytical materials of the National Agency on Corruption Prevention and other institutions regarding the analysis of corruption risks, prevention and corruption detection, and other issues related to the activities of the local self-government body.

⁷ Although deputies are not subordinate to local self-government bodies, their actions can become sources of corruption risks in the activities of local councils. Therefore, local self-government bodies should assess their actions for the likelihood of realizing corruption risks, especially when making decisions of the local council.





Surveys (questionnaires, interviews) of:

- Employees of executive bodies and council deputies.
- Experts, representatives of civil society organizations in the field of the local self-government body's activities, contractors under contracts, partners, employees of subordinate communal enterprises, institutions, representatives of business enterprises, and residents of the respective territorial community, etc.

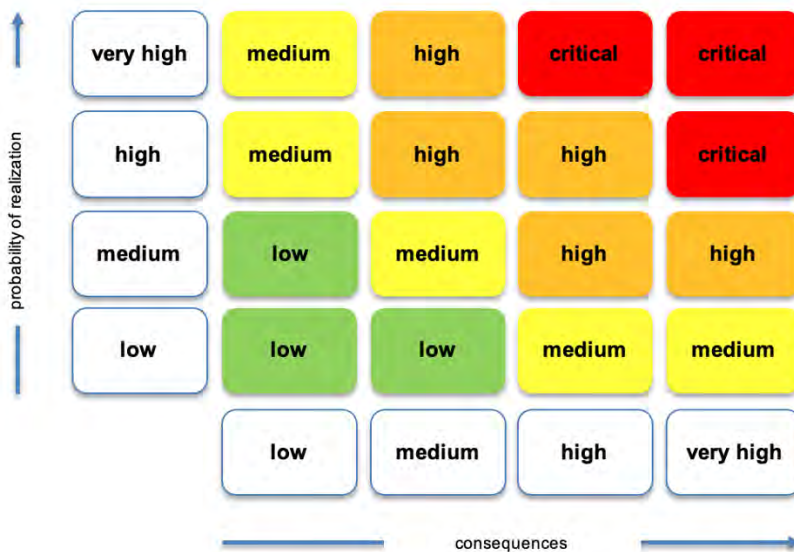


Open sources that may contain information about employees of executive bodies and council deputies of the local self-government body:

- Official websites of law enforcement agencies (including the websites of the Main Departments of the National Police of Ukraine, prosecutor's offices, and the Security Service of Ukraine in the respective regions);
- Mass media, social networks;
- Unified State Register of Court Decisions;
- Unified State Register of Persons who have committed corrupt or corruption-related offenses.

The prioritization of corruption risks involves determining the levels of corruption risks based on the possible frequency (probability of occurrence) and the consequences of committing corrupt or corruption-related offenses (Scheme 1).

With this scheme in the updated Methodology, each corruption risk is assigned its level.



Scheme 1

Levels of corruption risks



In the updated Methodology, corruption risk levels have already been determined for each indicator using a four-level assessment model (Appendix 3 to the Methodology). The provided scoring scale corresponds to the Methodology for managing corruption risks approved by the Order of the National Agency on Corruption Prevention «On Improving the Process of Managing Corruption Risks» dated 28.12. 2021. By using this Appendix, process executors will be able to prioritize risks and record scores in the risk register of the local self-government body immediately during the corruption risk assessment process.

The development of **measures to mitigate corruption risks** involves identification of specific actions aimed at eliminating or minimizing the sources of corruption risks in the activities of the local self-government body.

Some of the most effective measures for reducing the likelihood of corruption risks occurrence in the local self-government body's activities include:

- Standardization of processes;
- Development of standard document templates to be used during process implementation;
- Elimination of corruption-inducing factors from current acts of the city council;
- Approval by the authorized department (authorized person) for corruption prevention and detection⁸ of draft decisions of the local self-government body and its executive committee, orders of the head of the local council to prevent the inclusion of corruptive factors, conflict of interest;
- Clear allocation of duties and responsibilities among several officials to ensure an effective system of checks and balances;
- Establishing an effective «Three Lines of Defense» model of risk management for the local self-government body, namely: corruption prevention and detection system, internal control, and audit. It involves selecting professional personnel for corruption prevention through a competitive process, providing them with sufficient organizational, material, logistical, and other resources to carry out their duties, and active support for their endeavors from the management of the local self-government body, etc.;
- Conducting integrity checks on potential and existing contractors of the local self-government body, cooperating with contractors operating legally and ethically, without posing corruption risks;
- Ensuring the possibility of public oversight of the activities of the local self-government body: publishing both draft acts and adopted documents, publishing reports on the results of work done, etc.;

⁸ Endorsement of draft acts by the authorized person consists in identifying in their provisions factors that, independently or in combination with other norms, may contribute to the commission of corrupt or corruption-related offenses. The list of documents that must be submitted for approval is given in Paragraph 7 of the Order of the Ministry of Justice of Ukraine dated 18.06.2015 No. 1000/5 «On Approval of the Rules for the Organization of Record Keeping and Archival Storage of Documents in State Bodies, Local Self-Government Bodies, Enterprises, Institutions and Organizations»



- Implementing mechanisms for encouragement and fostering a culture of reporting corruption (approval of local regulatory acts defining forms of encouragement, organizational principles of operation of the encouragement mechanism, providing methodological assistance and consultations on reporting, introducing moral and material incentives for whistleblowers, etc.);
- Providing systematic training for individuals at risk on corruption prevention and detection;
- Maximizing the digitization of processes in the local self-government body;
- Ensuring the functioning of internal channels for reporting possible facts of corrupt or corruption-related offenses;
- Timely and proper response to identified cases of inadequate task performance and/or corruption.

The environment of the local self-government body is dynamic. Various internal and external factors within the municipal council's environment may undergo changes during the implementation of the anti-corruption program. These changes could include alterations in the organizational structure, funding, assignment of new functions and powers to the local self-government body, updates to legislation (particularly anti-corruption laws) affecting the activities of the village, town, and city councils, adoption of internal regulatory acts, acquisition or loss of property by the local self-government body, entering into contracts between the local self-government body and external stakeholders, wartime conditions in Ukraine, and the consequences of military aggression from the Russian Federation, among other shifts.

These factors may impact the emergence of new or modifications to existing corruption risks.

Consequently, it is essential to conduct periodic monitoring and review of corruption risks not only during the analysis of the anti-corruption program's implementation but also as part of everyday operations. This ensures swift responses to the emergence of new or changing corruption risks and maintains the anti-corruption direction of the local self-government body in a current state.

Monitoring the environment of the village, town, and city councils to identify changes that occurred after the adoption of the Integrity Plan, Anti-Corruption Program, or other relevant documents can be carried out through the analysis of:

- Draft acts of the local self-government bodies and officials.
- Enacted regulatory acts related to the activities of the local self-government body, including those with an anti-corruption focus.
- Results of audits, inspections conducted on the local self-government body, materials of disciplinary proceedings, official investigations, court decisions on cases involving the administrative or criminal liability of employees and council members for committing corruption or corruption-related offenses.



- -Information available on the websites of law enforcement agencies, in the media, related to the activities of the local self-government body.

APPENDICES: :

- 1** Indicators for Corruption Risks Assessing.
- 2** List of corrupt and corruption-related offenses that may arise as a result of the corruption risks occurrence in the activities of local self-government bodies.
- 3** Assessment of the risk level associated with deviation from the indicative value



INDICATORS FOR CORRUPTION RISKS ASSESSMENT



Section 1. URBAN PLANNING

- 1** Indicator (Function of LSG): Issuance of permits for the development of detailed territorial plans and their approval.

General Description

In accordance with Article 19 of the Law of Ukraine «On Regulation of Urban Planning Activities», a detailed territorial plan specifies the provisions of the general plan of a settlement or a comprehensive plan. Thus, local self-government bodies are obligated to act as the contracting authority using budgetary funds or investor funds, and to ensure the procedure in accordance with paragraph 1.4 «Organization of the development of urban planning documentation or amendments to it...» of the Order of the Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine No. 290 dated 16.11.2011. According to Article 29 of the Resolution by the Cabinet of Ministers of Ukraine No. 926 dated 01.09.2021, «On Approval of the Procedure for the Development, Updating, Amendment, and Approval of Urban Planning Documentation,» detailed territorial plans are developed for: structural-planning elements of the settlement that have an integral planning character (residential areas, micro-districts, blocks of new construction, areas for the comprehensive reconstruction of blocks and micro-districts of outdated housing, areas for industrial, recreational, and other buildings); or a separate territory outside the settlement with a specific functional use or several such territories, including for the placement of a specific construction object. However, in practice, a common occurrence is the issuance of permits for the development of detailed territorial plans and their approval with violations of the above-mentioned requirements in favor of interested investor-developers. That is, a detailed plan is developed for an individual plot in already formed settlements, rather than for a residential area, block, etc., leading to irreversible consequences of densification without the development of infrastructure and social amenities.

Corruption Risks

1. Possibility of local self-government body employees receiving unlawful benefits during the preparation of a contract project for the development or modification of urban planning documentation.



2. Possibility of the LSG body employees receiving unlawful benefits during the preparation of the cost estimate for the development or modification of urban planning documentation using budgetary funds.
3. Possibility of the LSG body employees receiving unlawful benefits during the formulation of the Task for the design of urban planning documentation.
4. Possibility of the LSG body employees receiving unlawful benefits during the preparation and conduct of public hearings.
5. Possibility of the LSG body employees receiving unlawful benefits during the preparation of session decisions on the development or approval of urban planning documentation.
6. Possibility of deputies deliberately obstructing the issuance of a permit for the development of detailed territorial plans (hereinafter referred to as DTPs) or their approval during voting at the local council session.
7. Possibility of the LSG body employees receiving unlawful benefits during the review process of DTPs at the urban planning council.

Sources of Corruption Risks

- Lack of up-to-date urban planning documentation: comprehensive spatial development plan for the territory of the territorial community, general plan of the settlement.
- Absence of a mechanism for the accountability of the collective body (local council) for adopted and approved decisions that allow for abuses in the content of the DTPs.
- Absence or partial placement of urban planning documentation on the official websites of the LSG bodies or geoportals.
- Non-public activities of the architectural and urban planning council.

Level of Corruption Risks: Critical.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Ensuring open access to urban planning documentation. In the absence of such documentation, creating and updating geoinformation systems with open data (including through software such as QGIS, PostgreSQL).
- 2** Specifying in the Task for the design of DTP, in the «Additional requirements» section, requirements for landscaping, pedestrian and transport infrastructure, engineering infrastructure; ensuring public, residential, and industrial facilities; special requirements based on residents' complaints or other relevant public requests.
- 3** Publication of the minutes of public hearings with explanations regarding changes made based on received comments.



- 3 Implementation of control by the local self-government body over identified violations in the field of urban planning over a specified period by verifying issued prescriptions and the results of their implementation (removal of violations).

Best Practices: Public posting of [urban planning documentation of Brovary City Council](#), in particular DTP and zoning plan, which also includes [information about consultations taking](#) into account suggestions or comments.

[Geoportal of the city of Rivne](#), where you can also conveniently view detailed plans. Thanks to such a geoportal, residents who are planning construction or have just purchased a plot of land can transparently review the development possibilities of this plot, such as whether it is possible to build a multi-story building there, or only a single-story one, whether the plot of land is part of a recreation area, what communications pass there, etc.

Data Sources for Analysis: urban planning documentation published on the websites of the LSG body; decisions of council sessions; program and strategic documents of local government; analysis of the reasons for refusal in providing data for planning, as published in executive body decisions; geoportals of villages, towns, cities (if available), “Diya” portal (in particular, data sets regarding detailed plans of specific managers (LSG bodies)).

- 2 Indicator (Function of LSG): Provision of urban planning conditions and restrictions for land development.

General Description

In accordance with subparagraph 9 of paragraph «a» of part 1 of Article 31 of the Law of Ukraine «On Local Self-Government in Ukraine,» the executive bodies of village, town, and city councils are responsible for providing urban planning conditions and restrictions for land development in accordance with the law (hereinafter referred to as UPC – Urban Planning Conditions).

To obtain UPC, an individual or legal entity must submit an application for the intention to develop a land plot owned or used by them to the executive committees of village, town, and city councils, or to the Center for the Provision of Administrative Services⁹. The applicant can submit the application for the service either by sending documents by mail (registered letter) or by email, or in person, allowing for the prevention of any improper benefits by service providers.

Additionally, the legislation also contains ambiguity and a series of contradictions regarding the content of UPC. According to the definition in the Law of Ukraine «On Regulation of Urban Planning Activity,» urban planning conditions and restrictions for

⁹ «Diya» portal: information card of the service «Provision of urban planning conditions and land development restrictions»: <http://surl.li/qjnih>



land development are a document that includes a set of planning and architectural requirements for construction projects established by legislation and urban planning documentation. However, the requirements that should constitute UPC, namely those defined by construction and sanitary norms, land and monument preservation documentation, do not formally fall under the term «legislation.» For instance, Article 26 of the mentioned law outlines a list and form for submitting documents to obtain initial data, but the requirements for the form and nature of such documents are determined independently (such as format, color, size). There are also numerous precedents where officials demand documents not included in the list (e.g., visualizations of objects, urban planning calculations, technical conditions). In the absence of such documents, the applicant receives rejections on the grounds of document non-compliance, «incomplete document set,» absence of a cadastral extract, and so forth.

Corruption Risks

1. Possibility of officials who issue UPC for unlawful gain, intentionally omitting specific construction and sanitary restrictions for building that do not formally fall under legislation (in the absence of approved urban planning documentation).
2. Possibility of officials unjustifiably creating artificial barriers in issuing UPC, such as issuing refusal letters for fabricated reasons, to demand unlawful benefits.
3. Possibility of officials knowingly ignoring evidence of possible document forgery submitted by applicants for obtaining UPC.

Sources of Corruption Risks:

- Low level of digitization of cartographic materials (document submission through electronic services): local council websites do not provide general plan materials in vector format, preventing the visualization of existing conditions and restrictions for development on different layers of the general plan (e.g., only an image of the general plan is presented, not allowing for the identification of existing restrictions).
- Non-placement of additional layers of the general plan by UPC, which would allow for the visibility of existing restrictions.
- Personal contact with applicants during the submission of their service request (if the applicant chooses this method).
- Lack of archival data on land category (on the allocation of land plots in previous years).
- Absence of an approved comprehensive territorial development plan for communities and a general plan.
- Possibility of personal contacts (communication) between service providers and applicants (if the applicant chooses this method of submitting the application).



Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Development and approval of a comprehensive territorial development plan for communities and a general plan.
- 2 Definition of a clear and exclusive list of documents that the authorized body of local government can demand (approved and published roadmap) for UPC issuance, with the publication of this list on the official website of local government.
- 3 Digitization of UPC issuance services: contactless application for services exclusively through the construction activity register or exclusion of personal submission of applications from service delivery methods.
- 4 Publication of urban planning documentation (comprehensive territorial development plan for communities and general plan) on the website of local government with coordinates.

Best Practices: Permits and regulatory documents (including UPC) displayed on an [interactive map of the city of Kolomyia](#), linked to the object and its location on the map [http](#).

Data Sources for Analysis: Official websites of LSG bodies (especially the urban planning section), decisions of representative LSG bodies, local government’s program and strategic documents (especially those related to city development and planning), analysis of reasons for refusal to provide initial data for design published in decisions by local government’s executive bodies, geoportals for villages, towns, cities (if available), urban planning documents and data (general plans of settlements, territory zoning plans, detailed territory plans, orthophoto plans, topographic maps, etc.).

- 3 Indicator (Function of LSG): Establishment of protective zones.

General Description

According to the legislation, the protection zones of water fund objects cannot be built up, except for hydrotechnical, navigational, hydrometric, and linear buildings (Land Code of Ukraine, Water Code of Ukraine, Decree of the Cabinet of Ministers of Ukraine dated 08.05.1996 No. 486 “On Approval of the Procedure for Determining the Size and Boundaries of Water Protection Zones and the Regime of Economic Activity in Them”). Local authorities are responsible for developing projects to establish protective zones, particularly along coastal areas near seas, rivers, and around water bodies. However, to allow these territories to be subject to development, local governments do not initiate the development of land documentation based on the initiative of relevant state administrations for protective restrictions. Instead, they provide applicants with construction permits. Under



community pressure and legal requirements, consent for imposing restrictions on the use of coastal protective strips is granted only after construction has taken place. This, however, takes into account the existing urban development situation (newly built objects), which artificially disrupts the sequence of land resource registration.

This risk is also relevant to all lands subject to protective zones, such as those in nature reserve fund, cultural heritage sites, hydrometeorological stations, etc.

Corruption Risks

The possibility of municipal officials not initiating the establishment of appropriate protective restrictions. Instead, they may initially provide construction permits to applicants. Subsequently, they might agree to impose restrictions on the use of coastal protective strips but already considering the existing urban development situation (i.e., adapting to the construction of an unscrupulous applicant).

Sources of Corruption Risks

- Lack of accountability for the non-registration of land ownership rights by the territorial community and establishment of appropriate security restrictions.
- Inefficient interaction between the State Water Agency and LSG bodies, particularly the absence of programs for establishing coastal protective zones for rivers and water bodies in Ukraine.
- Absence of urban planning documentation of the settlement (such as a comprehensive plan or zoning plan), and closed data on approved urban planning documentation.

Level of Consequences from Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Establishment of working groups to oversee and monitor the determination of protective zones for water fund objects and the presence of constructions on water fund facilities. Involvement of the public in these working groups and the publication of inspection results for the community residents.
- 2 Adoption by the LSG body of a comprehensive plan containing information on lists of restrictions on land use and lists of land plots for which restrictions on land use have been established.
- 3 Implementation of measures for the openness of data and information, activity plans (posting on the website).
- 4 Conducting control measures regarding the condition of water fund lands of the community. Such measures should be carried out by the commission and the results of the inspection should be published for the residents of the community.



Best Practices: Conducting a work inspection on compliance with Ukrainian legislation regarding land ownership, use, and disposal within the Yuzhnoukrainsk city territorial community. The [results of the inspection are posted on the website](#) in an accessible form (photos added).

Data Sources for Analysis: Official websites of the LSG body; decisions of local councils; interactive maps of water bodies (e.g., <https://rovrto.davr.gov.ua/6275/> or <http://surl.li/ppacb>); comprehensive plans for community spatial development; urban planning documentation; general plans of territorial communities.

- 4** Indicator (Function of LSG): Establishment and provision of appropriate conditions for the functioning of the municipal architectural and construction inspection.

General Description

According to the Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Decentralization of Powers in the Sphere of Architectural and Construction Control and Improvement of Urban Planning Legislation”, it is established that the bodies of state architectural and construction control are formed (determined) by the Kyiv and Sevastopol City State Administrations and local self-government bodies, taking into account the capabilities and needs of the respective territories. Therefore, the legislation transfers the mechanism of construction control in the relevant territory to the management of the LSG.

The absence of local architectural inspection or its inadequate resource provision creates conditions for unauthorized construction, misuse of land plots, etc. This can lead to violations of the rights of citizens and the interests of the state, as well as negative consequences for the environment.

Corruption Risks

The possibility of officials from the LSG bodies and deputies (by not voting for the relevant decision) not forming the bodies of the State Architectural and Construction Inspection on-site or inadequately equipping it or providing staff to avoid monitoring of uncontrolled construction through an «arrangement» with the LSG bodies.

Sources of Corruption Risks

- Lack of control over compliance with urban planning legislation.
- Discretionary powers of LSG bodies regarding the establishment and provision of appropriate conditions for the functioning of the municipal architectural and construction inspection.

Level of corruption risks: Medium.



Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Decision by the local council to create a local architectural inspection and approval of its regulations with a clear definition of powers and duties, responsibility of employees for violations, etc.
- 2 Provide local architectural inspections with necessary resources, including qualified personnel, equipment, and introduce a system of incentives and motivation for the staff of local architectural inspections to comply with legal requirements (such as conducting training, recognizing employees, providing benefits, etc.).
- 3 Ensure transparency and accountability of local architectural inspections by publishing information about their activities and creating opportunities for public oversight of their work.
- 4 Implementation of effective mechanisms of cooperation between local architectural inspections and other state authorities and local self-government to ensure comprehensive control over compliance with urban planning legislation.

Best Practices: The approved [Regulations on the Inspection of State Architectural and Construction Control and its structures](#) by the Lviv City Council, which clearly outlines funding, control, rights and duties of the inspection. Additionally, the [inspection has its section on the council's website](#), where it publishes plans, inspection reports, and other information.

Data Sources for Analysis: Decisions on the establishment of the municipal architectural and construction inspection, regulations on the bodies of state architectural and construction control of the local council, and other acts of the LSG bodies.

- 5 Indicator (Function of LSG): Assignment of postal addresses to real estate objects

General Description

The presence of a postal address is a necessary condition for any real estate transaction. Without a postal address, it is impossible to register property rights, carry out alienation of such property – exchange, sale, or donation, and other transactions.

The assignment of addresses to construction objects is carried out in accordance with the Procedure approved by the Cabinet of Ministers of Ukraine dated 07.07.2021 No. 690 and Articles 26-3, 26-4, 26-5 of the Law of Ukraine «On Regulation of Urban Planning Activity». These acts specify that the assignment of an address is carried out by the authorized body (including executive bodies of village, town, and city councils) within five working days from the day of receiving the application from the applicant in the form of decision acceptance. This decision is additionally published



on the official website or in a printed mass media outlet of the local area (in the absence of a website).

The legislation also defines grounds for refusing to assign an address, including incomplete documentation, identification of unreliable information, and non-compliance of the submitted documents with the established requirements.

However, despite clearly defined deadlines for address assignment and a list of grounds for refusal, situations may arise where the LSG body executives, interested in an unlawful advantage (e.g., the chairperson or deputies), deliberately remove the issue of address assignment from the executive committee's consideration or advocate for postponing the consideration under fabricated pretexts¹⁰. There is also a risk of assigning an address to an object built in violation of urban planning documentation (e.g., previously approved detailed territorial plans with violations)¹¹ for unlawful benefits.

Corruption Risks

1. Possibility of gaining unlawful benefits from the applicant for assigning a postal address to real estate objects built in violation of urban planning documentation (ignoring grounds for refusing address assignment).
2. Possibility of the chairperson or deputies artificially obstructing the executive committee's decision on address assignment (removing the issue from consideration, advocating for its postponement) to demand unlawful benefits from the applicant.

Corruption Risk Sources

- Publication on the official website of the LSG body or in a printed mass media outlet (in the absence of a website) of decisions on address assignment.
- Absence of information systems providing automation of the administrative service centers' work in small communities, and the absence of administrative service centers altogether in some communities, forcing applicants to directly (in-person) contact LSG officials.
- Outdated operating procedures in the LSG body regarding address assignment and changes, which may indicate an exhaustive list of documents for address assignment (e.g., «other documents if necessary») or a longer service provision period (e.g., 30 days instead of 5 working days).
- Different approaches of the LSG bodies to register maintenance¹² due to the lack of a unified procedure (some LSG bodies develop their own procedures).

¹⁰ Information from mass media: <https://glavcom.ua/kyiv/news/zabudovnik-zvinuvativ-kerivnictvo-silradi-na-kijivshchini-u-provokaciji-habarya-762261.html>

¹¹ Information from mass media <https://sud.ua/uk/news/ukraine/284953-v-kievskoy-oblasti-chinovniki-pogoreli-na-vzyatke-v-20-000-za-prisvoenie-pochtovykh-adresov-taunkhauzam>

¹² "Diya" portal: maintenance of the address register <http://surl.li/qwcsrf>



Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Mandatory publication on the official website of the LSG body of decisions on address assignment.
- 2** Development of a Concept for the development of the administrative service system, identifying problems in the functioning of special centers, administrative service provision, and measures to address these issues (for communities without administrative service centers).
- 3** Cancellation or amendment of internal procedures regarding address assignment (alignment with the resolution of the Cabinet of Ministers of Ukraine dated 07.07.2021 No. 690 and the Law of Ukraine «On Regulation of Urban Planning Activity»).

Best Practices: Publication and maintenance of the [Register of decisions](#) on address assignment (for 2024) by the Byshiv Village Council with the ability to view the decisions. The [Concept for the development of the administrative service provision system](#) of the Antoniny Town Council, describing the current functioning of the service provision system, proposing a functional model for creating service centers, measures to solve problems, and expected results.

Data Sources for Analysis: LSG executive committee decisions; analysis of grounds for refusing address assignment; registry of urban planning conditions and restrictions (where the LSG body ensures placement of a scan of the decision on the address assignment to an object under construction).

- 6** Indicator (Function of LSG): Issuance of a building passport for the development of a land plot and control over compliance with construction norms.

General Description

The building passport defines a set of urban planning and architectural requirements for the placement and construction of an individual (country) residential house, a garden or summer house not exceeding two floors (excluding the attic floor) with an area of up to 500 square meters, farm buildings and structures, garages, elements of landscaping, and greening of the land plot.

However, on privately owned land plots, unscrupulous developers, through corrupt agreements with the authorized urban planning and architectural body¹³, may construct an object that does not comply with the land plot development passport (such as a multi-apartment/multi-storey residential building, office center, or commercial facility).

¹³ In particular, village councils and their executive bodies, centers for the provision of administrative services, the State Inspection of Architecture and Urban Planning of Ukraine



To “legalize” the building after registering the commencement of construction work, an unscrupulous developer uses different project documentation than what was approved through legal procedures. In this way, the developer arbitrarily constructs on the land plot, and to secure ownership rights to the completed object, they may resort to legal action. At the same time, representatives of the local authority contribute to such a developer for unlawful gain (for example, by not appearing in court or passively participating in the judicial process).

Corruption Risks

1. The possibility of officials from the authorized urban planning and architectural body assisting unscrupulous developers in the construction of an object that does not comply with the land plot development passport, for unlawful gain (for example, not conducting control measures specifically for this object and not appealing to the court).
2. The possibility of officials from the executive body of the local council satisfying their private interests through inaction in favor of private developers in legal proceedings challenging court decisions that recognize ownership rights to a completed construction object, constructed in violation of construction norms.

Sources of Corruption Risks

- Imperfect control over construction implementation by the local self-governments and supervisory bodies. After the issuance of the building passport, the issuing authority may not conduct checks because it is not within its mandate.
- Lack of responsibility and punishment for developers for such violations (lack of practice, instances of demolition of illegally constructed or improperly constructed structures).
- Lack of responsibility for the official of the authorized urban planning and architecture body for not detecting construction violations or unauthorized construction.
- Lack of unified information resources on urban development objects in the locality.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 During the issuance of the building passport, document the functional purpose of the territory (low-rise development, according to the materials of the General Plan of the settlement).



- 2 Establish a requirement for the developer to report at each stage of construction (for example, publishing photos of completed stages of work on the website to enable tracking of compliance with construction deadlines).
- 3 Ensure the conduct of transparent competitions for positions of inspectors in local self-governments (clear requirements for candidates, publication of candidates' resumes, involvement of representatives of the community in the competition commissions, etc.).
- 4 Introduce a register of issued building passports with the name of the object, its coordinates, or address (preferably integrated with a geospatial portal if available).
- 5 Establish a register of demolished objects built by developers with violations, which will have a preventive effect.
- 6 During the issuance of the building passport, document the functional purpose of the territory (low-rise development, according to the materials of the General Plan of the settlement).
- 7 Ensure monitoring of compliance with approved urban planning, land management, and project documentation during construction.

Best Practices: [Register of building passports](#) issued by the Tarashcha City Territorial Community with the details of construction project addresses, allowing active residents to monitor unauthorized construction of multi-apartment/multi-storey buildings (their construction or completion) based on the issued land development passports

Data Sources for Analysis: Official websites of the LSG bodies, registers of building passports (if available), the Unified State Register of Judicial Decisions, and the urban planning cadastre database (if created).

- 7 Indicator (Function of LSG): Issuance of passports for the temporary structures' tie-in.

General Description

According to Article 28 of the Law of Ukraine “On Regulation of Urban Planning Activity”, a temporary structure (hereinafter referred to as TS) is a single-story structure made of lightweight constructions, taking into account the basic requirements for structures defined by the technical regulations of construction products, buildings, and structures. It is temporarily installed without the need for a foundation. TS can be of two types — movable (without enclosed premises) and stationary (with enclosed premises). The placement of any type of TS is justified by obtaining a passport for the tie-in of a temporary structure — a document confirming the right to ownership or use of the land plot where the TS is located, and specifying its location on the land plot.



However, the procedure for issuing passports for the tie-in of TS does not include requirements for the registration of a land lease agreement on which the TS will be located (although the location on the land plot is indicated in the tie-in passport). Such ambiguity may lead to the unlawful seizure of the territorial community's land plot by establishing and subsequently formalizing a TS. Additionally, there may be a violation of competitive principles in granting the use (or ownership) of communal land plots without conducting an auction based on the ownership of the TS.

A worse situation may arise when TS owners, violate the TS procedure and requirements, and install TS with a foundation that secures the land plot for themselves. Thus, with the assistance of LSG representatives, unscrupulous owners have the opportunity to legalize ownership of a capital structure (due to the presence of a foundation) through court proceedings and subsequently allocate the land plot under this structure.

Corruption Risks

Possibility of LSG representatives assisting unscrupulous owners in appropriating a land plot for TS through the issuance of a tie-in passport and inaction in court.

Sources of Corruption Risks:

- Imperfect procedure for issuing tie-in passports for temporary structures, particularly the absence of norms regarding the use of the land plot under TS.
- Absence of an urban planning cadastre, preventing the reflection of the installation of TS that are part of a comprehensive scheme.
- Discretionary powers of LSG officials in issuing tie-in passports for TS.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks):

- 1 Development and publication of an algorithm on the LSG website for obtaining tie-in passports for TS, including feedback forms.
- 2 Establishment of a public register of tie-in passports for TS.
- 3 Mandatory mapping of the placement of TS and urban planning cadastre with layering for "Temporary Structures".

Best Practices: [Fastiv City Council has placed clear and understandable information](#) on its website regarding the procedure for obtaining tie-in passports for TS.

Data Sources for Analysis: Official websites of LSG bodies, issued tie-in passports for TS, analysis of refusals to issue tie-in passports for TS.



- 8** Indicator (Function of LSG): Issuance of permits for the placement of outdoor advertising.

General Description

The Law of Ukraine “On Advertising” and the Model Rules for the Placement of Outdoor Advertising, approved by the Cabinet of Ministers of Ukraine Decree dated 29.11.2003, No. 2067, establish the procedure for issuing permits for the placement of outdoor advertising. However, in practice, there may be the establishment of artificial requirements and restrictions that contradict legal norms and require applicants to provide additional documents, use the services of specific contractors, or even allow for the imposition of individual conditions for each applicant.

The complex procedure for obtaining advertising permits prompts colluders to seek ways to resolve the issue or turn to intermediaries who, in exchange for their services, include corresponding expenses for bribes. Complications may include artificial restrictions on placing certain types or formats of advertising structures (e.g., prohibiting the placement of small structures) or approval of schemes for placing advertising devices in non-transparent ways.

Corruption Risks

- 1) Possibility of LSG officials demanding an unlawful gain from advertisers for obtaining a permit for the placement of outdoor advertising with violations (e.g., in a prohibited location).
- 2) Possibility of LSG officials imposing artificial obstacles or restrictions (e.g., demanding additional documents or delaying deadlines) for the advertiser with the aim of obtaining an unlawful gain in removing such obstacles.

Sources of Corruption Risks

- Inadequate control over compliance with the procedure for issuing permits for the placement of outdoor advertising.
- Broad discretionary powers of LSG officials regarding the approval or refusal to approve the placement of advertising (at their own discretion).
- Lack of up-to-date and comprehensive information on city council websites about advertising structures located according to issued permits for the placement of outdoor advertising, contracts concluded, and fees for temporary use of spaces.

Corruption Risk Level: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Implementation of uniform requirements and restrictions for all applicants for outdoor advertising placement and their publication on the LSG website.



- 2 Development, with community involvement, of a clear procedure for issuing permits for outdoor advertising, specifying compliance with the requirements and deadlines established by legislation, and eliminating discriminatory conditions. Publication of a roadmap for obtaining such permits and a registry of permits with feedback forms.
- 3 Implementation of effective control over compliance with the procedure for issuing permits for outdoor advertising by involving the public.
- 4 Publication of up-to-date and comprehensive information on data.gov.ua web resource and LSG websites about advertising structures located according to issued permits for outdoor advertising, contracts concluded, and fees for temporary use of spaces, including those belonging to communal property, through the use of geoinformation systems and in open data format.
- 5 Implementation of electronic services to efficiently handle citizen complaints regarding violations in outdoor advertising placement, based on data about structures placed according to issued permits.

Best Practices: The [“Open Advertising” service](#) in the city of Drohobych, where residents can report illegal advertising structures, allowing the local government to thoroughly verify the legality of installing advertising structures.

The creation of a Public Council under [the Department of Architecture and Urban Planning of the Lviv City Council](#). The [rules for placing advertising](#) devices in Kyiv, approved by the decision of the Kyiv City Council dated 20.04.2017, No 223/2445.

The [advertising devices register](#) in Chernivtsi with the ability to display the location of an advertising device on a map.

Data Sources for Analysis: Official LSG websites; issued permits for outdoor advertising; contracts and payments for temporary use of spaces belonging to communal property; the procedure for issuing permits for outdoor advertising.

- 9 Indicator (Function of LSG): Approval of Requirements for Signboards.

General Description

Paragraphs 2 and 48 of the Typical Rules for Placement of Outdoor Advertising, approved by the Resolution of the Cabinet of Ministers of Ukraine dated 29.12.2003, No. 2067, establish requirements for signboards that can be placed without obtaining permission for the placement of outdoor advertising. However, these requirements are not sufficiently specified, creating room for manipulation. There is a widespread practice by local authorities of forcibly dismantling advertising signboards considered as outdoor advertising, as well as the practice of ignoring obvious violations of the law. Insufficient specification of the requirements for signs that can be placed without permission complicates the enforcement of legal requirements, leading to corruption.



Corruption Risks

- 1) The possibility of LSG officials receiving unlawful gain from developers or other individuals for granting permission to place signboards without approving or establishing clear requirements for signs installation.
- 2) The possibility of LSG officials ignoring violations in signboards installation for unlawful gain.

Sources of Corruption Risks

- Absence of clearly defined requirements for signboard placement and issuance of permits for such placement.
- Inadequate control over compliance with the signboard placement procedure.

Level of Corruption Risks: Low.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Establishing a clear and transparent procedure for signboard placement with comprehensive requirements and approval procedures.
- 2 Development and publication of easily understandable infographics, presentations, algorithms, graphic guides, etc., regarding signboards placement.
- 3 Conducting information campaigns (meetings, discussions, webinars, roundtable discussions, etc.) with businesses on signboard placement rules and with community residents on possible oversight of signboard placement.

Best Practices: The decision of the Kyiv City Council dated 20.04.2017, No. 224/2446 "[Procedure for Placing Signboards in the City of Kyiv](#)" (with amendments as of 14.12.2023), clearly outlines the requirements for signboard installation.

The Advertising Department of Kyiv City State Administration has published [various and easily understandable information](#) on signboard installation on its official website (Illustrated Guide, Online Application, Map of Format Zones, Document Package Sample, Step-by-Step Procedure for Signboard Application, Graphic Guide for Signboard Placement in the City of Kyiv).

Data Sources for Analysis: Official websites of LSG bodies; local government's legal acts defining the procedure for signboard placement and requirements for signboards in the locality; informational materials on signboard installation (algorithms, infographics, presentations, etc.).





Section 2. LAND RESOURCES

- 1** Indicator (Function of LSG): Lease of vacant communal land plots to individuals and legal entities.

General Description

Local councils, empowered to lease vacant communal land for various purposes to corresponding territorial communities (Part 1, Article 122 of the Land Code of Ukraine (LCU)), may abuse their powers and use their official position to satisfy their own interests or act in the interests of third parties. Due to the potential lack of regulated procedures for land transfer at the community level, there may be room for corrupt practices by council officials. For instance, under the principle of favoritism, vacant communal land may be leased to individuals or economic entities with close ties to the local authorities. The corruption risk may be realized through agreements between potential users and local council officials who have influence over the decision-making process or can facilitate its approval.

“Land plots that are withdrawn, redeemed, or forcibly alienated for public needs or reasons of public necessity are leased for such purposes by the executive authorities and local self-government bodies that have decided on their withdrawal, redemption, or forced alienation for public needs or reasons of public necessity” – Part 10, Article 122 of the Land Code of Ukraine.

Local councils lack a unified procedure for disposing of communal land plots, although the Article 122 of the Land Code of Ukraine and the Law “On Land Lease” establish regulatory frameworks for such procedures. Considering that the development and observance of procedures for dealing with land plots fall under the jurisdiction of local self-government (lease procedures, determination of the intended purpose, monitoring compliance with the intended purpose), the absence of transparent and effective procedures for leasing communal land may contribute to the emergence and realization of corruption risks by officials of the local council in performing this function.

Corruption Risks

1. Probability of corrupt practices in the decision-making process regarding the lease of vacant communal land plots or their transfer to individuals associated or close to the officials of the local council (co-owners, family members, business partners of local deputies, etc.).
2. Probability of leasing land plots without prioritization for specific categories of potential users to satisfy personal interests or the interests of third parties.



Sources of Corruption Risks

- Lack of public data on leased land plots and a unified monitoring and reporting system on their utilization.
- Absence of a system to determine the effectiveness of the use of leased land plots.
- Lack of citizen access to the list of vacant communal land plots.
- Lack of systematic efforts by responsible officials to prevent or address conflicts of interest when making decisions regarding the lease of land plots.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Conducting an inventory of communal land plots leased or owned by individuals or legal entities.
- 2 Creating a list of communal land plots following the template of the “Diya” portal: <https://data.gov.ua/pages/835-recm-property-register>
- 3 Establishing a public electronic register with a history of land plot usage, details on auctions or public tenders for lease rights, and defining unified criteria for determining the effectiveness of land plot utilization.
- 4 Regulation of the management procedures for communal land.

Best Practices: Publication of [lists of land plots of communal property](#), using the “DiYA” portal template. The website of the Kherson City Military Administration contains [a register of decisions and lease agreements](#), and [the city map \(cadastral city map\)](#) includes a layer with information on communal property objects. Examples of registered land plots are also available for cities such as Kyiv, Kharkiv, and Odesa, where designated areas for construction are specified. However, a comprehensive register or list covering all communal land plots is yet to be created.

Data Sources for Analysis: [Ukrainian Open Data Portal](#), official websites of local councils, resolutions regarding the approval of specific procedures for the transfer of ownership or lease of land plots.

- 2 Indicator (Function of LSG): Transfer of communal land plots into private ownership of individuals and legal entities.

General Description

According to Article 12 of the Land Code of Ukraine (LCU), local councils have the authority to make decisions on the transfer of communal land plots into the ownership of citizens and legal entities in accordance with the LCU. They are also responsible for overseeing the use and protection of land, approving technical documentation, and establishing/changing land plot boundaries.



Local councils can transfer land plots into ownership or use from communal land for various purposes (Part 1, Article 122 of the LCU). In the process of exercising these powers, council officials may create artificial obstacles when community members attempt to acquire communal land plots, favoring other individuals. A widespread corrupt practice involves delaying the decision-making process for granting permission to develop technical documentation or approving technical documentation, which can limit the rights of individuals to acquire land ownership. Additionally, authorized council officials may expedite such decisions in favor of other interested parties to satisfy their personal interests.

Corruption Risks

1. Probability of abuse by council officials of their official position to gain unlawful benefits during the decision-making process regarding the transfer of land plots into private ownership.
2. Probability of abuse by council officials of their official position to transfer land plots into use or ownership to close relatives or family members.
3. Probability of artificially creating conditions by council officials that limit or prevent access for other applicants to land plots (refusal to consider applications for formal reasons, agreements among local council deputies to reject decisions in favor of specific individuals, unjustified refusal to consider a specific application, etc.).

Sources of Corruption Risks

- Dishonesty of officials when forming decision proposals regarding the transfer of land plots into ownership.
- Violation of the principle of legal certainty in decisions regulating procedures for granting land plots into ownership.
- Lack of criteria for priority and sequence in granting land plots to specific categories of citizens.
- Abuse in the preparation of decisions (discussion procedures, publication, inclusion of items in the agenda, voting, block voting, incorporation of planned errors into decision texts).
- Insufficient legal awareness of citizens regarding the right to obtain a land plot.
- Personal dishonesty of authorized officials of the local council and reluctance to implement transparent procedures for transferring municipal land into ownership based on the principles of equal citizen access and “fair distribution”.

Level of Corruption Risks: High.



Indicative Value (Measures to Mitigate Corruption Risks):

- 1 Establishing a public community register regarding land plots that have been or may be transferred to individuals or legal entities, ensuring its accuracy, and updating information (by appointing a responsible person for register maintenance and updating it at least every six months).

Best Practices: Vinnytsia United Territorial Community publishes [all results of public hearings](#) on its website. Lviv City Council also publishes [such decisions](#) on its website.

Data Sources for Analysis: Local council regulatory documents defining the procedures for granting communal land into ownership for individuals and legal entities, the LSG official website.

- 3 Indicator (Function of LSG): Implementation of self-governmental control over land use and protection within the territorial community.

General Description

In accordance with Article 189 of the Land Code of Ukraine, self-governmental control over land use and protection is carried out by village, town, city, district, and regional councils. Article 26 of the Law «On Local Self-Government in Ukraine» defines that local councils make decisions regarding the execution by the executive body of the village, town, or city council of state control over land use and protection. According to Article 12 of LCU, Articles 13, 26 of the Law «On Local Self-Government in Ukraine», and Article 16 of the Law «On Regulation of Urban Planning Activity» the powers of local councils in the field of land relations include not only establishing restrictions but also monitoring their compliance during land use and preparing urban planning documentation. During the implementation of self-governmental control, circumstances may arise where officials abuse control powers, leading to the realization of corruption risks. The realization of corruption risks may be associated with the desire to obtain unlawful benefits from individuals and organizations subject to control, who violate the requirements of land legislation or seek to satisfy the private or third-party interests.

Corruption Risks

Probability of abuse during the execution of control by the executive bodies of the local council over land use and protection in the community. Abuse may involve the actual non-performance of such control or its formal implementation with the aim of obtaining unlawful benefits or satisfying private or third-party interests. These risks may be realized to conceal violations of land legislation by specific individuals or legal entities and possible negative consequences of such violations against the interests of the community.



Sources of Corruption Risks

- Discretionary powers of authorized officials of the local council regarding the appointment of responsible officials and the procedure for controlling the community's territory.
- Lack of transparency in the selection process and absence of clear requirements for the competence and integrity of individuals designated to carry out the control.
- Personal misconduct and vested interests of council officials authorized to make decisions.
- Lack of openness in control processes and unwillingness of council officials to enhance public participation in addressing these issues.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Proposing amendments to eliminate gaps and inconsistencies in the regulatory framework for establishing restrictions on land plots by local councils in the field of environmental protection.
- 2 Implementation of periodic reporting (at least annually) by the local self-government body's executives to the community on compliance with land legislation and environmental protection (public speeches, publication of reports on the body's website).
- 3 Increasing the level of legal awareness among community members regarding their rights and obligations in the field of environmental protection and forms of public control.

Best Practices: Pereiaslav City Council of Kyiv region approved [the Regulation on Self-Governmental Control over Land Use and Protection of the Territorial Community](#) of Pereiaslav-Khmelnytskyi City.

Sumy City Council approved [the procedure for self-governmental control over land use and protection](#) in the community.

Data Sources for Analysis: Decisions of the local council on the approval of regulations/procedures for self-governmental control; materials of citizens' complaints about violations of land legislation; materials of checks by the executive bodies of local councils regarding compliance with land legislation in the community; information from the local council about measures taken to address violations of land legislation based on inspection results.



- 4** Indicator (Function of LSG): Resolving the issue of returning land plots to the community ownership.

General Description

To prevent corruption risks and ensure transparency in the implementation of this function by local councils, it is crucial to disclose complete and up-to-date information about land plots within the territorial community that should belong to or may belong to the community by law. Taking certain plots into the land reserve of the respective council involves a series of measures, including legal actions. However, there are schemes through which land plots legally designated to transfer to community ownership may end up in private ownership because the city council lacks the necessary information and, as a result, fails to undertake the required legal actions and procedures for such plots.

This information includes details about:

- Grounds for the local council to terminate the right to use land plots (Article 141 of the Land Code of Ukraine).
- Grounds for the local self-government body to terminate private ownership rights to land (Articles 140 and 143 of the Land Code of Ukraine).
- Instances of voluntary relinquishment of ownership or rights of permanent use of a land plot in favor of the local government (Article 142 of the Land Code of Ukraine).
- Grounds for the LSG body to file a lawsuit in court to declare inherited land plots as escheated (Article 1277 of the Civil Code of Ukraine).
- Grounds for the lawful termination of legal relations leading to third parties acquiring land rights through long-term use (acquisitive prescription) (Article 119 of the Land Code of Ukraine).

In order to take the necessary legal actions to terminate ownership rights (right to use) and return land plots to communal ownership, to take ownership of a land plot due to the refusal of the owner, to receive deceased inheritance in the form of land plots and to prevent the acquisition of land plots by third parties into ownership as a result of the acquisitive statute of limitations, the local self-government body must receive the specified information in a timely manner in accordance with the law or by analyzing various registers and databases. It may involve inquiries to institutions that issue specific legal documents and are obliged to submit information to relevant state registers.

According to Paragraph 15, Part 1, Article 33 of the Law of Ukraine “On Local Self-Government in Ukraine” the delegated powers of executive bodies of local councils include providing tax authorities, in the terms and manner established by the Tax Code of Ukraine, with information about owners and users (including lease (sublease), emphyteusis) of agricultural land plots located within the territory of the



respective village, town, or city council, as well as other information specified by the Tax Code of Ukraine.

Corruption Risks

1. Probability of failure or delay by authorized officials to take necessary measures for collecting the required information to terminate ownership rights (or rights to use) and return land plots to communal ownership with the aim of gaining unlawful benefits, satisfying private interests, or acting in the interests of third parties.
2. Probability of prolonging the process of responding and taking actions to return land plots to communal ownership for the purpose of gaining unlawful benefits, satisfying private interests, or acting in the interests of third parties.

Sources of Corruption Risks

- Lack of defined or imperfect existing internal procedures, processes, and algorithms for returning land plots to communal ownership.
- Absence of an effective control system for taking measures and obtaining necessary information.
- Lack of systematized information about land plots that may be returned to community ownership.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Clear procedures for collecting, analyzing, and systematizing information about land plots that currently or potentially may transit into community ownership according to the law.
- 2 Collection, obtaining, and disclosure of complete, credible, and up-to-date information about land plots that, by law, should or may belong to the local community, including information about land plots acquired by the community through specific procedures.

Data Sources for Analysis: Normative acts of the LSG body defining the procedure for obtaining information about land plots, its analysis, systematization, and the actions taken for their return; official websites of local council.



- 5** Indicator (Function of LSG): Preparation and approval procedure of the city council resolution on the transfer of vacant land plots for use or ownership.

General Description

According to Part 3, Article 123 of the Land Code of Ukraine, within the scope of its authority, the local self-government body considers applications within a monthly period and grants permission for the development of a land management project regarding the allocation of a land plot or provides a substantiated refusal. The reason for refusing to grant such a permit can only be non-compliance of the location of the land plot with the requirements of laws, regulations adopted in accordance with them, as well as general plans of settlements, other urban planning documentation, land management schemes, and technical and economic justifications for land use and protection, land management projects regarding the regulation of the territory of settlements, approved in accordance with the procedure established by law.

At the same time, a widespread practice involves establishing in the council's internal documents (council regulations, provisions on permanent deputy commissions, executive bodies of the council, etc.) grounds for refusal in the transfer of land plots for ownership or use not provided by the legislation and delaying the decision-making process, imposing unjustified restrictions and obstacles during the resolution preparation (for example, demanding additional documents or approvals not stipulated by the legislation). The local council may refuse to transfer a land plot for ownership or use without proper justification or create more favorable conditions for others for the purpose of gaining unlawful benefits, satisfying private or third-party interests.

Corruption Risks

1. Probability of including provisions in the local council's regulatory acts that allow for an unlawful refusal to make a decision on the transfer of land plots, leading to subsequent corrupt abuses.
2. Probability of artificially prolonging the decision-making process or imposing other unjustified restrictions on the exercise of ownership rights to land. The local council may introduce additional approvals not provided by the legislation or complicate the procedures for obtaining necessary documents.

Sources of Corruption Risks

- Imperfections in legislation regulating the procedure for transferring land plots for ownership or use, which creates conditions for corrupt abuses.
- Inadequate control over compliance with the procedure for transferring land plots for ownership or use, which complicates the detection and prosecution of corruption offenses.

Level of Corruption Risks: High.



Indicative Value (Measures to Mitigate Corruption Risks)

- 1 With the involvement of an authorized unit/person responsible for corruption prevention, conduct a verification of local council regulatory acts to identify corruption-inducing factors and norms that may complicate the procedure for preparing and making decisions regarding the transfer of a land plot into ownership, thus facilitating the realization of corruption risks.
- 2 Make a decision to ensure clear compliance of internal regulatory acts of the local council with the legal requirements governing the transfer of land plots into private ownership, specifically in terms of procedural timelines and legitimate grounds for refusing to grant a plot.

Data Sources for Analysis: Regulations of the city council; provisions on permanent deputy commissions; regulations of the executive committee of the council; provisions on the executive body of the council on land matters; other regulations governing the adoption of council decisions on land relations.

- 6 Indicator (Function of LSG): Establishment and change of the purpose of a land plot by the decision of the local council.

General Description

In accordance with Article 20 of the Land Code of Ukraine, local councils are empowered to establish and change the purpose of land plots within the community territory. The purpose of a land plot should comply with the Classification of Types of Land Use and the approved urban planning documentation (general plan of the settlement and zoning plan). Additionally, the procedure for changing the purpose should be transparent, equal, and understandable for each land user.

Local self-government bodies should use the Classification of Types of Land Use, approved by the order of the State Committee of Ukraine on Land Resources on July 23, 2010, No. 548, and the Procedure for Normative Monetary Valuation of Land in Settlements, approved by the order of the Ministry of Agrarian Policy and Food of Ukraine on November 25, 2016, No. 489, which is applicable from January 1, 2017. To ensure the correct determination of the land fee and prevent possible abuses, it is necessary to ensure full compliance of the procedure of establishment or modification of the purpose of land with the approved urban planning documentation.

Corruption Risks

The probability of abuse by officials of the local council who are authorized to change the purpose of land plots. Abuse of authority may be carried out to gain unlawful benefits, satisfy private or third-party interests (making a decision to change the purpose of a land plot against the requirements of the law or unjustified refusal to change the purpose).



Sources of Corruption Risks

- Imperfections in legal and regulatory framework and violation of the principle of legal certainty of norms in the regulation of land relations at the community level.
- Discretionary powers of local councils and the influence of subjective factors in the decision-making process.
- Personal lack of integrity of officials in local councils and the absence of a systematic anti-corruption policy within the organization.
- Lack of effective control over compliance with legal requirements in the transfer of land plots for use or ownership, complicating the detection and accountability for corrupt offenses.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Establish and implement a procedure for establishing and changing the purpose of a land plot that fully complies with legal requirements and urban planning documentation, zoning plans, and detailed territory plans. The purpose of the land plot corresponds to the Classification of Types of Land Use or is formulated in a way that excludes its classification under two or more land use types.
- 2 Introduce a system of professional training and development for local council employees on the transfer of land plots, promoting the formation of an ethical environment and zero tolerance for corruption.

Data Sources for Analysis: Decision of the local council approving the procedure for changing the purpose of land plots; official website of the local council; materials on the consideration of complaints and statements by the local council regarding changes in the purpose of land.





Section 3. MANAGEMENT OF COMMUNAL PROPERTY

- 1** Indicator (Function of LSG): Accounting of real estate objects in communal ownership.

General Description

The accounting of communal property, including real estate, is carried out in accordance with the order of the Ministry of Finance of Ukraine ‘On the Approval of the Regulation on the Inventory of Assets and Liabilities» dated 02.09.2014, No. 879¹⁴. A typical situation arises when local authorities do not have a register of real estate owned by the municipality. This creates opportunities for corrupt practices by representatives of the relevant structural unit (e.g., illegal use of this property). If such lists exist, there is a possibility of deliberately excluding real estate objects from the list for their further use for personal purposes or not including them at all. The documentation and public disclosure of all communal property objects will significantly increase the transparency of local government functioning in this aspect and may enhance the city’s investment attractiveness.

Corruption Risks

The possibility of LSG representatives illegally using communal real estate by not including it into the register (list) or intentionally omitting certain real estate objects from the register (list).

Sources of Corruption Risks

- Lack of practices for maintaining and periodically updating the register (list) of communal real estate.
- Lack of a complete inventory of communal property within the deadlines set by the head of the local self-government body.
- Absence in the public domain, such as on the official website of the LSG body, of complete and reliable information about the community’s property.
- Lack or insufficient level of control by the mayor, head of the structural unit of the executive body of the council responsible for managing communal property, and the permanent deputy commission.
- A large amount of communal real estate in some communities, creating the possibility of ‘losing’ it on paper.

¹⁴ Order of the Ministry of Finance of Ukraine “On Approval of the Regulation on the Inventory of Assets and Liabilities” dated 02.09.2014 No. 879 <http://surl.li/axagv>



Level of Corruption Risks: Critical.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Development of a procedure for inventorying real estate with a clear description of the actions of those responsible for the inventory, the timelines, and the frequency of its conduct, as well as the documentation of results. Systematic conduct of such inventory (semi-annually or annually).
- 2** Development of a procedure for maintaining a register (list) of communal property, including real estate.
- 3** Having the relevant structural unit of the local self-government body maintain a register (list) of real estate and a register (list) of available real estate.
- 4** Publication and regular update of the register (list) of real estate and the register (list) of available real estate on the community's website.
- 5** Supervision by the village, town, or city mayor regarding: inventorying; maintaining the register (list) of real estate; maintaining the register (list) of available real estate.

Best Practices: Cherkasy City Council maintains and publishes [a list of communal property and a register of available premises](#).

The decision of the Executive Committee of Feodosiivska Village Council “[On Conducting an Inventory of Real Estate Objects in Communal Ownership in the Territory of Feodosiivska Village Council](#)”.

The decision of Dnipro City Council dated 25.04. 2018, No. 70/31 “[On the Regulation on the Procedure for Maintaining the Register of Objects of Communal Property of the Territorial Community of the City of Dnipro](#)”.

Data Sources for Analysis: Official website of the LSG body; regulations on the relevant structural unit of the executive body of the council responsible for managing communal property; regulations on the operation of the geoinformation system; procedure for maintaining the register of communal property; decisions of the city council.

- 2** Indicator (Function of LSG): State registration of real estate belonging to the territorial community.

General Description

The registration of the community's communal property is carried out in accordance with the Law of Ukraine “On State Registration of Property Rights to Real Estate and Their Encumbrances”. However, officials of the local self-government body may, at their discretion, refrain from conducting state registration of communal



property or artificially prolong the registration process for the purpose of using this property in personal interests or the interests of others. Considering that not all objects are subject to state registration (Paragraph 4, Article 5 of the aforementioned Law), unscrupulous officials may abuse this norm and designate certain objects of communal property as not falling under the criteria of this article (for example, labeling a warehouse as a small architectural form). Such actions allow concealing real estate to subsequently: avoid putting it up for privatization, not officially lease it, and have the opportunity to falsify documents.

Corruption Risks

The possibility of officials of the local self-government body refraining, at their discretion, from conducting state registration of communal property or artificially prolong the registration process for the purpose of using such property in personal interests or the interests of others.

Sources of Corruption Risks

- Lack of a comprehensive inventory of communal real estate within defined timelines.
- Absence of complete and reliable information on community property in the public domain, such as on the official website of the local self-government body.
- Absence of a strategy (planning), timelines for the state registration of communal property, and identification of responsible individuals for its conduct.
- Inadequate digitization of processes in managing communal property.
- Lack of coordinated cooperation between property custodians and the property management body.
- Absence of a designated official responsible for the processes of accounting for communal real estate.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Commission registration (documentation) of all real estate objects subject to state registration in the State Register of Property Rights to Real Estate.
- 2** Publication and systematic updates by the local self-government body of the list of community-owned municipal property with a note on state registration.
- 3** Conducting a complete inventory of communal real estate with a clear deadline for completion, identification of responsible persons, and submission of results to the LSG body's leadership.



- 4 Development and approval of a strategy (plan) for communal property management, specifying tasks, timelines, responsible persons, and reporting methods, including for the state registration of property; a plan for conducting state registration of communal property, with defined timelines of completion and responsible persons.
- 5 Introduction of quarterly reporting by responsible persons on the progress of state registration.
- 6 Public reporting by responsible persons (property custodians) at local council sessions, meetings of the relevant deputy commission, on the status of state registration.

Best Practices: [Information on real estate](http://surl.li/oghk) owned by the Smila territorial community is publicly available, indicating the registration status, registration date, property ownership record number, and registration number of every object: <http://surl.li/oghk>.

Data Sources for Analysis: Approved procedure or practice for maintaining the register (list) of communal property; the official website of the LSG body; the strategy (program or plan) for communal property management; reports on state registration.

- 3 Indicator (Function of LSG): Publication in the electronic trading system of an announcement of property lease through auction.

General Description

According to the Law of Ukraine “On the Lease of State and Communal Property”, in the case of leasing property, the lessor publishes an announcement for an electronic auction on the Electronic Trading System (ETS). Additionally, it is necessary to post an announcement of leasing real estate on the official website. However, at this stage, there is a risk of abuse by officials of the local self-government body (or property custodians) to limit competition in the auction and secure victories for affiliated individuals. This may involve providing incomplete or inaccurate information about the real estate, such as the location of the property. Consequently, potential lessees may be discouraged due to the unattractiveness of the property, while a colluding lessee may secure highly favorable lease terms.

Corruption Risks

1. Possibility of artificially restricting competition in the auction and securing victories for affiliated individuals to satisfy the private interests of the council leadership or other individuals.
2. Probability of providing incomplete or inaccurate information about the real estate through uninformative object descriptions, poor-quality photos, artificially devaluing quality characteristics to limit competition in the auction.



Sources of Corruption Risks

- Lack of a regulated procedure for conducting a preliminary assessment of the object being auctioned electronically.
- Absence of a mechanism to control actions related to the preliminary assessment for listing the object in the electronic auction.
- Lack of clear criteria for photos of the object being leased and their quality when describing objects for lease.
- Absence of norms obliging a detailed description of utilities (water supply, sewage, heating, electricity, etc.), issues with which could pose a significant risk. Meanwhile, providers of such services are often monopolies and do not disclose this information to third parties.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Mandatory publication by the local self-government body on the official website and the ETS of announcements regarding the lease of immovable property through auction, including information on the continuation of the lease agreement auction. The announcements should contain complete and reliable information about the property (address, technical condition, total and usable area, cost, etc.), as well as non-discriminatory requirements for the lessee (compliant with Article 4 of the Law of Ukraine “On the Lease of State and Communal Property”).
- 2 Development and approval of an internal legal act that establishes the procedure for conducting a preliminary assessment of the object being auctioned electronically for lease.
- 3 Adoption of property management strategy on a community level.
- 4 Ensuring unimpeded access to the property being leased.
- 5 Creation of a geoinformation system through which potential lessees can independently obtain objective information about the location or other details of the property.

Best Practices: [Announcements regarding the lease of immovable property through an auction by the Dunavtsi City Council](#), providing comprehensive and detailed information about the object, with requirements for potential lessees compliant with Article 4 of the Law of Ukraine “On the Lease of State and Communal Property”.

Data Sources for Analysis: Announcements regarding the lease of immovable property through auction on the website; [the administrator’s website](#) ; internal regulations of the local self-government body regarding the preparation and transfer of communal property for lease, including requirements for announcements.



- 4** Indicator (Function of LSG): Conducting a physical examination of the leased premises.

General Description

Objects of communal property of the territorial community, leased out, may not always be used for their intended purpose by the lessees. There are also cases where lessees use additional areas not specified in the lease agreement. Without necessary control, economic entities, when entering into lease agreements, may deliberately indicate a different type of activity with a lower lease rate than the actual one, use additional areas not covered by the agreement. Therefore, intentional non-interference on the part of the officials of the local self-government body (with the aim of gaining unlawful benefits for themselves or close persons) by not exercising control over the lease, including the payment of rent, creates conditions for other abuses.

Corruption Risks

The possibility of officials of the local self-government body deliberately not controlling (not taking responsive measures) or consciously concealing information about violations of the lease agreement conditions (subleasing, non-purpose use) with the aim of gaining personal benefits from the lessees.

Sources of Corruption Risks

- Failure of the local self-government body to conduct a detailed inventory of the actual use of property complexes and all communal property regarding the actual use of space by communal institutions, enterprises, and organizations, executive bodies, and lessees.
- Non-disclosure of timely and complete information about all subordinated real estate objects and areas available for lease.
- Lack of a control system for the use of communal property objects and the physical examination of communal property objects leased out.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Inclusion of prohibitions and responsibilities for violations of lease conditions by lessees into internal policies that define the procedure for leasing communal property.
- 2** Establishment of the requirement for public reporting (such as posting reports on the website) on the use of communal property objects.



3 Approval of an internal procedure for conducting periodic physical examinations of communal property objects leased out and checking compliance with the terms of the contract. In particular, the procedure should define:

- The frequency of checks;
- Responsibility for non-compliance with contract requirements (non-purpose use, unauthorized subleasing, etc.);
- The procedure for conducting such checks;
- Responsible persons;
- Reporting format on the results of the checks.

Best Practices: A [procedure for performing control functions in the lease](#) of communal property of the territorial community of the city of Pereiaslav, which includes provisions on conducting documentary and periodic comprehensive control, a step-by-step algorithm in case of violations, and a form for reporting on the implementation of periodic comprehensive control of the lease object.

Data Sources for Analysis: The order or practice of periodic physical examinations of communal property objects leased out, which will be determined based on the results of a selective investigation of the results of such checks; a report on the implementation of periodic comprehensive control of the lease object or an act based on the results of such control.

5 Indicator (Function of LSG): Granting the lessee preferential right to purchase premises (property) without an auction.

General Description

Inalienable improvements to leased property are actions taken by the lessee during the lease period aimed at improving the physical (technical) condition of the leased property and/or its consumer qualities. The separation of these improvements would lead to a decrease in market value of the property, and the consent for such improvements is granted by the lessor (Paragraph 3, Section 1.1, Chapter 1 of the “Procedure for the Assessment of Leased Real Estate Containing Inalienable Improvements Made During Its Lease, During Privatization”, approved by the order of the State Property Fund of Ukraine dated 27.02.2004, No. 377). However, for unscrupulous individuals, these inalienable improvements also serve as an opportunity for the lessee, with the support of the local self-government body, to purchase real estate at an undervalued price, and for the local self-government body (LSG officials or deputies) to gain unlawful benefit. In practice, this occurs as follows: the lessee seeks permission from the council for inalienable improvements to the leased premises, performs repairs amounting to at least 25% of the market value of the property, as determined by the appraiser. The appraiser, for unlawful benefit, understates the appraised value of the object. To ensure that privatization committee members (usually LSG employees) do not suspect the appraiser of undervaluing the price, the lessee also negotiates with them. Thus, the lessee obtains the preferential right to purchase premises (property) without an auction.



Corruption Risks

The possibility of officials of the local self-government body gaining unlawful advantage from the lessee who manipulates legal norms to acquire the preferential right to purchase premises (property) without an auction.

Sources of Corruption Risks

- Imperfections in the legislation that essentially allow the legal purchase of leased property (premises) that has been improved, even if such improvement was fictitious.
- Lack of internal procedures for the privatization of objects of state and communal property leased out, with the determination of grounds for purchasing leased property without an auction.
- Absence of a reassessment (verification of the appraisal) procedure for the value of the object established by a private appraiser.
- Lack of a practice of publishing a list of objects not subject to privatization on the official website of the local self-government body.

Level of Corruption Risks: Critical.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Development and approval of the privatization procedure for objects of state and communal property leased out, with the determination of grounds for purchasing leased property without an auction (can be part of the privatization procedure).
- 2 Publication on the official website of the local self-government body of a list of objects not subject to privatization (taking into account the security situation regarding critical infrastructure enterprises).

Best Practices: [List of communal property objects of the Merefa City Council](#) not subject to privatization.

Data Sources for Analysis: Decisions of the local council on the alienation of communal property through privatization; practices of including communal property objects in the privatization program through redemption; regulatory legal acts regulating privatization and lease of communal property; practices of property leasing, and privatization through redemption.



- 6** Indicator (Function of LSG): Publication of lists (first and second) in the ETS and on the official website.

General Description

According to the Law of Ukraine “On Lease of State and Communal Property”, the local self-government body must form Lists of the first and second types regarding objects of communal property lease. The List of the first type includes objects for which a decision has been made to lease them at an auction. The List of the second type includes objects for which a decision has been made to lease them without conducting an auction. However, this law grants the local council the right to define additional criteria for objects’ inclusion in the lists or unjustifiably refuse potential lessees from including an object in the list. This provides the possibility to manipulate the inclusion of objects in the lists (e.g., including an object that should be leased through an auction in a list that does not require an auction). There remains a risk of abuse when transferring communal property without competition, such as to religious organizations, deputies’ offices, etc.

Corruption Risks

1. Possibility of officials of the local self-government body manipulating the inclusion of objects in the lists (first or second).
2. Possibility of abuses by officials of the local self-government body when transferring communal property without competition, such as to religious organizations, deputies’ offices, etc.

Sources of Corruption Risks

- Lack of internal procedures with clear requirements (criteria) for forming lists and clear reasons for refusing potential lessees from including an object in the list.
- Discretionary powers in determining additional criteria for objects or inclusion in one of the lists.
- Discretionary powers to refuse potential lessees from including an object in the list.
- Lack of a practice of publishing the first and second lists of objects of communal property that can be leased additionally on the official website (not only in the ETS).

Level of Corruption Risks: High.



Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Publication of the first and second lists of objects of communal property that can be leased, not only in the ETS but additionally on the official website of the local self-government body. Development of internal procedures containing clear criteria for forming both lists in accordance with the requirements of the Law of Ukraine “On Lease of State and Communal Property”.
- 2 Establishment of clear and non-discriminatory criteria for refusing potential lessees from including an object in the list.

Best Practices: The Lutsk City Council has disclosed [lists of real estate objects of the first and second types](#) in accordance with the decisions adopted by the council.

Data Sources for Analysis: The website of the local self-government body, ETS, internal procedures of the local self-government body.

- 7 Indicator (Functions of LSG): Maintaining a list of organizations that have leased premises in accordance with Part 2, Article 15 of the Law of Ukraine “On the Lease of State and Communal Property”.

General Description

According to Article 15 of the Law of Ukraine “On the Lease of State and Communal Property”, there is a specific category of lessees who can obtain premises without an auction for a period not exceeding 5 calendar days within 6 months and 30 calendar days within one year. These lessees are those who lease property to organize and conduct scientific, practical, cultural, artistic, public, social, and political events. To prevent the leasing of premises without conducting an auction to the same lessee more than once every six months or a year, the local self-government body establishes and maintains a register (list) of such lessees. However, for a certain fee, the local self-government body may choose not to monitor the lease periods of the property and not to maintain a register (list) of lessees who, in accordance with Article 15 of the Law of Ukraine “On the Lease of State and Communal Property”, lease property for the organization and conduct of scientific, practical, cultural, artistic, public, social, and political events.

Corruption Risks

The possibility of representatives of the local self-government body not monitoring the lease periods of the property and not maintaining a register (list) of lessees who lease property for the organization and conduct of scientific, practical, cultural, artistic, public, social, and political events.



Sources of Corruption Risks

- Legislation provides the opportunity for the transfer of communal property under preferential lease conditions, which is exploited by dishonest economic entities in a corruption collusion with local officials.
- Lack of mandatory requirements for the local self-government body to maintain a register (list) of lessees who lease property for the organization and conduct of scientific, practical, cultural, artistic, public, social, and political events.
- Lack of practice in monitoring the lease periods of property for a specific group of lessees who can obtain premises without an auction.
- Lack of a clear mechanism for ensuring the compliance of organizations that can lease property without competition with defined criteria.

Level of Corruption Risks: Low.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Maintenance and publication by the local self-government body on the official website of a list of organizations that, in accordance with Part 2, Article 15 of the Law of Ukraine “On the Lease of State and Communal Property”, have obtained premises for lease without conducting an auction. Continuous updating of such a list.
- 2 Exercise of control over the effective use of communal property leased on preferential terms (without an auction), including:
 - How such control can be carried out.
 - The process of monitoring the activities of the organization that leased such property.
- 3 Development and adoption of a procedure for transferring property for lease on preferential terms (identification of individuals, process, time, and criteria for decision-making).

Data Sources for Analysis: official website of local self-government body, lease agreement register, list of organizations with which a lease agreement has been concluded.

- 8 Indicator (Function of LSG): Transfer by LSG of non-residential premises or other real estate for temporary use by individuals or legal entities.

General Description

Transfer of community’s non-residential premises or other real estate to temporary and free of charge use takes place based on the individual decision of each local self-government body within the respective territory.



However, custodians of communal real estate may distort usage agreements for communal property by entering into “non-standard” contracts, such as cooperation agreements, storage agreements, or workspace transfer agreements, which essentially function as lease agreements. As a result, there is a loss of funds for the budget from leasing property, and sometimes communal property is underutilized and inefficiently utilized.

Corruption Risks

The possibility of LSG officials obtaining unlawful benefits by assigning the contract to another category of contracts on the transfer of property for temporary use of property, benefiting close or otherwise associated parties with shared interests.

Sources of Corruption Risks

- Lack of control over the actual use of integral property complexes and all communal property held by the custodian.
- Absence of comprehensive and exhaustive information on the official websites of the LSG bodies regarding leased objects of communal property or those available for lease.
- The possibility for unilateral decision-making regarding the transfer of property for temporary use (discretionary powers).
- Lack of accountability for the failure to register property.
- Failure to conduct a detailed inventory of the actual use of property complexes and all communal property concerning the actual utilization of space by communal institutions, enterprises, and organizations, executive bodies, and lessees.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Transfer of communal property for use exclusively through the conclusion of official lease agreements.
- 2 Publication on the official website of the local self-government body or the property custodian of information about all subordinated real estate objects and available areas for lease in full, as well as concluded lease agreements (as an option, non-personalized).
- 3 Adoption of an internal legal act outlining the decision-making process by officials collectively during the transfer of communal property for lease.
- 4 Conducting continuous monitoring of property utilization by a specifically designated official or commission.



Best Practices: The website of the Kherson City Council contains lists of property for which decisions on leasing have been made (separately for the first and second lists); [a registry of decisions and lease agreements](#) (separately for renegotiated lease agreements without an auction and renegotiated lease agreements through an auction), enabling the public to monitor the transfer of municipal property.

Data Sources for Analysis: Official website of local self-government body, including information of the subordinated real estate objects, available areas for lease, and executed lease agreements or other contracts.

- 9** Indicator (Functions of LSG): Decision-making on granting consent for improvements at the expense of the lessee or the decision to refuse consent for improvements.

General Description

The Law of Ukraine «On the Lease of State and Communal Property» outlines a rather complex procedure for obtaining approvals for indispensable improvements during the lease of communal property. This provides an opportunity for officials to satisfy their personal interests by unreasonably refusing to grant approval for lessees to make indispensable improvements to the leased communal property or by delaying the consideration of applications (petitions) for such improvements.

Corruption Risks

The possibility of an LSG official unreasonably refusing to grant approval for indispensable improvements.

2. The possibility of an LSG official unreasonably delaying the approval process for indispensable improvements.

Sources of Corruption Risks

- Discretionary powers of municipal officials in determining the expediency or in expediency of making indispensable improvements.
- Lack of a mechanism for controlling indispensable improvements.
- The potential for unilateral decision-making during the assessment of real estate for the expediency of indispensable improvements.
- Lack or inadequacy of control over compliance with approval deadlines.

Level of Corruption Risks: Medium.



Indicative Value (Measures to Mitigate Corruption Risks)

- 1 The local self-government body (or property custodian) should grant consent (or refusal) for indispensable improvements solely based on clearly defined criteria (grounds).
- 2 Establishment of a special commission to conduct an assessment of real estate for the expediency of indispensable improvements.
- 3 Development and approval of a procedure for granting the lessee consent to make indispensable improvements to the leased communal property.
- 4 Definition of criteria for exercising control over indispensable improvements (for example, introducing indicators for meeting deadlines for approving indispensable improvements).

Best Practices: [The procedure for granting the lessee consent from the lessor of communal property](#) to make indispensable improvements to the leased communal property of the Borynia Village Council, which establishes a clear and comprehensive list of grounds for refusing to consider an application for consent to make indispensable improvements, as well as the composition of the commission for conducting an assessment of real estate for the expediency of indispensable improvements:

Data Sources for Analysis: Local self-government body website, particularly the published procedure for granting the lessee consent from the lessor of communal property to make indispensable improvements.

- 10 Indicator (Function of LSG): Leasing hospital spaces and premises for commercial purposes.

General Description

Within the premises of all hospitals or nearby locations, pharmacies are located, attracting a large number of customers due to their convenience and proximity. These pharmacies are considered profitable. Cases related to irregularities in the placement of pharmacies have been repeatedly featured in the media and law enforcement investigations. For instance, instances where the pharmacy owner is the hospital's manager (a direct violation of the law) or relatives of the hospital's leadership or other closely related persons, such as a local council deputy who advocated for the appointment of a specific hospital manager, have been reported. To boost demand at these pharmacies, healthcare institution staff direct patients with a list of medications to be purchased to the hospital pharmacy. Sometimes, these medications are not used, returned to the pharmacy, and resold. To sustain this scheme, hospital leaders often collude with the founder (head or officials of the LSG body).



Corruption Risks

Placement of pharmacies and retail outlets in hospital premises operated by individuals closely associated with hospital management.

Source of Corruption Risk

- Ineffective tools for proving facts and holding hospital managers accountable for violating conflict of interest requirements by law enforcement.
- Tacit approval of healthcare institution employees for the misuse of hospital resources by the institution's leadership for unlawful enrichment.
- Non-transparent leasing procedures for hospital property to entities engaged in business activities, with systematic monitoring of such activities overlooked by the public.
- Discretionary powers of hospital managers regarding the disposition of hospital property.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Inclusion of a mandatory requirement in hospital regulations for the approval of property lease agreements with the relevant management body of LSG.
- 2 Periodic conduct of an inventory of existing assets.
- 3 Ensuring open access to information about the hospital's property held on its balance sheet (official website, information boards, etc.).

11 Indicator (Function of LSG): Alienation of immovable communal property.

General Description

According to Paragraph 30, Part 1, Article 26 of the Law of Ukraine "On Local Self-Government", the local council has the authority to dispose of immovable communal property by including specific objects in the privatization program. Given that this is the exclusive competence of the deputies, there is a potential for abuse in favor of close associates or for the unlawful gain of interested parties when deciding on the alienation of immovable communal property.

Corruption Risk

Favoritism in preparing the decision for the alienation of an object of immovable communal property with the aim of satisfying private interests of authorized persons or in the interests of third parties to gain unlawful advantages.



Sources of Corruption Risks

- Absence of an established by local council procedure for determining the expediency of alienation of immovable communal property.
- Lack of complete and reliable information about the objects of immovable property that the council plans to alienate.
- Failure to conduct prior community discussions regarding the possibility and expediency of property alienation.
- Lack of a mechanism for public oversight of the property determination procedure that could be alienated by the council.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Establishment of a separate procedure for the alienation of immovable communal property at the local council level.
- 2 Involvement of representatives of the community in the process of determining the property of the community that may be subject to alienation.
- 3 Definition of criteria for the justification of property alienation.

Best Practices: [Assignment of responsible officials of the local council](#) to determine the value of immovable communal property by selecting independent appraisers.

Decision of the Vyshneve Village Council dated 14.07.2020 [«On the Approval of the Procedure for the Alienation of Communal Property Belonging to the Communal Ownership of the Vyshneve Village Council»](#).

Data Sources for Analysis: Privatization program of the local council; list of objects of communal property not subject to privatization; council session decisions specifying the procedure for alienation of immovable communal property and the involvement of appraisal entities.

- 12 Indicator (Function of LSG): Compilation of the list of property subject to privatization.

General Description

According to Paragraph 30, Part 1, Article 26 of the Law of Ukraine “On Local Self-Government”, the exclusive competence of local councils includes approving local privatization programs. The chairperson, council officials, and deputies may influence the inclusion of specific immovable property objects into the program in the interests of close associates engaged in entrepreneurial activities within the community or other persons for unlawful gain or for their own benefit from such property in the future.



Corruption Risk

1. Favoritism or the presence of private interests (personal interest) of the council leadership, deputies, or specific officials authorized to perform the mentioned function when approving the local privatization program.
2. The probability of including an object in the privatization program in the interests of a pre-determined person and subsequent lobbying for property transfer to gain unlawful advantages or illegal profits from using the property for entrepreneurial activities.

Sources of Corruption Risks

- Absence of an established by local council procedure for preparing and approving the local privatization program;
- Personal misconduct of local council officials, leadership, or deputies;
- Lack of complete and reliable information about the objects of immovable property that the council plans to alienate;
- Lack of an approved mechanism to involve representatives of the community in the process of preparation and approval of the local program.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Establishment at the local council level of a procedure for the participation of community representatives in the formation and discussion of the draft local privatization program of communal property.
- 2 Definition of clear criteria for the inclusion of objects of immovable communal property in local privatization programs.
- 3 Definition by responsible officials of the local council of criteria for the justification of property alienation.

Data Sources for Analysis: Decisions of the local council approving the list of immovable property subject to privatization; list of objects of immovable communal property that cannot be privatized according to the legislation; local program for the privatization of communal property.



- 13** Indicator (Function of LSG): Normative provision of privatization of objects of communal property rights in the community.

General Description

According to Paragraph 30, Part 1, Article 26 of the Law of Ukraine “On Local Self-Government”, the exclusive competence of local councils is to determine the expediency, procedure, and conditions for privatization of immovable property objects. Due to the absence of defined criteria for the expediency of privatization of community property rights objects in the legislation, this could be subject to corrupt practices by officials preparing drafts of relevant normative acts. Under such circumstances, there is a possibility of including provisions that grant wide discretion to LSG officials authorized to make decisions, subjective interpretations of «expediency» and violating the principle of legal certainty.

Corruption Risk

The likelihood of incorporating corruptive factors into the provisions of normative documents developed and approved by the local council for implementing the specified competence and the subjective determination of criteria for expediency.

Sources of Corruption Risks

- Absence of a procedure established by local council for preparing and approving the local privatization program;
- Personal misconduct of local council officials, leadership, or deputies;
- Lack of an obligation to justify expediency based on measurable indicators;
- Absence of an approved mechanism to involve representatives of the community into the process of determining expediency, conditions, and procedure for privatization.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Establishment at the local council level of a procedure for the participation of community representatives in the formation and discussion of the draft local privatization program of communal property. Clear definition by the council of criteria for the justification of property alienation.
- 2** Determination of the obligation of responsible officials to provide justification for the expediency of including each object in the program.
- 3** Publication of information about objects of communal property rights planned for inclusion in the privatization program.



Data Sources for Analysis: Decisions of the local council approving the procedure for privatization of immovable communal property objects for the presence of clearly defined criteria for expediency, justification, and conditions under which property can be privatized; local program for the privatization of communal property.

- 14** Indicator (Function of LSG): Acquisition by the local self-government body of privatized real estate for the community's needs.

General Description

According to Paragraph 30, Part 1, Article 26 of the Law of Ukraine “On Local Self-Government in Ukraine”, the exclusive competence of local councils includes making decisions on the acquisition, in accordance with the law, of privatized real estate. The acquisition of such property is carried out according to the procedure¹⁵ determined by the local self-government body. This may indicate the possibility of abuse by officials in determining the community's needs and the direct purchase of such property by prior arrangement with the owners.

Corruption Risks

1. Probability of an arrangement for the purchase of property by the council at an inflated price to gain illegal profit from the distribution of «added value.»
2. Probability of an arrangement for the purchase of property for which there is no urgent need for the community, with the aim of gaining illegal profit.
3. Probability of the council purchasing movable or immovable property in an unsatisfactory condition through arrangements with owners close to local authorities to gain unlawful benefits or satisfy the private interests of responsible officials.

Sources of Corruption Risks

- Absence of an established by local council procedure for preparing and approving the local privatization program;
- Personal misconduct of local council officials, leadership, or deputies;
- Lack of an obligation to justify expediency based on measurable indicators.

Level of Corruption Risks: Medium.

¹⁵ URL: https://shostka-rada.gov.ua/wp-content/uploads/2021/09/8.Pro_prydbannya_v_komunal_nu_vlasnist_zhytlovyh_prymishhen_.doc



Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Publication of information about privately owned objects planned for acquisition for the community's needs.
- 2 Definition by the council of clear criteria for justifying the alienation of property for the community's needs.

Data Sources for Analysis: Decisions of the local council on the acquisition of real estate (justification of real needs); decision of the LSG body on engaging appraisal entities for an independent assessment of the value of real estate.

Useful Materials: Guide [«Tools for Managing Communal Property of the Territorial Community»](#).



Section 4. PUBLIC PROCUREMENT

- 1 Indicator (Function of LSG): Organization and planning of procurements.

General Description

There are no clear rules in legislation on how contracting authorities should identify their needs and their prioritization. Therefore, procurement plans sometimes include items that the contracting authority already possesses. This risk is particularly relevant for goods purchased by communal and non-commercial communal enterprises.

For instance, contracting authorities may buy excess quantities of specific categories of goods beyond actual needs, leading to the accumulation and storage of products for years.

This may also indicate the intentional conduct of procurement for goods/works/services for which there is no objective need, through collusion between a responsible official of the contracting authority (LSG body) and a specific supplier. Another possibility is the procurement of excessively expensive goods/works/services for the personal use of a specific official of the contracting authority. There might be a scheme where the authority artificially generates a need (e.g., organizing an event or providing consultation) by purchasing such services from close associates, even though the local authority is capable of organizing these services independently using its own specialists.



Corruption Risks

1. Possibility of purchasing unnecessary or more expensive (compared to other similar items) goods for personal use or not for the intended purpose.
2. Possibility of procuring services where evaluating their performance or quality is difficult or impossible, with the intention to purchase the service from close or related parties.

Sources of Corruption Risks

- Lack of legislatively established requirements for the preparation and approval of an annual procurement plan as a comprehensive document.
- Absence of an internal regulatory document of the contracting authority on the procedure for interaction among all participants in procurement activities to ensure economic activities.
- Discretionary powers during the preparation of tender documentation.
- Insufficient distribution of responsibilities for procurement planning, lack of internal control systems.
- Provisions of current legislation in the field of public procurement that prevent external control over the procurement procedure during the legal regime of a state of war.

Corruption Risk Level: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Conducting preliminary market consultations by the contracting authority during procurement planning and organizing to analyze the market, including obtaining recommendations and information from economic entities in accordance with Part 4, Article 4 of the Law of Ukraine «On Public Procurement.»
- 2 Monitoring the procurement plan by the structural units of the contracting authority responsible for assessing the expediency of purchasing specific goods/works/services, followed by an audit (verification) of utilization after the procurement period.
- 3 Establishing a public register of existing material assets on the balance sheet of the authority or other main budget managers within its management scope.
- 4 Ensuring that the leadership of the LSG organizes systematic internal audits and periodic external audits of contract performance (in accordance with developed internal policies of the contracting authority).
- 5 Publishing procurement plans on the LSG website.



Best Practices: For example, the website of the Lviv City Council contains the [information about procurement plans](#), specifically linking to the analytics module of the BI Prozorro system – Planning Stage. This application allows for the analysis of procurement plans for the last 2 years in various perspectives.

Additionally, information on business cooperation (market consultations) is published on the Lviv City Council website – Consolidated information 2022. [Consultations for effective cooperation with business](#) (2019-2021-2022).

Data Sources for Analysis: Budget/financial plan, data from the Prozorro electronic procurement system, data from the BI Prozorro Analytics module, official website of the LSG body.

2 Indicator (Function of LSG): Determination of the procurement item code.

General Description

The main risks associated with this indicator include the risk of avoiding competitive procurement procedures and the victory of suppliers who may be colluding with local officials. The contracting authority is not allowed to divide the procurement item into parts to avoid open tender procedures/simplified procurement or the application of the Law of Ukraine «On Public Procurement», especially the provisions of Part 10, Article 3 of the Law/Paragraph 6 of the Special Provisions during the period of martial law.

Such actions by the contracting authority violate the Order of the Ministry of Economy of Ukraine dated 15.03.2020, No. 708 [«On Approval of the Procedure for Determining the Procurement Item»](#), according to which the procurement item of goods and services is determined by the contracting authority in accordance with Paragraphs 21 and 34, Part 1, Article 1 of the Law of Ukraine «On Public Procurement» and based on the national classifier of Ukraine DK 021:2015 «Unified Procurement Dictionary», by the fourth digit indicator of the main dictionary with the specific name of the goods or services in parentheses.

Since the Procedure clearly regulates the use of certain codes for the procurement item, the likelihood of unintentional errors in determining the procurement item code is minimal.

Corruption Risks

The possibility of abusing official position by consciously concealing tenders from potential participants by indicating the wrong procurement classification code or grammatical errors in writing the procurement item to favor the victory of a «specific» supplier.



Sources of Corruption Risks

- The possibility of the contracting authority determining one procurement item under different codes according to the classifier of Ukraine DK 021:2015 «Unified Procurement Dictionary».
- Defining works as the procurement item when, in fact, the procurement item is services, which may lead to violations of the Law of Ukraine «On Public Procurement» since different value thresholds are stipulated for the procurement of works and services.

Corruption Risk Level: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Development of a Procedure for Interaction, which is an element of the internal procurement policy, specifying detailed regulations on the rights and duties of authorized/responsible persons of the contracting authority, defining a control system for decision-making, and outlining the procedure for involving an authorized department (authorized person) in preventing and detecting corruption during the procurement process.
- 2 Conducting an internal audit to assess the effectiveness of the procurement of the contracting authority.

Best Practices: Order of the Pension Fund of Ukraine [«On Certain Issues of Organizing Procurements to Meet the Needs of the Pension Fund of Ukraine and its Authorities»](#).

Data Sources for Analysis: Data from the Prozorro electronic procurement system; data from the BI Prozorro analytics module. The analytics module of BI Prozorro - [Public Procurement Monitoring tab](#), where procurements with monitoring conducted by the State Audit Service of Ukraine can be filtered, both without identified violations and with violations.

- 3 Indicator (Function of LSG): Description in the technical specification of all necessary characteristics of the goods, works, or services being procured, including their technical, functional, and qualitative features.

General Description

Technical specifications of the procurement item are fundamental levers influencing competition in tenders. Article 22 of the Law of Ukraine «On Public Procurement» stipulates the inclusion of information in the tender documentation about the necessary technical, qualitative, and quantitative characteristics of the procurement item, including the corresponding technical specification. Violations of this requirement may lead to discrimination against tender participants and/or indicate collusion between a specific supplier and the contracting authority.



The description of characteristics may also include other violations, often indicating collusion and the imposition of requirements tailored to a specific manufacturer or participant. Authorized persons often lack the necessary knowledge and experience to assess the correctness of the procurement item's requirements. Specifically, the presence in the tender documentation of the phrase «or equivalent» and its justification if the technical specification refers to a specific brand or manufacturer.

Abuses may occur when a specific brand, model, manufacturer, or specific parameters are indicated without proper justification, excessive requirements narrowing the possibility of offering various types of products, additional requirements not stipulated by regulatory acts (presence of optional certificates, references, reviews).

Thus, contracting authorities artificially limit the circle of potential participants, which may indicate collusion between the contracting authority and the supplier, resulting in low competition and inflated prices.

The presence of such risks may be indicated by factors such as:

- Requests for clarification of values in the technical specification from potential participants in the electronic procurement system.
- Absence of the technical specification for the procurement item in the tender documentation in the electronic procurement system.
- Presence in the technical specification of the procurement item of a specific brand, model, manufacturer, or specific parameters corresponding to a certain brand or model without the expression «or equivalent.»
- Lack of justification for referring in the technical specification to a specific brand, model, manufacturer, or specific parameters corresponding to a certain brand or model.
- Artificial combination of several parts of the procurement item that could potentially be lots into an integral procurement item to narrow the circle of participants, for example, common drugs and narcotics requiring specialized licensing or two types of coal, one of which is produced by only a specific manufacturer.
- Application of certain «geographic» restrictions to trade participants in the procurement item description, such as the number of gas stations in a specific area or city, distances to these gas stations.

Corruption Risks

1. Possibility of abuse of office by not specifying or inadequately reflecting the values of characteristics in the technical specification to complicate the preparation of a quality tender proposal by potential participants and/or collusion between the contracting authority and a specific participant to gain unlawful benefits from contract implementation.



2. Possibility of abuse of office when describing the technical specification of the procurement item by tailoring it to a specific participant with the aim of gaining unlawful benefits from contract implementation.
3. Possibility of procuring low-quality goods, works, or services at a low price through collusion between the procuring entity and the supplier, excluding quality standards requirements from the tender documentation.

Sources of Corruption Risks

- Discretionary powers during the preparation of tender documentation.
- Insufficient distribution of procurement planning responsibilities, lack of internal control systems.
- Provisions of current legislation in the field of public procurement that prevent external control over the procurement procedure during the legal regime of martial law.
- Absence of technical specifications for the procurement item in the electronic procurement system in tender documentation.
- Presence of a specific brand, model, manufacturer, or specific parameters in the technical specifications for the procurement item, corresponding to a specific brand or model without specifying the phrase «or equivalent.»
- Lack of justification for referencing a specific brand, model, manufacturer, or specific parameters in the technical specifications that correspond to a specific brand or model.

Corruption Risk Level: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Development of a procurement policy that should include detailed regulation of the rights and duties of responsible persons of the contracting authority, define requirements for the process of drafting and the quality of technical specifications, implement a control system for decision-making, and outline the procedure for involving an authorized department (authorized person) in preventing and detecting corruption during the procurement process.
- 2 Development of typical specifications for goods from high-risk categories, which are an element of the internal procurement policy.

Best Practices: Ready technical specifications of Prozorro Market, containing descriptions of technical, qualitative, and operational characteristics of products from different manufacturers within one product group, with the same basic characteristics. Recommendations from the Antimonopoly Committee of Ukraine (for example, regarding public procurement in [food supply markets, catering services,](#) and [the purchase of school buses](#)). National standards of Ukraine regulating the parameters of relevant procurement items.



Data Sources for Analysis: Tender documentation prepared by the procuring entity (technical specifications for the procurement item).

- 4 Indicator (Function of LSG): Formulation of qualification criteria for the procurement item and other parts of the tender documentation.

General Description

When forming tender documentation, contracting authorities may stipulate requirements that are discriminatory in nature, limiting the right of participants to take part in the tender and narrowing the circle of participants. However, Ukrainian legislation does not provide a clear list of discriminatory conditions; therefore, participants can only confirm their presence in the tender documentation by appealing to the Antimonopoly Committee of Ukraine (AMCU), which has the competence to consider relevant issues.

Discriminatory requirements may include the confirmation of experience in executing similar contracts exclusively with budgetary/communal institutions. This restricts the participation of those who have not previously worked in the public sector but have the capability and experience to meet the contracting authority's needs.

Sometimes contracting authorities may intend to purchase either a specific product or from a specific supplier. Consequently, in the tender documentation for the purchase of goods, a requirement may be specified to provide a warranty letter from the manufacturer (authorization letter). At the same time, in the list of goods for which such letters need to be provided, specific products produced by a single manufacturer are indicated, significantly narrowing the competition for the respective procurement.

Additionally, discriminatory requirements such as the presence of certificates, specifying the distance to the contracting authority, and site inspection (for work procurement) are sometimes specified. However, in practice, these requirements do not guarantee the quality of the procurement item but merely limit the number of participants in the procurement. However, the use of approved standard specifications, contracts, and the implementation of standard rules for formulating qualification criteria for procurement items prevent the sudden emergence of discriminatory conditions and the filing of justified complaints by procurement participants. If the contracting authority provides well-prepared documentation and conscientiously oversees the process, the grounds for contestation are absent.



Corruption Risks

The possibility of an official of contracting authority establishing discriminatory conditions in the tender documentation aimed at a predetermined participant, narrowing the circle of potential participants, and/or preventing the victory of participants who can offer better quality work/goods/services at a lower price for the purpose of gaining unlawful advantage and entering into a contract with a predetermined participant.

Sources of Corruption Risks

- Existence of discretionary powers in the development of tender documentation.
- Lack of control over how the characteristics of the product, work, or service declared by the contracting authority in the tender documentation are specific or special compared to other procurements by this contracting authority.
- Legal ambiguity of the rights and duties of responsible officials.
- Legal uncertainty regarding discrimination in public procurement.
- Concentration of powers by assigning functions to one official.

Level of Corruption Risks: High

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Conducting a market analysis and studying how the characteristics declared by the contracting authority in the tender documentation for the product, work, or service are specific or special compared to other procurements by this contracting authority, and in the absence of such information, with other tenders in the industry.
- 2 Involving an authorized department (authorized person) in preventing and detecting corruption in the analysis of tender documentation in specific procurements.
- 3 Considering the practice of the Antimonopoly Committee of Ukraine regarding other tenders of the contracting authority to determine which requirements have already been recognized as discriminatory and whether the contracting authority continues to apply them.
- 4 Using locally approved standard forms of tender documentation, technical specifications, and implementing standard rules for formulating qualification criteria for procurement items.

Best Practices: [Order of the Pension Fund of Ukraine «On Certain Issues of Organizing Procurements to Meet the Needs of the Pension Fund of Ukraine and Its Bodies».](#)



Data Sources for Analysis: Tender documentation prepared by the contracting authority regarding the presence of discriminatory requirements. Data from the analytics module of the BI Prozorro. Data from the Prozorro electronic procurement system regarding the presence of inquiries from potential participants to the contracting authority or complaints to the AMCU regarding the specification of discriminatory requirements in the tender documentation.

Useful Links: [Antimonopoly Committee of Ukraine's General Practice on Contesting Procurements](#).

5 Indicator (Function of LSG): Formulation of delivery and payment terms.

General Description

Delivery and payment terms significantly impact the cost of goods, works, and services. For example, urgently delivered goods may potentially cost more. Often, these terms are abused to create more favorable conditions for selected suppliers and less favorable conditions for all others. If the **payment term** range is broad, manipulations can occur regarding the prioritization of payments. In this scenario, the contracting authority may establish conditions where pre-selected participants have approval for prompt payment, while other participants may experience prolonged delays. This corrupt practice distorts competition.

Short **delivery terms** can be exploited by participants who already have the required volume of production in stock and do not need additional time for manufacturing, transportation, or purchasing.

Order-based **supply conditions** are common, where businesses may not receive guarantees that such an order will be placed, not even knowing the tentative periods when the contracting authority may issue it. Procurements may also specify an unreasonably short delivery period from the order date. Consequently, procurement participants cannot objectively plan supply volumes and form necessary inventories. Additionally, risks related to price formation arise. Businesses that collude with the contracting authority benefit from having more information or advantageous conditions.

Corruption Risks

Possibility of abuse of office and collusion between the contracting authority (LSG body) officials and potential contractors by establishing unjustified delivery and payment conditions for goods to choose them as suppliers of goods, works, and/or services with the aim of gaining unlawful advantage.



Sources of Corruption Risks

- Existence of discretionary powers during the development of tender documentation regarding a wide payment term range.
- Existence of discretionary powers during the development of tender documentation regarding short delivery periods.
- Existence of discretionary powers during the development of tender documentation regarding order-based supply conditions (when there is no delivery schedule).
- Lack of control over how the characteristics declared by the contracting authority in the tender documentation for the product, work, or service are specific or special compared to other procurements by this contracting authority.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Conducting procurements under standardized delivery and payment terms.
- 2 Including sample procurement contracts containing anti-corruption clauses in the procurement policy of the entity.
- 3 Developing a Contract Work Regulation as part of the procurement policy recommending sample procurement contracts for goods, works, or services.

Best Practices: [Procedure for Contract Work in the Executive Committee of Zhytomyr City Council. Regulation on the Procedure for Contract Work of Skvyra City Council.](#)

Data Sources for Analysis: Data from the Prozorro electronic procurement system, data from the BI Prozorro analytics module.

- 6 Indicator (Function of LSG): Justification of technical and qualitative characteristics of the procurement item, its expected value, and/or budget allocation.

General Description

According to the requirements of the Cabinet of Ministers of Ukraine Resolution dated 11.10.2016, No. 710 «On the Effective Use of State Funds»¹⁶, local self-government bodies are recommended to approve measures for the effective and rational use of budget funds and ensure the disclosure of justification for the technical and qualitative characteristics of the procurement item, its expected

¹⁶ Resolution of the Cabinet of Ministers of Ukraine dated 11.10.2016, No. 710 «On the Effective Use of State Funds»: <https://zakon.rada.gov.ua/laws/show/710-2016-n#Text>



value, technical and qualitative characteristics of the procurement object on the website.

Incorrect and unjustified calculation of the expected value may indicate corruption risks and potential collusion between the contracting authority and a specific participant. The contracting authority intentionally inflates the procurement value for a «certain» supplier, while other participants propose market prices. This can become a tool for «fictitious dumping» as the winning participant may significantly reduce the amount for their goods/services/works after winning the bid. However, upon winning, they refuse to sign the contract. Ultimately, the winning company is the one with a proposal higher than the market price.

Corruption Risks

Possibility of a public official of the contracting authority establishing discriminatory conditions when forming technical and qualitative characteristics, focused on a predetermined participant, narrowing the circle of potential participants, and/or preventing the victory of suppliers who can offer better quality work/goods/services at a lower price.

Sources of Corruption Risks

- Absence of justification for technical and qualitative characteristics of the procurement object, its expected value on the contracting authority's website.
- Absence of the contacting authority's website.

Level of Corruption Risks: Medium

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Availability of disclosed justification for technical and qualitative characteristics of the procurement item, its expected value, and/or budget allocation on the contracting authority's/primary budget manager's website within 5 working days from the announcement of the competitive procurement procedure.
- 2** Development of internal procurement policies detailing the rights and duties of contracting authority's responsible persons, defining a decision-making control system, and a procedure for involving an authorized person for corruption prevention in the procurement procedure.
- 3** Involvement of representatives of the public council in the tender proposal review process.
- 4** Monitoring canceled procurement procedures by the contracting authority for a period (30 or 60 days) and analyzing the legality of such cancellations, including using the analytical tool bi.prozorro.org/.
- 5** Monitoring procurement announcements with a similar subject.



Best Practices: Disclosure of justification for technical and qualitative characteristics of the procurement item, its expected value, and/or budget allocation on the website of the LSG body.

Examples include the websites of [Bakhmach City Community](#), [Chornomorsk City Territorial Community](#), [the Education Department of the Development Department](#) of Lviv City Council, and [Lviv City Council](#) (<https://city-adm.lviv.ua/public-information/departments>).

Data Sources for Analysis: Data from the Prozorro electronic procurement system, data from the official websites of the contracting authority/primary budget manager.

- 7** Indicator (Function of LSG): Conducting non-competitive procurements (by procurement amount).

General Description

According to Article 20 of the Law of Ukraine «On Public Procurement», open tenders are the primary procurement procedure.

The competitiveness of procedures is an indicator of adhering to principles in public procurement, such as fair competition among participants, openness, and transparency at all procurement stages, non-discrimination against participants, ensuring equal access to procurement procedures for the contracting authority. If the contracting authority abuses non-competitive procedures, their procurements do not align with the aforementioned principles, and there is a risk of avoiding procurement procedures to enter contracts without conducting proper procedures with specific suppliers. Additionally, non-competitive procurements may lead to an inflated value of the procurement item, indicating potential corruption risks.

Factors indicating misconduct in this process include:

- A majority of procurements conducted by the contracting authority take place through non-competitive procedures.
- Frequent use of procurement exceptions under Article 3, Section 7, and Article 40, Section 2 of the Law of Ukraine «On Public Procurement» (Paragraph 13 of Special Provisions during the legal regime of martial law in Ukraine and within 90 days from its termination or cancellation).
- Breaking down (dividing) the annual procurement volume into amounts that do not exceed defined limits for applying procurement procedures.

An acceptable value is when the percentage of competitive procurements (by procurement amount) is not less than the country's average according to the analytical module data (for 2023 - 62.9%)¹⁷.

¹⁵ 62.9% - the average percentage of competitive procurements in the Prozorro system for 2023 (by the procurement amount). The indicator must be reviewed at the end of the year, as the percentages change annually. The data is provided from the analytics module of BI Prozorro.



Corruption Risks:

1. The possibility of officials of the contracting authority (LSG) intentionally artificially dividing the procurement item with the specification of a set of technical or other consumer characteristics of the product, allowing the replacement of one competitive procurement procedure with multiple non-competitive procurement procedures (direct contracts) or the use of simplified procurement.
2. Unjustified use of exceptions during procurements under Article 7, Section 3, and Article 40, Section 2 of the Law of Ukraine «On Public Procurement» (Paragraph 13, Special Provisions during the legal regime of martial law in Ukraine and within 90 days from its termination or cancellation).

Sources of Corruption Risks

- Discretionary powers during procurement planning.
- Insufficient distribution of procurement planning responsibilities, lack of internal control systems.
- Lack of effective mechanisms to respond to violations in simplified procurements.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Implementation of an expertise procedure (analysis) of the Annual Procurement Plan to identify signs of dividing the procurement of one type of service or goods into several separate procurements to «circumvent» the open tender procedure.
- 2 Use of analytical modules for procurement analysis (bi.prozorro.org, clarity-project.info, acm-ua.org, [cpvtool](http://cpvtool.org)).
- 3 The contracting authority conducting prior market consultations during procurement planning and organizing them to analyze the market, including obtaining recommendations and information from economic entities under Article 4, Section 4 of the Law «On Public Procurement».
- 4 Implementation of a procedure for the prior analysis of contractors and endorsement by an authorized department (authorized person) for corruption prevention and detection of direct contract projects.



Best Practices: Publishing procurement plans on the website of the LSG body. For example, the Lviv City Council website provides information on procurement plans, with links to the analytical module BI Prozorro - [Planning Stage](#). This application allows analyzing procurement plans for the last 2 years in different segments.

Moreover, on the Lviv City Council website, information is published regarding cooperation with businesses (market consultations) - Consolidated information for 2022. [Consultations for effective cooperation with businesses](#) (2019-2021-2022).

Also, [information on procurement analysis](#) is published on the Lviv City Council website.

Data Sources for Analysis: Data from the Prozorro electronic procurement system, data from the analytical module BI Prozorro.

8 Indicator (Function of LSG): Number of participants in competitive bidding.

General Description

This indicator serves to measure the level of competition in competitive bidding, indicating the average number of participants who submit their proposals. A high level of competition signifies the contracting authority's professionalism in preparing for the bidding process and a high likelihood of obtaining a market or near-market price.

A lower number of procurement participants may indicate oligopolistic characteristics in the procurement market. Unlike a competitive environment, such a market is associated with the potential for corruption risks, such as collusion either among the participants themselves (anticompetitive coordinated actions) or collusion between participants and the contracting authority.

Contracting authorities cannot directly influence the risk of anticompetitive coordinated actions or collusion among participants without unequivocal evidence and without presenting facts to the relevant authorities, primarily the Antimonopoly Committee of Ukraine, as only this committee can determine the existence of violations.

Overall, across Ukraine in recent years, the indicator has shown a tendency to decrease. However, significant deviations below the average value need thorough examination and analysis.

A small number of participants in competitive bidding may suggest that the contracting authority has set requirements for participants in a way that restricts participation. Consequently, there might be a situation where participants are not genuinely competing but creating an appearance of competition. In such cases, the participant with the highest price usually wins, undermining the economy and efficiency of the tender.



Corruption Risks

The likelihood of creating artificial barriers to participation in auctions by establishing discriminatory procurement requirements and/or collusion with a specific supplier to inefficiently conduct the tender and gain an undue advantage through collusion.

Sources of Corruption Risks

- Discretionary powers in preparing tender documentation.
- Lack of control over how characteristics of the goods, works, or services declared by the contracting authority in the tender documentation are specific or specialized compared to other procurements by the contracting authority.
- Legal uncertainty regarding the rights and responsibilities of responsible officials.
- Concentration of powers by assigning functions to a single official.
- Inability of the contracting authority to disqualify a participant based on «facts of collusion,» making it impossible to independently identify and prevent corresponding risks.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Use of analytical modules for procurement analysis (bi.prozorro.org, clarity-project.info, acm-ua.org).
- 2 Holding prior market consultations during procurement planning and organizing for market analysis, including obtaining recommendations and information from economic entities under Article 4, Section 4 of the Law «On Public Procurement», and inviting market participants to participate in contracting authority procurement procedures. Ensure proactive notification of market participants about procurement plans (formation of participant lists, sending invitations, etc.).
- 3 Formulation of annual procurement plans and their publication on the official website of the LSG body for market participants to familiarize themselves with the information the contracting authorities plan to procure, allowing participants to prepare in advance before the announcement stage.

Best Practices: Publishing procurement plans on the website of the LSG body. For example, on the Lviv City Council website, information about procurement plans is disclosed, including a link to the analytical module BI Prozorro - [Planning Stage](#). This application enables the analysis of procurement plans for the last 2 years in various segments.



Additionally, information on cooperation with businesses (market consultations) is published on the Lviv City Council website - [Consolidated information for 2022. Consultations for effective cooperation with businesses](#) (2019-2021-2022).

Also, [information on procurement analysis](#) is disclosed on the Lviv City Council website .

Data Sources for Analysis: Data from the Prozorro electronic procurement system, data from the analytical module BI Prozorro, website of the LSG body. Джерела корупційних ризиків.

- 9** Indicator (Function of LSG): Presence of procurement procedures with satisfied complaints to the Commission of the Antimonopoly Committee of Ukraine regarding violations of legislation in public procurement.

General Description

A substantial number of complaints satisfied by the board may indicate inadequate preparation of tender documentation and inefficient organization of procurement processes by the contracting authority or intentional restriction of competition to favor specific participants. This could result from discriminatory approaches to proposal review, contract drafting, discriminatory requirements in tender documentation, or technical specifications for the procurement item, among others.

This may appear during unjustified cancellations of procurement procedures and may suggest that the contracting authority finds it challenging to announce and conduct tenders effectively or intentionally creates conditions for a specific participant to win. Particularly when, after canceling a procurement, the contracting authority immediately re-announces the procurement with identical requirements and characteristics.

In such cases, the cancellation of the procedure may indicate a corrupt collusion between a specific participant and local government officials. Typically, the cancellation of procurement due to collusion can occur for several reasons: an unexpected loss by the «preferred» participant; the inability of the «preferred» participant to participate in the specific procurement period; in response to allegations of collusion with the «preferred» supplier in a specific case, followed by the transfer of procurement to another period.

In these cases, the contracting authority cancels the procurement procedure, citing reasons such as the diminished need, lack of funding, etc. However, recent practices of the Antimonopoly Committee of Ukraine in reviewing complaints about violations of legislation in public procurement show that in case of challenging the cancellation by a participant, it often turns out that the contracting authority cannot documentary substantiate the validity of the cancellation. Consequently, the appellate body upholds the complaint and obliges the contracting authority to revoke the decision to cancel the procurement procedure.



Corruption Risks

1. Probability of unjust disqualification of participants to give an advantage to a chosen participant by determining requirements in tender documentation to favor the pre-selected participant.
2. Probability of illegitimate cancellation of procurement procedures through collusion between a specific participant and local government officials to postpone procurement to another period and promote the participation of a knowingly selected supplier.

Sources of Corruption Risks

- Discretionary powers in preparing tender documentation.
- Insufficient distribution of responsibilities for procurement planning, lack of internal control systems.
- Lack of control over how characteristics of the goods, works, or services declared by the contracting authority in the tender documentation are specific or specialized compared to other procurements by this contracting authority.
- Lack of detailed explanations in Article 32 of the Law of Ukraine «On Public Procurement» regarding the contracting authority's justification of the objective need to cancel procurement.
- Inconsistency in decisions of the Antimonopoly Committee of Ukraine, as an appellate body, on identical complaints depending on the composition of the Commission for the review of complaints about violations of legislation in public procurement (examples on page 21 of the NACP Recommendations).
- Insufficient number of highly qualified employees with practical experience in procurement, associated with turnover in professional staff and significant changes in legislation in this area.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Additional control during the preparation of tender documentation, including monitoring by an anti-corruption official.
- 2 Review of the distribution of responsibilities for procurement planning and the establishment of an internal control system for this process.
- 3 Formation of a working group to review proposals and regulation of its work.
- 4 Provision of specialized training for employees in the field of procurement.

Best Practices: Publication of reports containing summarized information on the results of public procurement implementation on the Dnipro City Council website, including the number of challenged procedures.



Data Sources for Analysis: Data from the Prozorro electronic procurement system, data from the BI Prozorro analytical module.

Useful Links: [Generalized practice of the Antimonopoly Committee of Ukraine](#) regarding challenging procurement.

Transparency International Ukraine, study [«Protecting Your Rights: How Procurement Appeals Work Under New Rules»](#).

- 10** Indicator (Function of LSG): Detection of violations with signs of corruption related to the public procurement sector during inspections conducted by financial control bodies (hereinafter referred to as FCB).

General Description

The FCB (State Audit Service of Ukraine) is one of the key regulatory bodies in the public procurement sector, entrusted with the responsibility to ensure compliance with procurement legislation through inspections, audits, or monitoring.

The FCB can identify violations with signs of corruption in the public procurement sector based on the results of checks (Resolution of the Cabinet of Ministers of Ukraine dated 01.08.2013, No. 631), inspections (Resolution of the Cabinet of Ministers of Ukraine dated 20.04.2006, No. 550), and monitoring (Article 8 of the Law of Ukraine «On Public Procurement»).

The FCB may inspect public procurement during checks conducted when there are grounds specified in the Procedure for conducting procurement checks, regarding the contracting authority's location or the location of the object of its property rights. In this case, an inspection report is compiled as a result of the inspection.

Following the inspection of procurement, the head of the structural unit conducting the check may propose to the head of the state financial control body or its deputy to conduct a comprehensive review of the financial and economic activities of the contracting authority through inspection or state financial audit.

The FCB may inspect public procurement during audits, involving documentary and factual verification of a specific complex or individual financial and economic issues of the control object, conducted in the form of an audit aimed at detecting legal violations and identifying those responsible for their commission. In this case, an audit report is compiled as a result of the inspection.

Based on the results of the audit within the powers granted, the state financial control bodies take measures to:

- Hold accountable those responsible for violations by employees of the control objects through administrative, disciplinary, and material responsibility;



- Raise issues with the relevant state authorities regarding the invalidation of contracts concluded in violation of the law;
- File lawsuits on behalf of the state to remedy identified violations of the law concerning the preservation and use of assets, as well as the recovery of funds received under illegal contracts, without established legal grounds or in violation of the law;
- Apply measures of influence for violations of budgetary legislation.

The results of the audit of the local budget are reflected in a consolidated statement, which is formed based on audit reports and other materials prepared as a result of state financial control measures.

In the event of an audit based on the request of law enforcement agencies or when violations subject to criminal liability or containing signs of corrupt offenses are identified during audits conducted for other reasons, the acts of such audits with attachments to the audit report are transmitted to law enforcement agencies within 10 working days.

The FCB may inspect public procurement during monitoring. Procurement monitoring is carried out during the procurement process, the conclusion of a procurement contract, and its implementation. Based on the results of procurement monitoring, the official of the state financial control body compiles and signs a conclusion on the results of procurement monitoring. If the contracting authority has not eliminated the violation identified in the conclusion, leading to non-compliance with the requirements, and the conclusion is not challenged in court, the state financial control body, after the expiration of the appeal period to the court, takes actions to hold the contracting authority accountable for violations of the law in the public procurement sector through administrative responsibility.

Corruption Risks

Probability of violating procurement legislation through unjustified selection of the winner or unjust disqualification of participants to favor a chosen participant.

Sources of Corruption Risks

- Limited number of checks, inspections, and audits due to their complex procedures and prolonged duration.
- High rate of court decisions in favor of contracting authorities appealing monitoring findings, leading to contracting authorities not fearing monitoring and responsibility for dishonest actions during procurement.
- Inconsistency in the FCB's (State Audit Service of Ukraine) decisions regarding violations of legislation in public procurement, different conclusions on identical or similar violations.



- Insufficient number of highly qualified employees with practical experience in procurement, linked to the fluidity of professional personnel and significant changes in legislation in this field.
- Uncertainty in the mechanism for addressing violations identified during procurement monitoring, potentially leading to unjustifiable influence on contracting authorities' decisions. Currently, there is a practice of the State Audit Service of Ukraine preparing commitments for contracting authorities to rectify violations during procurement procedures, against which there is a legal precedent in favor of the contracting authority.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Implementation of internal control procedures for the actions of the authorized person responsible for public procurement.
- 2 Development of a Procedure for Interaction, an element of the procurement policy of the FCB/contracting authority, detailing the rights and responsibilities of authorized/responsible persons of the contracting authority, establishing a control system for decision-making, and the procedure for involving the authorized person in corruption prevention in the procurement process.
- 3 Introduce a periodic (monthly or quarterly) reporting system on procurement to the contracting authority's management.

Best Practices: [Information on appeals, monitoring, and complaints](#) is publicly disclosed on the Lviv City Council website.

Data Sources for Analysis: Acts and protocols of the FCB; analytical reports of the FCB; information from mass media and the press service of the FCB regarding identified violations; data from the Prozorro electronic procurement system.

- 11 Indicator (Function of LSG): Non-compliance of the subject of procurement contract and its performance deadlines with the actual goods delivered, services provided, or work executed, and the necessary time for the actual contract fulfillment.

General Description

According to Article 43 of the Law of Ukraine «On Public Procurement», a procurement contract may be declared void if concluded in violation of the requirements of the Part 4, Article 41 of the mentioned Law (during a state of war according to Paragraph 21 of [the Resolution of the Cabinet of Ministers](#) dated 12.10.2022, No. 1178, a procurement contract may be declared void if concluded in violation of the requirements of Paragraph 18 of these Special Provisions).



Specifically: significant contract conditions cannot be changed after its signing until both parties fully fulfill their obligations, except in cases provided by law. As a result, to verify the actual fulfillment of conditions, document comparison, such as acceptance certificates, expenditure invoices, work completion reports, and estimates, is conducted.

Corruption Risks

Probability of collusion between the contracting authority and the supplier through the formation, post-procurement, using an electronic system, of conditions differing from contractual (actual) procurement conditions to gain undue advantage.

Sources of Corruption Risks

- Documents confirming contract fulfillment (invoices/acts) contain information differing from the contract terms following procurement.
- The contract concluded after procurement differs from the contract draft.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Absence of unjustified differences between the characteristics of actually delivered goods, services provided, or work performed and the specified subject of the procurement contract; absence of logical discrepancies between the period of supplying goods, providing services, or executing work according to documents and the actual necessary time for contract fulfillment (taking into account relevant legal acts; for example, for construction work, considering the provisions of the budgetary norms of Ukraine «Guidelines for Determining the Cost of Construction», approved by the Ministry of Development of Communities and Territories of Ukraine on 01.11.2021, No. 281, and sectoral construction standards ГБН Г.1-218-182:2011 «Repair of Public Roads. Types of Repairs and List of Works», approved by the State Road Service of Ukraine on 23.08.2011, No. 301).
- 2** Development of a Procedure of Interaction of internal participants in the procurement process, as an element of the procurement policy of the LSG body/ contracting authority, detailing the rights and responsibilities of authorized/responsible persons of the contracting authority, establishing a decision-making control system, and the procedure for involving the authorized person in corruption prevention in the procurement process.
- 3** Introduction of a periodic (monthly or quarterly) reporting system on procurement to the contracting authority's management.
- 4** Development of a Regulation on Contract Work as an element of the procurement policy, outlining the procedures for accepting goods, works, or services.



- 5 Adoption of a comprehensive document (e.g., procurement policy) covering regulatory documents that encompass the entire contracting authority 's procurement process. This document includes the procedure for interaction between all process participants and specific provisions (on contractual work, acceptance of goods, works, or services), orders, and application forms. It also involves periodic reporting to the contracting authority's management (especially for procurement subject to AMCU appeal).

Best Practices: As an example of implementing a procurement policy, the [experience of the Vinnytsia City Clinical Emergency Medical Hospital](https://www.vinnitsia.gov.ua/en/procurement) can be considered [https](https://www.vinnitsia.gov.ua/en/procurement). However, such documents should be adopted at the level of the LSG and extended to controlled contracting authorities.

Data Sources for Analysis: Data from the Prozorro electronic procurement system; documents confirming the actual supply of goods, provision of services, or performance of work.

- 12 Indicator (Function of LSG): Identification of the structural unit or officials responsible for internal control functions in the procurement process.

General Description

The internal control system is a key tool in preventing corruption, particularly within procurement processes. **Ineffectiveness in such control can be indicated by the following factors:**

- Existence of complaints from potential participants in the electronic procurement system regarding discriminatory and/or excessive requirements not stipulated by current legislation in the tender documentation;
- Involvement of representatives of participants/affiliated consultants in the development of tender documentation, as evidenced by metadata;
- Presence of media reports suggesting possible connections between employees of the contracting authority and participants.

Corruption Risks

Probability of abuse by a responsible person during the preparation of tender documentation, decision-making with the aim of obtaining undue advantages.

Sources of Corruption Risks

- Discretionary powers of the responsible official and/or their lack of professionalism.
- Ineffective distribution of procurement planning responsibilities, absence of internal control systems, and response mechanisms to complaints.



- Complaints from potential participants in the electronic procurement system regarding discriminatory and/or excessive requirements not stipulated by current legislation.
- Involvement of representatives of participants/affiliated consultants in the development of tender documentation, as evidenced by metadata.
- Media reports suggesting possible connections between employees of the contracting authority and participants.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Functioning of a structural unit or officials responsible for internal control functions in the procurement process.
- 2** Introduction of procurement policies that include standard samples of requests from internal contracting authorities (structural units), the procedure for interaction among internal procurement process participants, the Regulation on Contract Work (including typical project contracts and the procedure for accepting goods, works, or services), and the distribution of responsibilities for organizing the procurement process (e.g., designating responsibility for publishing justification on the contracting authority's website according to the Resolution of the Cabinet of Ministers of Ukraine No. 710).
- 3** Adoption of a comprehensive document (e.g., procurement policy) that includes regulatory documents covering the entire contracting authority's procurement process. This document consists of the procedure for the interaction of all process participants and specific provisions (on contractual work, the procedure for accepting goods, works, or services), orders, and application forms. It also involves periodic reporting to the contracting authority's management (especially for procurement subject to AMCU appeal).

Best Practices: The [experience of Vinnytsia City Clinical Emergency Medical Hospital](#) can be considered as an example of implementing a procurement policy.

However, such documents should be adopted at the LSG level and extended to controlled contracting authorities.

Data Sources for Analysis: Relevant regulatory acts of local self-government bodies (e.g., city council decisions, decisions of city executive committees, orders of the city mayor, orders of heads of structural units of local executive committees, etc.).



- 13** Indicator (Function of LSG): Execution of additional agreements for unit price increase.

General Description

Fluctuations in the unit price of goods in the market are one of the most common reasons for changing significant contract terms, often exploited by contracting authorities. However, the practice reveals that they do not always do so in good faith. Consequently, additional agreements concluded are deemed invalid by the court, and unlawfully acquired funds are recovered from the winners in favor of the contracting authorities. Typically, such legal decisions result from lawsuits filed by the prosecutor's office. There is no consistent legal position on the legitimacy of concluding such additional agreements, creating risks for contracting authorities to have the legal act declared void.

Unscrupulous participants and colluders, during collusion, may intentionally use price dumping to subsequently enter into additional agreements. In such cases, the additional agreement can lead to either direct losses due to the specified price, inflated compared to the market, or a very low price during the auction, gradually rising to the market level – a means of unfair competition.

Corruption Risks

Probability of using price dumping to win an auction and then effectively nullify its results through additional agreements.

Sources of Corruption Risks

- Legal ambiguity in applying grounds for making changes to increase the unit price due to market price fluctuations, absence of a list of entities capable of confirming such fluctuations, and lack of requirements for documentary evidence of market price fluctuations.
- Ambiguous judicial practice regarding the legitimacy of concluding additional agreements to increase the unit price due to market fluctuations.
- Poorly prepared contract draft lacking provisions for amending or containing a formally outlined procedure with undetailed grounds for making changes to significant contract terms.
- Inadequate supervision by the contracting authority's management over contract work when responsibility for concluding additional agreements is placed on a manager.

Level of Corruption Risks: High.



Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Development of a Regulation on Contract Work recommending model procurement contracts with a detailed procedure for amendments and clear documentary evidence requirements for such fluctuations.
- 2 Publication of documents in the electronic procurement system based on which additional agreements have been concluded to increase the unit price.
- 3 Update of the model contract for the purchase of goods, considering current judicial practice.
- 4 Implementation of a periodic (monthly or quarterly) reporting system on procurement to the contracting authority's management.

Best Practices: [Procedure for Contract Work](#) in the Starokostiantyniv City Council.

[Regulation on the Procedure for Contract Work](#) in the State Judicial Administration of Ukraine and its territorial offices.

[Procedure for Contract Work](#) in the Secretariat of the Sviatoshyn District State Administration in Kyiv.

Data Sources for Analysis: Data from the Prozorro electronic procurement system; data from the professional analytics module Prozorro (bipro.prozorro.org), data from the Unified State Register of Court Decisions.

- 14 Indicator (Function of LSG): Ability to independently determine the «contracting authority» status according to the Law of Ukraine «On Public Procurement» for communal enterprises.

General Description

Contracting authorities are entities defined according to Article 2 of the Law of Ukraine «On Public Procurement», engaging in the procurement of goods, works, and services in accordance with the Law of Ukraine «On Public Procurement.»

During the registration of the Contracting Authority in the system, they must choose their category, which will then be reflected in the Prozorro system.

Legal entities falling under the third category of contracting authorities include enterprises, institutions, organizations (except those defined in points 1 and 2 of this section), and their associations that meet the needs of the state or territorial community, provided such activities are not conducted on an industrial or commercial basis, with one of the following characteristics:

- A legal entity acts as the manager or recipient of budget funds.
- State authorities, local self-government bodies, or other customers own a majority of votes in the higher governing body of the legal entity.



- In the statutory capital of the legal entity, the state or communal share of shares (portions, stakes) exceeds 50 percent.

A legal entity in this case may have only one of the above characteristics. For example, a contracting party that is not the manager or recipient of budget funds but has the state's share of shares exceeding 50% falls into this category.

Corruption Risks

1. Legal ambiguity in applying grounds to determine the status of contracting authority according to the Law of Ukraine «On Public Procurement».
2. Ambiguous judicial practice regarding the legitimacy of conducting public procurement by communal enterprises outside the electronic procurement system.

Sources of Corruption Risks

- Communal enterprises applying only certain characteristics defining the status of contracting authority instead of conducting a comprehensive analysis of the legislation.
- Legal uncertainty in determining the status of contracting authority concerning communal enterprises.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 All communal enterprises of the LSG body have regulations in their statutes governing public procurement in accordance with the Law of Ukraine «On Public Procurement» in the status of contracting authority.
- 2 Control authorities of relevant communal enterprises (departments, administrations, divisions, etc.) periodically verify compliance with procurement legislation by supervised communal enterprises.
- 3 Implementation of public reporting by communal enterprises with a mandatory section on quantitative and value indicators for public procurement.
- 4 Development of procurement efficiency indicators in contracts for managers depending on performance, with stimulating payments or the possibility of terminating employment relationships.
- 5 Updating the statutes of communal enterprises (if they do not contain regulations governing public procurement in the status of contracting authority according to the Law of Ukraine «On Public Procurement») and including efficiency indicators for procurement in manager contracts.



Best Practices: [A section on the website](#) of the Khmelnytskyi Communal Enterprise «Spetskomuntrans» regarding public procurement.

Data Sources for Analysis: Data from the Prozorro electronic procurement system, E-data.

- 15** Indicator (Function of LSG). Holding procurements without using the electronic procurement system¹⁸.

General Description

Article 3 of the Law of Ukraine «On Public Procurement» (during the state of war – Paragraph 13 of Special Provisions) allows for the possibility of conducting procurements without using the electronic procurement system. Such exceptions enable the contracting authority to choose suppliers of goods, service providers, or contractors and enter into direct contracts with them. These procurements are identified as procurements without using the electronic procurement system.

Corruption Risks

1. Possibility of preparing justification for the application of exception based on documents that lack facts, arguments, or evidence.
2. Possibility of using general documents (orders of the central authorities) as documentary evidence for applying the exception, which may formally relate to a specific procurement.

Sources of Corruption Risks

- Absence of legislative requirements regarding the content and completeness of justification for applying the exception to procurements without using the electronic procurement system.
- Lack of legislative requirements for documentary confirmation of applying the exception to procurements without using the electronic procurement system.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Availability of published justification for the basis of applying the exception to conducting procurements without using the electronic procurement system and justification for choosing the winner in the electronic procurement system.

¹⁸ Exceptions in accordance with Paragraph 7, Article 3 and Part 2, Article 40 of the Law of Ukraine «On Public Procurement» (for the period of martial law - Paragraph 13 of Special Provisions)



- 2 Implementation of internal control procedures for the actions of the authorized person of the contracting authority that would exclude intentional selection of winners for personal motives.
- 3 Development of internal procurement policies detailing the rights and responsibilities of authorized/responsible persons of the contracting authority, establishing a control system for decision-making, and the procedure for involving the officer for corruption prevention for conducting exception-based procurements.
- 4 Adoption of a comprehensive document (e.g., procurement policy) that includes regulatory documents covering the entire procurement process of the customer. This document outlines the interaction of all process participants, specific provisions (on contractual work, procedures for accepting goods, works, or services), orders, and application forms. It should also include periodic reporting to the contracting authority's management (especially for challenged procurements to the AMCU).

Best Practices: As an example of implementing a procurement policy, the [experience of the Vinnytsia City Clinical Emergency Medical Hospital](#) can be considered. However, such documents should be adopted at the level of the LSG and extended to controlled contracting authorities.

Data Sources for Analysis: Data from the Prozorro electronic procurement system.



Section 5. ANTI-CORRUPTION ACTIVITIES

- 1 Indicator (Function of LSG): Ensuring the functioning of the anti-corruption authorized entity in the LSG body.

General Description

Anti-corruption legislation specifies that, for the organization and implementation of measures to prevent and detect corruption as stipulated by the Law of Ukraine «On Corruption Prevention» in regional, city, and district councils, an authorized unit (person) responsible for preventing and detecting corruption must be formed or designated. To determine the staffing requirements for such a person or unit, the NACP Order dated 26.04.2021, No. 240/21 establishes minimum staffing requirements («On Establishing Mandatory Requirements for the Minimum Staffing of the Authorized Unit for Corruption Prevention and Detection in State Authorities»).



The head of the relevant local self-government body ensures the independence guarantees of the authorized unit (authorized person) from influence or interference in its (his/her/their) work.

Corruption Risks

The possibility of improper functioning of the corruption prevention system in the LSG due to the absence of an authorized unit (person) for preventing and detecting corruption. The failure to form (or designate) an authorized unit (person) responsible for the prevention and detection of corruption by the LSG management leads to a series of corrupt or corruption-related violations and other violations of the Law on Corruption Prevention.

Sources of Corruption Risks

- Failure to appoint (or designate) a person in the LSG responsible for the corruption prevention and detection.
- Lack of interest from the LSG management in appointing a person responsible for corruption prevention and detection.
- Absence in the provisions of the Law of Ukraine «On Local Self-Government in Ukraine», the Law of Ukraine «On Service in Local Self-Government Bodies» of requirements for ensuring that village, town, and city mayors, within the scope of their powers prescribed by law, take measures to prevent corruption and monitor ➤ The Law of Ukraine «On Corruption Prevention» does not establish requirements for the formation (or designation) of authorized units (authorized persons) for corruption prevention and detection in village and town councils.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Strict adherence to Article 13-1 of the Law «On Corruption Prevention», which provides for the formation (or designation) of authorized units (authorized persons) for corruption prevention and detection.
- 2 Amendments to the Council's Regulations to include norms regarding the functioning of the corruption prevention system and the anti-corruption officer.
- 3 Appointment (or designation) of a person in the LSG responsible for the prevention and detection of corruption.
- 4 Initiative from the LSG management to discuss the necessity of forming (or designating) an authorized unit (authorized person) for the prevention and detection of corruption in the LSG and ensuring the implementation of anti-corruption measures in the community during operational meetings, parliamentary committees, and advisory board meetings.



Best Practices: Information about the [established sector for corruption prevention and integrity promotion](#) is available on the Lviv City Council website.

The Kharkiv City Council website contains [information about the service for corruption prevention and detection](#).

Data Sources for Analysis: Staffing table and organizational structure of executive bodies of the council; chairperson's orders on appointments or assignment of duties, job instructions or provisions regarding the anti-corruption officer; council regulations, and other internal documents defining the principles of organization.

Useful Links: [Results of the study](#) on effectiveness of anti-corruption officers in 2020.

[NACP Recommendations](#) on the Planning of the Anti-Corruption Officer's Work.

2 Indicator (Function of LSG): Development of LSG draft acts.

General Description

Local self-government bodies are endowed with extensive powers, as defined in the Law of Ukraine «On Local Self-Government in Ukraine». In the course of exercising these powers, they may develop draft acts that will define legal relations at the local level. Decisions are made during council sessions.

Corruption Risks

The possibility of incorporating corruptive elements into LSG draft acts.

Sources of Corruption Risks

- Lack of anti-corruption expertise and procedures of endorsing the regulatory acts by the authorized unit (authorized person) responsible for corruption prevention and detection.
- Lack of control by the legal department during the stage of forming drafts of administrative functions. A large number of documents submitted for endorsement to the authorized person responsible for corruption prevention and detection makes it impossible to thoroughly and qualitatively analyze them.
- Distance of structural units from the administrative building of the LSG.
- Absence of mandatory submission for endorsement of draft acts introduced by deputies.

Level of Corruption Risks: High.



Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Amendment to the Instruction on Document Management in the LSG, Procedure for Preparing Draft Decisions of the executive committee, and orders of the chairperson regarding the involvement of the authorized person in conducting anti-corruption expertise and endorsing internal documents (orders, decisions) depending on their types.
- 2 Amendment to the Instruction on Document Management in the LSG to include the obligation to submit draft acts introduced by deputies for endorsement.
- 3 Analysis, anti-corruption expertise, and endorsement of document drafts by the anti-corruption officer. In case of non-approval of document drafts by the anti-corruption officer, providing reasoned justifications for such non-approval and informing the chairperson about identified corruptive factors.

Best Practices: [Instruction on Document Management](#) of Poltava City Council. [Instruction on Document Management](#) of Lviv City Council.

Data Sources for Analysis: Instruction on Document Management or Document Flow; Procedure for preparing draft decisions of the executive committee and orders of the chairperson.

Useful Links:

[Rules for organizing document management and archival storage in state bodies, local self-government bodies, enterprises, institutions, and organizations.](#)

[Procedure for preparing the Instruction on Document Management in the LSG body.](#)

NACP methodological materials on the endorsement of draft acts: [Methodological guidance on the endorsement of draft acts by the anti-corruption officer](#), [Algorithm for the endorsement of draft acts by the anti-corruption officer](#), [Guide «How to Draft Legal Acts Without Corruption»](#), online course [«On Professional Endorsing»](#).

- 3 Indicator (Function of LSG): Citizen engagement in decision-making in LSG.

General Description

Articles 3 and 5 of the Law of Ukraine «On Local Self-Government in Ukraine» grant citizens the right to participate in local self-government. Citizens can engage in local self-government through various forms of civic participation, such as public hearings, local referendums, civic councils, consultations with the public, local initiatives, and more. Effective citizen participation in local affairs is crucial for establishing a transparent and open system of local self-government and helps reduce corruption risks.



However, recognizing the role of public involvement, unscrupulous LSG officials or deputies may deliberately limit citizen participation in decision-making in the city council to gain unlawful benefits for themselves or others (e.g., making decisions on building office spaces instead of schools without considering public opinion). There can be numerous ways to realize such a risk, such as closed council sessions, non-publication or incomplete publication of information on the official website of LSG regarding any «planned» interaction with the public to avoid public scrutiny, and pseudo-engagement of the public with individuals close to the LSG who do not engage in actual civic activities.

Corruption Risks

1. The possibility of council deputies holding closed council sessions to prevent citizen influence on knowingly illegal decisions (e.g., decisions made in conditions of conflicts of interest or for which deputies could gain illegitimate benefits).
2. The possibility of concealing information about any «planned» interaction with the public to avoid public scrutiny of knowingly illegal decisions.
3. The possibility of unimpeded approval of inefficient decisions, decisions containing corruption risks, or decisions made in conditions of conflicts of interest through the simulation of public engagement (e.g., creating and conducting pseudo-public hearings).

Sources of Corruption Risks

- Lack of provisions in the statutes of territorial communities regarding citizen engagement in decision-making in LSG or the absence of internal regulations on these matters.
- Lack of incentives for the public to participate in community life and control over draft decisions or adopted decisions.
- Lack of necessary knowledge and information among community residents about various forms of civic participation and ways to implement them.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Inclusion of provisions on forms of civic participation in the statute of the territorial community (if adopted), clearly defining the conditions and methods of such participation.
- 2 Development of internal regulations (in the absence of a statute) containing clear provisions on forms of civic participation and guarantees for ensuring such participation.



- 3 Decision-making on incentives for the public to actively participate in community life, promote the development of local self-government processes, and control over adopted decisions (e.g., by awarding prizes).
- 4 Conducting informational campaigns to educate community residents about forms of civic participation and interaction with LSG (through training, promotional materials, publications, etc.).

Best Practices: [Decision of Kyiv City Council dated 27.10.2005](#), No. 256/3717 «On the Prize of Kyiv City Council for the Contribution of Youth to the Development of Local Self-Government», which approves the regulations on the Prize of Kyiv City Council for the contribution of youth to the development of local self-government.

[Regulation on public hearings](#) in the city of Kropyvnytskyi, establishing a clear procedure for initiating, preparing, and conducting public hearings, taking into account their results by LSG bodies, and which is an appendix to the Statute of the territorial community of the city of Kropyvnytskyi.

Data Sources for Analysis: Official website of the LSG body (especially the section on public participation); statute of the territorial community; internal regulations on civic participation or interaction of residents with LSG; city ratings of the [«Transparent Cities» program](#) based on the criterion of access and participation of the public.

- 4 Indicator (Function of LSG): Implementation of a corruption risk management system in all areas of LSG activities.

General Description

The Law of Ukraine «On Corruption Prevention» (Article 19) establishes the obligation for approval and coordination of anti-corruption programs with the National Agency on Corruption Prevention exclusively at the level of regional (oblast) councils. Due to the absence of the requirement for their coordination with NACP, local self-government bodies of other levels do not conduct assessments of corruption risks and do not approve anti-corruption programs. Meanwhile, the scope of powers and tasks does not differ from the community level. Therefore, corruption risks are possible in the activities of both city and district or town councils.

Failure to implement the corruption risk management process will hinder the identification of deficiencies in activities of the LSG body that may lead to corrupt or corruption-related offenses, negatively impacting LSG operations. The absence of a corruption risk assessment procedure also prevents determining the likelihood of LSG employees committing corrupt or corruption-related offenses, identifying the causes, conditions, and consequences of possible offenses.



Corruption Risks

Failure to implement the corruption risk management process in all areas of LSG activities.

Sources of Corruption Risks

1. Failure to conduct assessments of corruption risks in LSG activities.
2. Lack of responsible persons for conducting corruption risk assessments.
3. Lack of communication with LSG stakeholders (structural units performing functions prone to corruption violations: budget allocation, procurement, property management, land relations, urban planning, etc.) regarding corruption risk management.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks)

1. Decision-making on conducting corruption risk assessments in LSG activities, forming working groups, and conducting assessments.
2. Conducting public discussions and approval of a document on corruption risk management (e.g., Anti-Corruption Program, Integrity Plan, etc.).
3. Conducting an information campaign among community residents about the corruption risk assessment to involve the public.
4. Active cooperation with anti-corruption and human rights non-governmental organizations in providing proposals for implementing the corruption risk management process in LSG activities.
5. Publishing the results of the conducted corruption risk assessment on the website of the LSG body.
6. Monitoring and evaluating the implementation of measures to mitigate identified corruption risks.

Best Practices: Boryslav City Community approved [the Anti-Corruption Program](#).

Zhytomyr City Council approved [the Integrity Plan](#). [The Integrity Plan](#) of Chervonohrad City Council 2020-2022.

Data Sources for Analysis: Legal framework; external and internal stakeholders; internal documents; results of checks and audits; open data and registers; complaints, reports, and reporting of corruption, and materials of their consideration; results of surveys and interviews of employees, deputies, contractors; official websites of local councils.

Useful Links:

[Strategic Risk Analysis](#) in LSG activities by NACP.



- 5** Indicator (Function of LSG): Ensuring the operation of channels for reporting possible facts of corruption or corruption-related violations, and other violations of the Law of Ukraine «On Corruption Prevention».

General Description

The Law of Ukraine «On Corruption Prevention» (Article 53-1) requires state bodies, including local self-government bodies, to provide conditions for reporting information on possible facts of corruption or corruption-related violations, and other violations. In particular, they are obligated to ensure the operation of internal channels for reporting possible facts of corruption or corruption-related violations, and other violations of this Law. The failure to provide opportunities for reporting possible facts of corruption or corruption-related violations, and other violations of the Law «On Corruption Prevention», deprives whistleblowers of their rights and eliminates the possibility of responding to potential violations of anti-corruption legislation.

Corruption Risks

Failure to ensure the operation of internal and regular channels for reporting possible facts of corruption or corruption-related violations, and other violations of the Law of Ukraine «On Corruption Prevention».

Sources of Corruption Risks

- Absence of all channels for reporting corruption as stipulated by the Law of Ukraine «On Corruption Prevention».
- Prejudiced attitude of LSG officials, representatives of the deputy corps, or LSG management towards the activities of whistleblowers.
- Inadequate coverage of the negative impact and consequences of corruption manifestations on the society's livelihood.
- Presence of unofficial ways of reporting corruption: personal phone numbers, email addresses of the authorized person for corruption prevention and detection.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks):

- 1** Ensuring the publication of information with a link to the NACP Unified Portal for Whistleblower Reports and establishing a special hotline for reporting possible facts of corruption or corruption-related violations, and other violations of the Law of Ukraine «On Corruption Prevention» (Article 53-1 of the Law of Ukraine «On Corruption Prevention»).



- 2 Enabling the possibility of reporting corruption outside working hours on a special telephone line.
- 3 Ensuring the independence of the authorized person for corruption prevention and detection when dealing with reports.

Best Practices: The Dnipro City Council website provides [channels for reporting corruption](#).

Data Sources for Analysis: Official websites of local councils; instructions for document management or document flow; policies on handling reports of corruption; complaints, reports, and reports of corruption that have been received, and materials of their consideration.

Useful Links:

[Order of the National Agency on Corruption Prevention](#) dated 31.08.2023, No. 190/23 «On the Commencement of the Unified Portal for Whistleblower Reports» and other materials related to the portal launch.

- 6 Indicator (Function of LSG): Ensuring the protection of whistleblower rights and guarantees.

General Description

According to Part 1 of Article 53-5 of the Law of Ukraine «On Corruption Prevention», it is prohibited to disclose information about the whistleblower, their close relatives, or other data that may identify the whistleblower, their close relatives, to third parties not involved in the consideration, verification, and/or investigation of the reported facts, as well as to individuals whose actions or inaction are related to the reported facts. Despite the whistleblower’s right to confidentiality, LSG officials with access to information about the whistleblower and having friendly relations with individuals related to the report may unlawfully disclose information about the whistleblower, leading to negative repercussions.

Corruption Risks

The possibility of disclosing information about the whistleblower and their close relatives.

Sources of Corruption Risks

- Personal interest of LSG officials in disclosing information about the whistleblower to apply negative repercussions.
- Prejudiced attitudes of LSG officials, representatives of the parliamentary body, or LSG management towards the activities of whistleblowers.
- Inadequate coverage of the negative impact and consequences of corrupt



- Failure of the LSG body to provide secure channels for reporting corruption.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Approval of an internal document defining the procedure for handling corruption reports, including the process of receiving, registering, documenting, and controlling access to them.
- 2 Providing amendments to the instructions on document management to facilitate the submission of corruption reports through the NACP Unified Whistleblower Portal. Also, implementing measures to prevent unauthorized access to physical carriers of information containing data that could identify the whistleblower.
- 3 Publication of information on the official website of the LSG body regarding the organizational principles of whistleblower functioning and positive outcomes of their activities, along with providing personal consultations if needed by the authorized person for corruption prevention and detection.
- 4 Development and approval of rules ensuring the confidentiality of whistleblowers during the processing of corruption reports, following the model provided in the Appendix to the NACP Explanation dated 24.02.2021 No. 4 «On Ensuring the Whistleblower's Right to Confidentiality and Anonymity.»

Best Practices: The main page of [website of Vinnytsia Regional Council](#) includes a link to the NACP Corruption Reports Portal.

Data Sources for Analysis: Official websites of local councils; internal policies regarding whistleblower interaction and handling of corruption reports, as well as appeals, complaints, and reports of corruption received, along with materials related to their review.

Useful Links: [NACP Knowledge Base and recommendations for working with whistleblowers.](#)

- 7 Indicator (Function of LSG): Organization of handling reports on possible corruption or corruption-related offenses, and other violations of the Law of Ukraine «On Corruption Prevention».

General Description

Due to a low level of corruption disclosure culture, there is a probability that public officials or LSG deputies may not report possible corruption or corruption-related offenses. This may lead to violations of anti-corruption legislation and the realization of corrupt schemes.



Corruption Risks

The possibility of public officials or LSG deputies not reporting possible corruption or corruption-related offenses.

Sources of Corruption Risks

- Insufficient culture of corruption reporting within the LSG body (lack of motivation among officials to make reports on corruption).
- Insufficient awareness of LSG officials regarding the correct procedures for reporting corruption. Inadequate coverage of the negative impact and consequences of corrupt practices on society's livelihood.
- Prejudiced attitudes of LSG officials, representatives of the deputy corps, or LSG management toward the activities of whistleblowers.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Development and approval of local acts (mechanisms) determining forms of encouragement for reporting corruption violations and organizational principles for the functioning of the incentive mechanism.
- 2 Providing a system of moral and material incentives for whistleblowers within the LSG.
- 3 Posting information on the official website of the LSG body regarding the organizational principles of whistleblower functioning and positive outcomes of their activities. Additionally, providing personal consultations if needed by an authorized person for corruption prevention and detection.

Best Practices: [Kharkiv City Council has provisions](#) for encouraging whistleblowers and forming a culture of reporting on possible corruption or corruption-related offenses.

Mohyliv-Podilskyi City Council has approved [regulations for the implementation of mechanisms](#) for encouraging whistleblowers and forming a culture of reporting on possible corruption or corruption-related offenses, and other violations of the Law of Ukraine «On Corruption Prevention».

Kropyvnytskyi City Council has approved [an order for encouraging whistleblowers and forming](#) a culture of reporting on possible corruption or corruption-related offenses.



Data Sources for Analysis: Official websites of local councils; internal policies on working with whistleblowers; policies on handling reports of corruption, as well as appeals, complaints, and reports of corruption received, and materials related to their consideration.

Useful Links: [State Anti-Corruption Program](#), Methodological materials by NACP: online course [«Protecting Whistleblowers»](#), educational series [«Whistleblower in the Law»](#).

- 8** Indicator (Function of LSG): Ensuring information dissemination about community activities.

General Description

Communication efforts of local self-government bodies constitute a crucial set of measures aimed at interacting with the community and other external stakeholders, aimed to foster the development of the territorial community. To enhance effectiveness and build trust in local governance, communities may develop strategic documents in the field of communication.

A communication strategy is an auxiliary strategic document designed to facilitate productive interaction between the local self-government body and community residents. The presence of a clear communication strategy ensures more efficient achievement of community goals and tasks outlined within the framework of the Community Development Strategy, Socio-Economic Development Program, and other programs implemented by the community.

A specific part of the overall information on community work includes information on anti-corruption activities and the implementation of other measures related to corruption prevention and detection. This also helps integrate this work into all other functions of the community. Additionally, demonstrating active efforts in combating corruption builds trust among citizens and council partners.

The importance of communication for accountability and transparency is heightened by the Cabinet of Ministers of Ukraine adopting the Decree dated 22.12.2023, No. 1203-p, «On Approval of the Communication Strategy in the Field of Corruption Prevention and Counteraction for the Period until 2025 and Approval of the Operational Plan for Its Implementation». Therefore, the inclusion of an anti-corruption focus is a crucial component of the communication strategy.

Corruption Risks

1. Possibility of publishing unreliable information and/or misinformation about the LSG body's work by unscrupulous media or other information resources or individuals.
2. Possibility of withholding public information (including in the form of open data) whose publication or provision upon request is mandatory.



3. Possibility of not respecting citizens' rights to participate in decision-making by local self-government bodies due to the lack of reliable and open information on mechanisms for involving citizens in community work.

Sources of Corruption Risks

- ▶ Lack of resources in local self-government bodies for improving information resources and professional communication managers.
- ▶ Lack of a communication culture in communities.
- ▶ Absence of requirements and uniform approaches to the development of community communication strategies.

Level of Corruption Risks: Low.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Developing a communication strategy involving all stakeholders (government representatives, active community members, local businesses, and experts) through public discussions, focus groups, and other means of interaction.
- 2 Including anti-corruption focus in the communication strategy for informing the community, local government employees, and other community stakeholders.

Best Practices: [Communication Strategy](#) of Mena City Territorial Community for 2023-2025.

Data Sources for Analysis: Official website of local self-government bodies (especially the anti-corruption section); community development strategy; communication strategy (if available); NAPC research [«Effective Communication of the Anti-Corruption Officer on the Website of Public Sector Organization»](#); [Communication Strategy in the Field of Corruption Prevention and Counteraction for the Period until 2025 and Approval of the Operational Plan for Its Implementation](#).

- 9 Indicator (Function of LSG): Conducting a special check of candidates for positions in local self-government bodies.

General Description

In accordance with Article 56 of the Law «On Corruption Prevention» special checks are carried out for individuals aspiring to hold positions involving significant or responsible roles, as well as positions with an elevated risk of corruption, particularly within local self-government bodies. Special checks apply to information about individuals specified in Part 3, Article 56 of the Law. There is a possibility that the council may elect/approve or the head of the LSG may appoint a person to a position without conducting a special check or may conduct it incompletely. Such actions may be influenced by personal interests of the LSG chairperson or officials responsible for conducting special checks in the LSG body, including financial interests in the pre-defined appointment.



Corruption Risk

The likelihood of appointing a person to a position without conducting a special check or conducting it incompletely.

Sources of Corruption Risks

- Absence of internal procedures for conducting special checks in the LSG body.
- Lack of control measures over the special check process (non-involvement of the anti-corruption officer in conducting special checks).
- Lack of knowledge of anti-corruption legislation, particularly regarding the fact that elected or approved individuals for relevant positions must submit documents for a special check within 3 working days from the date of their election or approval.

Level of Corruption Risks: Medium.

Indicative Value (Measures to Mitigate Corruption Risks):

- 1 Developing an internal document outlining the algorithm and responsibility distribution for conducting special checks in the LSG body.
- 2 Implementing effective leadership oversight over the process of conducting special checks.
- 3 Ensuring endorsement by the anti-corruption officer of the document on conducting a special check, the certificate of check results, and the executive act regarding the appointment of an individual.
- 4 Conducting explanatory and educational work with the employees responsible for organizing the special check process.

Best Practices: Baranivka City Council issued [Clarifications](#) regarding changes to the procedure for special checks of individuals aspiring to occupy positions related to performing state or local self-government functions.

Sources for Analysis: Personnel records; requests for special checks; responses to requests and certificates of check results; appointment orders for employees.

Useful Links: [Checklist](#) for preparing for a special check.

- 10** Indicator (Function of LSG): Selection of candidates for vacant positions in LSG bodies.

General Description

Appointments to positions in local self-government bodies are made through a competitive process. Part 2, Article 10 of the Law of Ukraine «On Service in Local Self-Government Bodies» stipulates that the competition for employment in local



self-government bodies is conducted in accordance with the legislation of Ukraine on public service. According to the Procedure for conducting a competition to fill vacant positions of public servants, approved by the Cabinet of Ministers of Ukraine on 15.02.2002, No. 169, which is applied when hiring in local self-government bodies, the competition process involves three stages (announcement of the competition, collection of documents, and conducting interviews and examinations). For each vacant position, conditions for conducting the competition are determined, including requirements for the professional and personal qualities of the candidate. Specifically, among the crucial personal qualities for positions in LSG, «integrity» is recognized as a requirement for general competencies. This refers to the ability to direct one's actions to protect public interests, avoid conflicts between private and public interests, and efficiently manage government resources. Additionally, before appointment to a position, it is crucial to verify whether the candidate adheres to the general rules of ethical conduct for LSG officials.

Corruption Risk

Probability of appointing individuals lacking integrity and/or professional qualifications to positions.

Sources of Corruption Risks

- Absence of an internal procedure for checking the integrity of candidates.
- Potential for abuse during the selection process due to the absence of a comprehensive list of criteria and requirements for candidates.
- Desire to obtain an unlawful benefit by facilitating appointment to a position.

Level of Corruption Risks: Medium.

Indicative Value (Measures (to Mitigate Corruption Risks))

- 1 Inclusion of the anti-corruption officer in the personnel selection committee or monitoring of its work.
- 2 Determination of the competition procedure including the compilation of a comprehensive list of documents and selection criteria, ensuring the publicity of the competition.
- 3 Conducting integrity checks on candidates by the anti-corruption officer.

Best Practices: [Anti-corruption onboarding](#) procedure for personnel in Lviv Regional State Administration.

Data Sources for Analysis: Normative and local procedures for staff recruitment; qualification requirements for positions; principles of integrity checks on candidates; complaints about the commission's activities, or legal disputes challenging the results of the selection procedure.



Useful Links: [Guidelines on Conducting Integrity Checks on Candidates for Positions Vulnerable to Corruption Risks.](#)

- 11** Indicator (Function of LSG): Adherence to the prohibition for officials of LSG bodies to engage in other paid or entrepreneurial activities.

General Description

In accordance with Part 1, Article 25 of the Law of Ukraine «On Corruption Prevention», village, town, and city mayors, as well as officials of local self-government bodies, are prohibited from engaging in other paid activities (except for teaching, scientific and creative activities, medical practice, coaching and sports judging) or entrepreneurial activities. Despite the established restrictions, these individuals may undertake activities unrelated to their LSG functions, which are their primary positions, and that are either paid or can be paid.

Corruption Risks

Probability of the LSG body officials engaging in other paid or entrepreneurial activities.

Sources of Corruption Risks

- Improper organization of work related to providing methodological and advisory support regarding restrictions on part-time work and combining with other types of activities.
- Low salary levels for LSG officials. Desire of LSG officials to receive additional income.
- Lack of awareness among LSG officials about restrictions on part-time work and combining with other types of activities.

Level of Corruption Risks: Low.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1** Preparation and dissemination of informational materials on restrictions regarding part-time work/combining with other types of activities.
- 2** Establishment of a system to inform LSG officials about the responsibility for violating requirements related to part-time work and combining with other types of activities.
- 3** Orientation sessions conducted by an authorized person for corruption prevention and detection for newly hired employees regarding the requirements of anti-corruption legislation, especially those related to engaging in other paid activities.



- 4 Training sessions conducted by an authorized person for corruption prevention and detection for employees to ensure compliance with anti-corruption legislation, particularly regarding engaging in other paid activities.
- 5 Regular monitoring by an authorized person for corruption prevention and detection of compliance with restrictions on part-time work and combining with other types of activities.

Best Practices: Cherkasy Regional Council conducts anti-corruption training for employees and deputies, communicating it through its [official website](#).

Data Sources for Analysis: Training plans for LSG employees; surveys on employee awareness of anti-corruption legislation requirements; availability of memoranda or informational letters about anti-corruption legislation requirements; availability of methodological materials; official websites of local self-government authorities.

Useful Links: Guide [«Modern Approaches to Anti-Corruption Training: Tips for Anticorruption Officers»](#).

- 12 Indicator (Function of LSG): Compliance with financial control requirements by officials of LSG and deputies.

General Description

Officials and deputies of local self-government bodies are obligated, according to Article 45 of the Law of Ukraine «On Corruption Prevention», to submit electronic declarations by filling them out on the official website of NACP. The authorized person for corruption prevention and detection must provide consultative assistance regarding the declaration process and verify the submission of declarations. In case of non-submission and/or untimely submission of declarations, the authorized person for corruption prevention and detection is required to forward the relevant information to NACP. Article 46 of the Law of Ukraine «On Corruption Prevention» defines the information to be specified in the declaration.

There is a probability that deputies of councils and officials of LSG, with the aim of concealing their true assets, including those acquired unlawfully, provide inaccurate information in the declaration, including:

- Real estate objects;
- Unfinished construction objects;
- Valuable movable property exceeding 100 subsistence minimums;
- Securities;
- Corporate rights;
- Received incomes of the declarant or members of their family;
- Monetary assets, etc.



Corruption Risks

1. Probability of non-submission and/or untimely submission of declarations by officials of LSG and deputies.
2. Submission of knowingly inaccurate information in the declaration by the person authorized to perform functions of local self-government.

Sources of Corruption Risks

- Desire of officials to conceal real assets and unlawfully acquired property or other violations of anti-corruption legislation requirements.
- Lack of awareness of the person regarding the correct completion of all sections of the declaration of assets and income. Interest of the person in concealing their assets.
- Difficulties in working with the Register of declarations of persons authorized to perform functions of the state and local self-government and low technical qualification level of officials.
- Improper organization of work in providing methodological and consultative support on declaration matters. Lack of proper control in the LSG body regarding the submission of declarations.

Level of Corruption Risks: Low.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Training, clarification, and methodological assistance provided by the authorized person for corruption prevention in the LSG body.
- 2 Implementation of a mechanism to inform declarants of changes in legislation, updated explanations, materials, services, and tools related to electronic declaration. Development and adoption of a regulatory document defining organizational issues for the implementation of the electronic declaration campaign in the LSG body.
- 3 Preparation and dissemination of informational materials by the authorized person for corruption prevention regarding the responsibility for knowingly providing inaccurate information in the declaration.

Best Practices: Rivne Regional Council develops and distributes methodological materials on declaration on [its website](#).

Sources for Analysis: Reports of non-submission or untimely submission of declarations by employees and deputies of the council; information on protocols or suspicions sent to the local self-government body regarding employees and deputies; information from the Unified State Register of Persons who Committed Corruption and Corruption-Related Offenses regarding violations of financial control requirements by employees.



Useful Links: NACP Online Course [«Declare Yourself 2023»](#).

- 13** Indicator (Function of LSG): Adherence to the prohibition for LSG officials, directly or through other persons, to demand, request, or receive gifts for themselves or their close persons from legal or physical entities.

General Description

According to Part 1, Article 23, of the Law of Ukraine «On Corruption Prevention» LSG officials are prohibited, either directly or through other individuals, from demanding, requesting, or receiving gifts for themselves or their close persons from legal or physical entities. Despite the established restrictions, officials may, with the intention of satisfying a financial interest, demand, request, or receive gifts for making specific decisions or actions related to the donor, associated with the performance of their LSG body's functions.

Corruption Risks

Possibility of violating established anti-corruption legislative restrictions on receiving gifts.

Sources of Corruption Risks

- ▶ Improper organization of work in providing methodological and consultative support on limitations regarding receiving gifts.
- ▶ Desire of LSG officials to receive a gift with material value.
- ▶ Lack of awareness among LSG officials about restrictions on receiving gifts established by the Law of Ukraine «On Corruption Prevention».
- ▶ Absence or insufficient control over the activities of LSG officials or deputies regarding receiving of gifts.

Level of Corruption Risks: Medium

Indicative Value (Measures (to Mitigate Corruption Risks))

- 1** Development and dissemination of informational materials on restrictions regarding receiving of gifts.
- 2** Ensuring a system to warn LSG officials about the responsibility for violating restrictions on receiving gifts.
- 3** Development and approval of a Code of Conduct for LSG officials and a Code of Deputies' Ethics, including provisions on restrictions regarding receiving gifts.
- 4** Development and approval of procedures for handling gifts identified in the LSG body.



- 5** Підготовка та поширення уповноваженою особою з питань запобігання та виявлення корупції інформаційних матеріалів щодо відповідальності за внесення завідомо недостовірних відомостей у декларацію.

Best Practices: The Novomyrhorod City Council approved the [Procedure for Handling Gifts and Property Received \(Identified\) by Officials](#) of the Novomyrhorod City Council.

Sources for Analysis: Procedure for handling gifts identified in the LSG body; reports of violations of this restriction; facts of gifts received by employees; acts on identified gifts, surveys of employees; information from the Unified State Register of persons who committed corruption and corruption-related offenses.

Useful Links: [NACP Methodological Recommendations](#) on Conflicts of Interest and Compliance with Other Anti-Corruption Prohibitions and Restrictions.

- 14** Indicator (Function of LSG): Decision-making by LSG officials and deputies in conditions of conflict of interest and resolution of identified instances of potential conflict of interest.

General Description

According to Paragraph 3, Part 1, Article 28 of the Law of Ukraine «On Corruption Prevention» deputies of local councils, village, town, and city mayors, as well as officials of local self-government bodies, are obliged not to take actions and make decisions in conditions of a real conflict of interest. During their official/representative duties, deputies of local councils, village, town, and city mayors, as well as officials of local self-government bodies may make certain decisions with the aim of satisfying their private interest or the interest of their close persons.

Also, during voting, council members may, at their discretion and influenced by private interest, consider/disregard legal department remarks on the draft decision without proper justification, and, as a result, decisions may be made by the council against the interests of the community. To smoothly approve ineffective council decisions or those containing corruption risks, pseudo-public hearings are organized with individuals close to the LSG body, who do not engage in real public activities.

Corruption Risks

Probability of deputies of local councils, village, town, and city mayors, as well as officials of local self-government bodies making decisions in conditions of a real conflict of interest.



Indicative Value (Measures to Mitigate Corruption Risks)

- Development of an internal algorithm for reporting the presence of a real or potential conflict of interest.
- Implementation of an internal mechanism for disclosing information about the presence of private interest. Preparation and dissemination among deputies and LSG employees of reference materials (infographics) on the procedure (algorithm) for reporting the presence of a conflict of interest, its resolution with examples of situations of potential or real conflicts of interest.
- Ensuring notification of responsibility for making decisions in conditions of a real conflict of interest.
- Ensuring the presence of an authorized person for corruption prevention at meetings of standing committees and council sessions. Recording audio and/or video of session meetings and maintaining archival files of meeting recordings.

Best Practices: The Netishyn City Council approved the [Procedure for Prevention and Resolution of Conflict of Interest in the Netishyn City Council and its Executive Bodies](#).

Data Sources for Analysis: Procedure for resolving conflicts of interest; reports of violations of this restriction; facts of conflicts of interest among employees; list of close persons in the LSG body; declarations of private interests of employees; surveys of employees; information from the Unified State Register of Persons who Committed Corruption and Corruption-Related Offenses.

Useful Links: NACP Methodological Materials: Guidelines on Conflict of Interest for the Anti-Corruption Official; [Methodological Recommendations on Conflict of Interest](#), Online Course [«Conflict of Interest: From Identification to Resolution»](#).



Section 6. SOCIAL-ECONOMIC INFRASTRUCTURE

1 Indicator (Function of LSG): Management of healthcare institutions.

General Description

According to the Law «On Local Self-Government in Ukraine», the responsibilities of local councils include the management of healthcare institutions, their funding from the local budget, and ensuring accessibility and free medical services within the granted authority.



The leadership of healthcare institutions, in collusion with the health management organization of the LSG body and departmental physicians, may take advantage of patients' lack of understanding regarding which services have already been paid for under the hospital's contract with the National Health Service of Ukraine (NHSU). They may demand or suggest payment for these services.

In doing so, representatives of healthcare institutions may justify the necessity of payment based on factors such as:

- the complexity of treatment or surgical intervention;
- the use of more modern treatment methods;
- high costs of materials or medications;
- the need for more expensive drugs, or their analogs during treatment, and so forth.

Corruption Risks

The likelihood of demanding full or partial payment from patients for a package of services that has already been financed by the NHSU.

Sources of Corruption Risks

- Lack of complete, accessible, and reliable information in communal healthcare institutions regarding financed service packages for patients.
- The inability of the NHSU to effectively control the provision of services to patients in communities.
- Lack of effective mechanisms to control the provision of medical services by the LSG.

Level of corruption risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Including statistics (e.g., funds collected for hospital charity foundations) in budget planning and allocate additional funds for local hospitals to avoid «collections for charity funds» from patients.
- 2 Implementation by local councils of a system for joint public control over the quality of service provision (anonymous surveys, creation of public councils, hearings with institution leaders, etc.).
- 3 Implementation of systematic monitoring and development of clear quality criteria.

Best Practices: Positive [practice](#) is represented by Mykolaiv City Council.



Data Sources for Analysis: Publishing information on the official websites of LSG bodies and hospitals about free service packages for patients.

2 Indicator (Function of LSG): Funding of healthcare institutions.

General Description

In accordance with Article 18 of the Law of Ukraine «Fundamentals of Legislation of Ukraine on Healthcare», funds from the budgets of local self-government bodies are also a source of financing for healthcare. In practice, salaries, depending on the package of medical services, are funded from the state budget, while the maintenance, utility services, repairs, and other current expenses of a medical institution are covered by local authorities. The allocation of funds depends solely on the decision of the LSG body.

However, due to the lack of clear distribution of which healthcare institutions (for example, a hospital serving patients from several communities) and which specific expenses the local council should finance, there are often situations where costs and responsibilities are duplicated or, conversely, shifted, leading to weak accountability, conflicts, and abuse. For the purpose of misappropriation of funds, an LSG official may indicate expenses for already financed services or equipment (for example, from the NHSU or another LSG) in financial documents (budget program, reporting, etc.) and not actually carry them out. The easiest way to further misappropriate such funds is to conduct procurements with violations to divert funds to controlled or related persons.

Additionally, the LSG may disproportionately finance healthcare institutions where their leaders have conflicts of interest.

Corruption Risks

1. The possibility of LSG officials allocating funds «on paper» for already financed needs of a healthcare institution and not actually carrying out the expenses.
2. The possibility of LSG officials prejudicially distributing budgetary funds among healthcare institutions and disproportionately financing those where leaders have conflicts of interest.

Sources of Corruption Risks

- Lack of a clearly defined algorithm for the distribution of funds (areas of responsibility) between the NHSU and other LSG bodies (in cases where a medical institution provides services to patients from multiple communities).
- Lack or low level of justification and reporting on the funding of medical institutions. Lack of a practice of publishing reports.



- Improper procedure for collecting (assessing) the actual needs of healthcare institutions, arising from a lack of data and a lack of vision for the development of a specific institution (development plan).
- Discretionary powers of the LSG bodies regarding the size of allocated funds and objects of funding.

Level of Corruption Risks: High

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Development of an internal procedure/methodology/criteria for collecting community needs in medical services, stipulating that each need must be accompanied by justification.
- 2 Recommend healthcare institutions under the control of the LSG to develop strategic development plans that the LSG will consider when assessing needs and financing the healthcare sector.
- 3 In the presence of medical institutions serving patients from multiple communities, collaborate with other LSG bodies (e.g., through the development of a memorandum) regarding co-financing institutions in the part not covered by the contract with the NHSU. Define which institutions the community will co-finance and in what proportion to its population, calculating the percentage ratio.
- 4 Publish reports on the official website of the LSG body on the execution of financing for the healthcare sector to enable public control over the distribution and use of funds.

Best Practices: An [assessment of needs](#) has been developed for the formulation of the healthcare sector strategy of Mezhoval Village Council, incorporating a methodology and data collection methods, statistical indicators, descriptions of medical institutions, financial indicators of the community's healthcare level, etc.

A publicly available [Report on the Management of Healthcare](#) of the Yuzhnoukrainsk City Council on the implementation of the city's comprehensive program «Healthcare in the Yuzhnoukrainsk City Territorial Community» for 2021-2025.

A developed [Prospective Development Plan](#) for the Communal Non-Profit Enterprise «Khmilnyk Central Hospital» of Khmilnyk City Council with a detailed description of financial inflows, hospital capacity, justification for capital investments, etc.

[Description of the good practice](#) of the Kopychyntsi Community in collaborating with neighboring communities in co-financing a hospital that provides services to both communities through the signing of a memorandum.



Data Sources for Analysis: Official website of the LSG body (especially the healthcare management section within the LSG); healthcare institutions' websites; financial plans of healthcare institutions; LSG budget programs; financial reports on fund distribution.

3 Indicator (Function of LSG): Management of education institutions.

General Description

The administration of educational institutions is associated with the accessibility and quality of education, as well as the creation of a safe educational environment for learners (including compliance with sanitary, fire, and building standards, and ensuring quality food services). The potentially most corrupt areas in the administration of educational institutions include organizing food services, managing assets, and personnel management¹⁹.

In the sphere of organizing food services, education management personnel in the LSG body (the founder) or school administration may prearrange agreements with specific suppliers. This is typically done with the intention of obtaining undue benefits (kickbacks) when securing victories in tenders for the supply of products or provision of nutrition organization services. Additionally, the service recipient (education management personnel or school administration) and the supplier may collude to deliver products of lower quality or quantity than stipulated in the contract, aiming to create artificial surpluses that can be distributed among the scheme participants. Potential participants in the corruption scheme may also include entities involved in quality checks of food services: members of the procurement commission and employees of the State Consumer Protection Service.

As for asset management, legislation establishes that school facilities and property are not subject to privatization or use for non-educational purposes. However, the LSG executives, deputies, or education management personnel may, in collusion with the school administration, unlawfully benefit from leasing school property (premises, land plots, school buses, etc.).

A situation may also arise where LSG officials, through the violation of urban planning norms when making decisions, may grant permission for the implementation of a commercial project (construction of a multi-story building, a store, a business center, etc.) on school premises, aiming to gain undue benefits from the developer.

Regarding personnel management, risks from the LSG body may only occur through the facilitation (collusion) of the educational institution's administration, such as abuses related to teacher salary payments.

¹⁹ Based on the results of the analytical study «Strategic Analysis of Corruption Risks in Preschool and Secondary Education»: <http://surl.li/fhreu>



For instance, the powers of the school director allow them to set the size of bonuses for teachers over a wide range (e.g., additional pay for extracurricular activities with students can range from 10% to 40% of the official salary). Thus, in the case of teachers working with a personal or other vested interest, the school director, through prior arrangement with the personnel of the education management unit in the LSG, can facilitate such a teacher by setting the highest bonuses and allowances.

Corruption Risks

1. Possibility of providing preferential treatment to a specific supplier of products and/or food services, with whom the client (education management personnel or school administration) may have a private interest.
2. Possibility of collusion between the client and the supplier to deliver products of lower quality or quantity than specified in the contract, aiming to create artificial surpluses that can be distributed among scheme participants.
3. Possibility of dishonest individuals (LSG leadership, deputies, education management personnel, etc.) colluding with the school administration to receive unlawful benefits for leasing the school's property (premises, land plots, school buses, etc.).
4. Possibility of unlawfully transferring school land plots for use by third parties or for illegal construction by LSG officials.
5. Possibility of the head of the educational institution, in collusion with education management personnel in the LSG, abusing their official powers and awarding bonuses or other incentive payments to pedagogical staff based on private interests.

Sources of Corruption Risks

- Discretionary powers in the preparation of tender documentation and selection of the winner, both on the side of the LSG body (contracting authority) and the educational institution's administration (for example, when the school has autonomy).
- Lack of internal regulations governing contract negotiations and clear criteria for rejecting proposals from participants.
- Absence of integrity policies (due diligence) in the educational institution or the education management unit of the LSG, especially concerning public procurement procedures.
- Absence of a list of services to support the educational process or the participants in the educational process.
- Often, formal reporting on the results of the financial year from both the education management unit of the LSG body and the educational institution.
- Absence of a unified land accounting system for educational institutions.



- Lack of effective control over the use of educational institution lands by the education management unit of the LSG body.
- Lack of clear and understandable criteria for evaluating teachers' professional achievements.
- Discretionary powers of the educational institution's manager regarding the distribution of bonuses and other incentive payments to teaching staff.
- Coworking of close individuals within the educational institution, conflicts of interest between the educational institution's administration and the LSG employees or deputies.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Monitoring market prices when choosing a supplier for works, goods, and services through direct contracts by the responsible structural unit of the contracting authority initiating the procurement, with mandatory presentation of monitoring results as part of justifying the need to include the procurement in the Annual Plan.
- 2 Use by procurement commissioners and/or anti-corruption officer (if available) of analytical modules for monitoring prices (bi.prozorro.org, clarity-project.info, acm-ua.org).
- 3 Developing measures by the LSG body to create proper conditions for safe and quality nutrition in educational institutions (e.g., developing a plan).
- 4 Strengthening the awareness and involvement of parents and civic organizations through an informational campaign (training, explanation, methodological materials) regarding mechanisms for controlling the selection of suppliers of goods and services for nutrition organization.
- 5 Initiating by the LSG body before the Ministry of Education of Ukraine of the need to define a comprehensive list of services that support the educational process or serve the participants in the educational process.
- 6 Requiring educational institutions to provide open access to information about the property on their balance sheets (official website, information stands, etc.) or publish it on the official website of the LSH body if the educational institution lacks the means.
- 7 Developing Regulations on rewarding employees of educational institutions, detailing the procedure for determining the size of bonuses and linking them to performance indicators. Involving stakeholders in developing the procedure for determining the size of bonuses for educational institution managers, union representatives, parents' self-government, and the community to ensure better understanding and implementation of the Regulations.



Best Practices: Decision of the Executive Committee of the Yaroslavychi Village Council dated 28.01.2022, No. 3, [«On Approving the Action Plan to Create Proper Conditions for Safe and Quality Food in Educational Institutions of the Yaroslavychi Village Council»](#), which clearly outlines measures and allocates their implementation among educational institutions and the council.

The [program for organizing the nutrition of children](#) in preschool educational institutions of the Mena City Council for 2022-2024, which clearly outlines the calculation of the cost requirements for program implementation and measures to improve the quality of nutrition.

The developed and published decision of the Lviv City Council dated 14.06.2021, No. 494, [«On Approving the Regulation on Rewarding Managers of General Secondary Education Institutions of the Lviv City Territorial Community»](#).

Data Sources for Analysis: Official website of the LSG body (including the education management section); public analytics module bi.prozorro.org of the ProZorro system (regarding food service procurement); official websites of educational institutions.

4 Indicator (Function of LSG): Funding of educational institutions.

General Description

According to Article 78 of the Law of Ukraine «On Education», funding for preschool and extracurricular education is provided through state and/or local budgets, as well as from other sources not prohibited by law. Funding for obtaining full general secondary education is allocated from the state budget, including through the provision of educational subventions to local budgets, local budget funds, and other lawful sources.

The local self-government body, through its education management unit, may distribute subvention funds to gain advantages by allocating a larger amount of funds or by doing so under the influence of third parties. This risk may escalate if decisions regarding the funding of educational institutions or distribution to the community are made by an employee of the education management unit in a situation of conflict of interest (for example, if the employee is simultaneously a deputy of the respective council, or if the institution's director receiving funds is a relative of the employee).

Additionally, when funding educational institutions, the LSG body may abuse the remaining funds from the educational subvention. The remaining funds from the educational subvention at the end of the budget period are kept in the accounts of the corresponding local budgets. They can be used in the next budget period, considering the targeted purpose of the subvention and the expenditures determined by the Cabinet of Ministers of Ukraine.



To misappropriate funds from the educational subvention when using its remaining balance for procurement, officials of the local self-government body may accumulate the remaining balance through savings on: salaries and bonuses to education institution staff, non-payment of worked substitute lessons in exchange for granting teachers time off, and communal services during distance learning. The easiest way to misappropriate funds is during public procurement procedures with violations, diverting funds to controlled or affiliated individuals.

In addition, officials of the education management unit of local government can at their own discretion determine the amount and speed of funding of educational institutions for carrying out current repairs (for example, educational institutions whose directors are «close» persons, or for undue benefit, funding can be allocated in a larger amount or faster).

Corruption Risks

1. The possibility of the LSG body officials (employees of the education management unit in the LSG body) prejudicially distributing budget funds among educational institutions for personal gain or the gain of close individuals.
2. The possibility of the LSG body officials intentionally forming balances of the educational subvention for subsequent misappropriation of budgetary funds.
3. The possibility of abuses by the LSG body officials in the allocation of funds for repair work.

Sources of Corruption Risks

- Absence of coordinated, justified rules for the distribution of funds in cases where the criteria for distribution are not regulated by orders of the Ministry of Education of Ukraine, enhancing the discretion of officials of the LSG body.
- Inconsistency of official (open) education-related data on the financing of educational institutions, preventing comparison of funding volumes by the public and recipients, regardless of the fund managers.
- Lack of complete statistical data on expenditures per student (child), taking into account funds from state, regional, and local budgets, to verify the justification of the distribution.
- Discretionary powers of the LSG body as an education management body regarding the use of budgetary funds.
- Absence of an approved system for allocating funds for repairs to educational institutions and criteria for determining priorities in funding.

Level of Corruption Risks: High.



Indicative Value (Measures to Mitigate Corruption Risks):

- 1 Adoption at the local level (depending on the type of subvention) of a substantiated procedure for the distribution of allocated funds (e.g., considering the number of students, the area of the institution, or support needs) with the involvement of all participants in the educational process. Increasing transparency and accountability during financial planning (involving educators, students, and parents at all stages).
- 2 Posting information on the official website of the LSG body about: income and expenditures estimates for the respective year; financial reports on the receipt and use of funds; a list of goods, works, and services received as charitable assistance, specifying their cost; the status of budget execution, etc.
- 3 In territorial communities, ensuring financial autonomy for educational institutions so that, under transparent fund distribution, school managers can independently decide on the priority of repairs.

Best Practices: Published report by the Department of Education and Science of the Odessa City Council on the results of the «Education» sector's activities in Odessa for the year 2022, allowing the public to control the distribution of educational funds: <http://surl.li/oxgop>.

Data Sources for Analysis: Official website of the LSG body (including the section on managing educational institutions and fund distribution); budget distribution reports; online platform for comparing school budgets [OpenSchool platform](#) for charitable contributions and reports; online [platform](#) for interactive school budgets, official website of [the State Treasury Service](#), where information on the provision of educational subventions from the state budget to local budgets can be found; Unified web portal for the use of public funds.

- 5 Indicator (Function of the LSG): Approval of lists for providing paid services by cultural institutions.

General Description

Cultural institutions have the right to offer a diverse range of paid services, ranging from renting theatrical costumes to leasing concert halls. The exhaustive list of such services that communal cultural institutions can provide is defined by the Resolutions of the Cabinet of Ministers of Ukraine, namely «On Approval of the List of Paid Services Provided by State and Communal Cultural Institutions» dated 12.12.2011, No. 1271, and «On Approval of the List of Paid Services Provided by State and Communal Cultural Institutions, Excluding Rent» dated 02.12.2020, No. 1183. Additionally, legislative provisions outline how to determine the cost of «cultural» services. The Procedure for Determining the Cost and Provision of Paid Services by Cultural Institutions, Based on State and Communal Ownership, was approved by the joint order of the Ministries of Culture, Finance, and Economic Development on 01.12.2015, No. 1004/1113/1556.



According to the aforementioned documents, the LSG bodies have no legal basis to develop and approve any provisions or procedures regarding the provision of paid services by cultural institutions, their list, and costs. However, in practice, the majority of local councils independently establish and approve procedures for the list and cost of paid services²⁰. Sometimes, these procedures are approved in condition of conflicts of interest (such as adding services not covered by Resolution No. 1271 or significantly reducing the cost of services in favor of related persons). Additionally, with prior agreement with the cultural institution's management, officials of the LSG body may facilitate close persons in receiving services for free and/or during the cultural institution's non-working hours (prohibited by order No. 1004/1113/1556).

Corruption Risks

1. The possibility of developing and approving provisions and/or procedures for providing paid services by cultural institutions, their list, and costs in conditions of conflicts of interest.
2. The possibility of LSG officials, with prior agreement with the cultural institution's management, facilitating close persons (or other persons for unlawful gain) in receiving services:
 - not provided by legislation (e.g., celebrating birthdays);
 - for free or at significantly reduced costs;
 - during the cultural institution's non-working hours.

Sources of Corruption Risks

- Discretionary powers of the LSG bodies regarding their responsibilities in the field of culture, especially the management of cultural institutions, as stipulated in Article 32 of the Law of Ukraine «On Local Self-Government Bodies in Ukraine».
- Lack of initiative of cultural institutions to independently develop and approve provisions or procedures for providing paid services, their list, and costs.
- Lack of openly published information on the cost of paid services provided by cultural institutions.

Level of Corruption Risks: Low.

Indicative Value (Measures to Mitigate Corruption Risks):

- 1 Cancellation of the approved provisions or procedures of the LSG body concerning providing paid services, their list, and costs (if they exist).

²⁰ Information clarification of the State Regulatory Service of Ukraine: Local authorities cannot regulate the procedure for providing services by cultural institutions: <http://surl.li/rajcz>



- 2 Obligation (e.g., through issuing directives) for cultural institutions under the management of the LSG body to independently develop and approve their own provisions or procedures for providing paid services, their list, and costs in accordance with Resolutions No. 1271, No. 1183, and Order No. 1004/1113/1556.
- 3 Publication on the website of the LSG body or the cultural institution's website (if available) of the list of services, their costs, and conditions for obtaining them.

Best Practices: [List of the cost of paid services](#) of Pryluky Regional History Museum, approved by the director's order No. 8 dated 22.01.2024, and published on the Unified State Web Portal of Open Data.

Data Sources for Analysis: Official website of the LSG body (including the section on managing cultural institutions); websites of cultural institutions; statutes of cultural institutions; Unified State Web Portal of Open Data; approved lists of paid services provided by cultural institutions.

- 6 Indicator (Function of LSG): Employee certification in cultural institutions.

General Description

Employee certification in cultural institutions is conducted to assess their professional qualifications, business qualities, identify opportunities for professional and positional growth, and most importantly, to establish compliance with the occupied position. This certification is carried out in accordance with the Regulation approved by the Ministry of Culture and Tourism of Ukraine dated 16.07.2007, No. 44. Paragraph 3.1 of this Regulation establishes that the certification of cultural institution employees is carried out by the certification commission created at the cultural institution.

However, there are no other norms regarding the possibility of forming certification commissions by culture management authorities (exception is certification of cultural institution executives and certification of employees of cultural institutions that are small in terms of composition). However, in practice, certification even in large and numerous cultural institutions is carried out by commissions created at culture management bodies.

Under these conditions, employees of the culture management body who are members of the commission have the opportunity to assist «their» employees in passing certification (for example, by providing a list of questions to be considered in certification) or, conversely, demand unlawful gain for a positive decision.



Corruption Risks

1. The possibility of culture management body employees assisting specific employees in passing certification by persuading other members of the certification commission or providing a list of questions to be considered in certification (if the list of questions has not been published).
2. The possibility of culture management body employees demanding unlawful gain for a positive decision by creating special obstacles (such as performing additional unjustified tasks during the certification process).

Sources of Corruption Risks

- Lack of clear distinctions (criteria) for creating certification commissions at culture management bodies and cultural institutions (for example, establishing a numerical range in terms of their composition to determine “small” cultural institutions).
- Closed character of the employee certification procedure in cultural institutions.
- Lack of a special procedure for appealing the results of certification.

Level of Corruption Risks: Low.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Development and approval of Regulations on the certification of employees of cultural institutions, specifying that certification by the culture management body is carried out exclusively for executives of cultural institutions and employees of non-numerous cultural institutions, with the number specified in advance.
- 2 Consider the possibility of audio or video recording of the certification process for employees of cultural institutions.

Best Practices: Order of the Department of Education, Culture, Youth, and Sports of Lityn Town Council dated 12.02.2021, No. 38 [«On the Certification of Managers and Employees of Cultural Institutions of Lityn Town Council and Employees of Small Rural Cultural Institutions»](#) provides that certification procedure is carried out by the culture management authority exclusively for executives and employees of small cultural institutions.

Data Sources for Analysis: Official website of the LSG body (especially the section on managing cultural institutions); websites of cultural institutions; regulations and orders on the certification of employees of cultural institutions; approval of competition commissions; protocols of certification commission meetings; certification letters; approved results of conducted certifications.



- 7** Indicator (Function of the LSG): Establishment, management, and oversight of communal enterprises.

General Description

According to Article 26 of the Law of Ukraine «On Local Self-Government in Ukraine» decisions regarding the creation, liquidation, reorganization, and reprofiling of enterprises, institutions, and organizations of communal ownership within the respective territorial community fall under the exclusive competence of village, town, and city councils. However, communal enterprises are not always established to fulfill their designated tasks, such as providing the community with various necessary services.

Situations may arise where the local council decides to create an enterprise with the aim of implementing various corrupt schemes involving the withdrawal and distribution of funds from the local budget for its statutory activities. For example, schemes may involve unjustified funding (dotations) for subordinate enterprises, embezzlement of funds during construction, non-transparent and discriminatory procurement, inflated cost of works, or the conclusion of fictitious contracts.

Moreover, the LSG body can influence the executives of communal enterprises, particularly through the appointment procedure and determining the salary size. For example, if the salary of the executive is objectively low, there is an increased likelihood of them satisfying their own financial interests.

In the absence of effective and independent control mechanisms over the enterprise's activities, its executive, in collusion with LSG officials and/or deputies, may act in their own interests or the interests of third parties, implementing corrupt schemes. For example, since the creation of a supervisory board is not mandatory, the criteria for forming its composition are determined at the discretion of local authorities. Therefore, provisions on supervisory boards in many LSG bodies are not developed and/or not adopted.

Collegial management bodies created in communal enterprises mostly lack the necessary powers and the corresponding level of independence from local authorities and the management of the communal enterprise. Deprivation and blocking the creation of an independent control body for the economic activities of a communal enterprise carry the potential corruption risk of influencing the enterprise's operations.

Corruption Risks

1. Possibility of inexpedient creation of communal enterprises for the withdrawal and distribution of funds from the local budget.
2. Possibility of illegal influence on the communal enterprise through its executive by means of his/her/their appointment (e.g., appointment without competition of a related person) or by determining the salary size.



3. Possibility of political influence on the economic activities of the communal enterprise through blocking the creation or limiting the powers of supervisory boards.

Sources of Corruption Risks

- Absence of the obligation of the LSG body to justify the creation of a communal enterprise: the expediency of such decision, economic efficiency, forecasted performance indicators for meeting the community's needs.
- Discretionary powers of the LSG body regarding the appointment and dismissal of executives of communal enterprises, as well as payment of their salaries.
- Lack of accountability for the inefficiency of the enterprise's work.
- Lack of effective mechanisms for external control over the efficiency of the executive's work at the enterprise. Uncertainty of key performance indicators that the enterprise executive must achieve within a specific period.
- Absence of regulations on the creation and activities of supervisory boards in communal enterprises.
- Lack of legislative regulation of prohibition for executives of communal enterprises to engage in entrepreneurial activities or to be founders/ participants in commercial companies in the competitive market.

Level of Corruption Risks: Critical.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Development and approval of the Methodology for the policy of ownership regarding communal property of the territorial community. This methodology should clearly outline the conditions under which the local council can establish new enterprises, including situations where the enterprise provides socially necessary and inclusive services; if the prior market analysis of services/goods has been held to calculate the economic feasibility of creating a new enterprise, and a positive financial impact on the local budget has been determined; the capability of the enterprise to execute the functions delegated by the local council; if there are no enterprises providing the necessary services in the natural monopoly markets.
- 2 Conducting audits and assessing the efficiency of communal enterprises with defined audit periodicity.
- 3 Development and approval of a procedure for providing assistance from the local budget to communal enterprises. This should include prohibitions or limitations on supporting economically unviable enterprises that do not perform specific social functions or do not have a natural monopoly.



- 4 Establishing a unified open portal for consolidated information on the activities of communal enterprises. This portal should contain a comprehensive list of subordinate communal enterprises with information about their activities, responsibilities, biographies of executives, financial plans and reports, results of internal and external audits (considering security considerations during a state of war).
- 5 Development and adoption of a general methodology for determining the effectiveness of subordinate communal enterprises, incorporating principles of effective management.
- 6 Development and approval of Regulations on the formation and activities of supervisory boards in communal enterprises. This should include criteria for mandatory formation of such boards, considering factors such as the number of employees, annual turnover, profit, and market monopolistic position. The Regulations should also specify mandatory norms regarding the number of board members; their powers to appoint and dismiss executives; terms and conditions of remuneration; responsibilities for the inadequate performance of duties; guarantees of the independence of board members from external interference.

Best Practices: Decision of the Netishyn City Council No. 30/1634 dated 14.07.2017 (with amendments in 2018 and 2021) [«On Supervisory Boards of Communal Enterprises of the Netishyn City Council»](#).

This decision clearly outlines criteria for the mandatory formation of a supervisory board in communal enterprises, such as when the number of employees exceeds 100. It also stipulates that members of the supervisory board enter into a civil law contract for remuneration.

The procedure includes a list of information about the activities of communal enterprises that must be posted on the official website of the council.

Data Sources for Analysis: Official websites of communal enterprises or relevant sections on managing communal enterprises on the official website of the LSG body; Statute of a communal enterprise; regulations on the competitive process for the position of the head of a communal enterprise; regulations on remuneration (especially the head of a communal enterprise); reports on the activities of a communal enterprise; local budget project (especially in terms of funding subordinate enterprises); Prozoro official platform (especially regarding tenders involving enterprises subordinate to the LSG body); regulations on the supervisory board of a communal enterprise.



- 8** Indicator (Function of LSG): Reconstruction of ruined or damaged community property.

General Description

The rapid and high-quality reconstruction of damaged or ruined objects at the community level requires actions and decisions from the local self-government body directed towards considering the interests of the community residents, objectively assessing the level of inflicted damage, and prioritizing the needs for reconstruction and further community development.

In accordance with the Law «On Compensation for Damage and Destruction of Certain Categories of Real Estate Objects Due to Hostilities, Terrorist Acts, Sabotage, Caused by Armed Aggression of the Russian Federation Against Ukraine, and the State Register of Property Damaged and Destroyed Due to Hostilities, Terrorist Acts, Sabotage, Caused by Armed Aggression of the Russian Federation Against Ukraine», the executive body of the village, town, city, district within the city (if created) council forms a commission to consider issues related to compensation for destroyed real estate objects due to hostilities, terrorist acts, sabotage, caused by armed aggression of the Russian Federation against Ukraine.

By the Resolution of the Cabinet of Ministers of Ukraine dated 20.03.2022, No. 326, executive committees of village, town, and city councils are granted the right to conduct analytical and standardized assessments of damage and losses caused by the armed aggression of the Russian Federation. In this regard, executive bodies are vested with discretionary powers to determine the type of assessment procedures and the amount of damage, potentially leading to corrupt practices at this stage. Additionally, there is a problem with verifying data and information about ruined and damaged objects, entered into the State Register of Property Damaged and Destroyed Due to Hostilities, Terrorist Acts, Sabotage, Caused by Armed Aggression of the Russian Federation Against Ukraine.

Corruption Risks

1. Probability of corrupt practices by local council officials during the conduct of analytical and standardized damage assessments.
2. Probability of distorting information and exaggerating the actual extent of damage by involving individuals close to local authorities in the assessment process to implement subsequent corrupt schemes in the decision-making stage of compensation.
3. Probability of corrupt practices in the formation of commissions for considering compensation issues and in making decisions by these commissions.



Sources of Corruption Risks

- ▶ Existence of discretionary powers of local council officials regarding the assessment of damage and involvement of other entities in the assessment process.
- ▶ Inability of local self-government executive bodies to regulate the creation or operation of Commissions at their discretion.
- ▶ Lack of transparency in the formation and operation of the Commission, absence of typical work policies, and decision-making standards.
- ▶ Lack of criteria for selecting and requirements for the competence of commission members.
- ▶ Personal misconduct of local council officials and the absence of an effective system for preventing and detecting corruption in the local council.
- ▶ Lack of effective public control and low involvement in the process.

Level of Corruption Risks: High.

Indicative Value (Measures to Mitigate Corruption Risks)

- 1 Approval of procedures for selecting commission members and qualification requirements for them.
- 2 Ensuring openness and transparency in the commission's work on damage and loss assessment.
- 3 Determining procedures for involving independent professional entities in assessing the extent of damage.
- 4 Involving representatives of all stakeholders (community residents, local businesses, NGOs, donors, relevant specialists) in the commission's work.
- 5 Adoption of anti-corruption policies and commission work standards.
- 6 Implementation of a corruption risk assessment system in the community reconstruction process.
- 7 Establishing a sequence and priority for making decisions on compensation.
- 8 Publication of complete and reliable information about the commission's work (extent of damage to objects, decisions made regarding compensation).

Best Practices: [Engaging the community in planning the restoration and development](#) in Bakhmach.

Beryslav City Territorial Community has developed a [plan for the restoration and development](#) of the community.

Sources for Analysis: Decisions of the local council on the formation and operation of the commission; results of analytical and standardized damage assessments; conclusions of involved independent professional entities; materials for reviewing compensation claims.



List of corruption offenses that may arise as a result of the implementation of corruption risks in the activities of local self-government bodies

- 1) Abuse of authority or office (intended, for the purpose of obtaining any improper advantage for himself/herself or another individual or legal entity by an official's use of authority or office against the interests of the service, where it has caused substantial damage to legally protected rights, freedoms and the interests of individual citizens or state or public interests, or the interests of legal entities) (Article 364 of the Criminal Code of Ukraine).
- 2) Misappropriation, embezzlement or conversion of property by malversation (Article 191 of the Criminal Code of Ukraine).
- 3) Stealing, appropriation, or extortion of documents, stamps and seals, or acquiring them by fraud or abuse of office (Article 357 of the Criminal Code of Ukraine).
- 4) Acceptance of an offer, promise or receipt by an official of an improper advantage, as well as a request to provide such advantage to himself/herself or a third party for an act or omission by such official in favour of the person offering, promising or providing an improper advantage or in favour of a third party through abuse of power or official position (Article 368 of the Criminal Code of Ukraine).
- 5) Abuse of influence (proposal, promise or provision of improper advantage to a person who offers or promises (agrees) for such advantage or for granting such advantage to a third party to influence the decision-making of a person authorised to perform the functions of the state or local government) (Article 369-2 of the Criminal Code of Ukraine).
- 6) Misuse of budget funds by an official, as well as the implementation of budget expenditures or the provision of loans from the budget without established budget allocations or with their excess contrary to the Budget Code of Ukraine or the law on the State Budget of Ukraine for the respective year, where the subject of such actions were budget funds in large amounts (Article 210 of the Criminal Code of Ukraine).



List of corruption-related offenses that may arise as a result of the implementation of corruption risks in the activities of local self-government bodies:

- 1 Declaring false information (Article 366-2 of the Criminal Code of Ukraine).
- 2 Failure of a declaration entity to submit the declaration of a person authorized to perform the functions of the state or local government (Article 366-3 of the Criminal Code of Ukraine).
- 3 Violation by a person of restrictions established by law regarding employment in other paid activities (except for teaching, scientific and creative activities, medical and judicial practice, sports instructor practice) or entrepreneurial activity (Part 1, Article 172-4 of the Code of Administrative Offenses of Ukraine).
- 4 Violation by a person of the restrictions established by law regarding membership of the board, other executive or control bodies, or the supervisory board of an enterprise or organization that aims to make a profit (except for cases when the person performs the functions of managing shares (parts) belonging to the state or territorial community, and represents the interests of the state or territorial community in the board (supervisory board), audit commission of the economic organization) (Part 2, Article 172-4 of the Code of Administrative Offenses of Ukraine)
- 5 Violation of the restrictions established by law on receiving gifts (Article 172-5 of the Code of Ukraine on Administrative Offenses).
- 6 Untimely submission without valid reasons of the declaration by a person authorized to perform functions of the state or local self-government (Part 1 of Article 172-6 of the Code of Ukraine on Administrative Offenses).
- 7 Non-disclosure or untimely notification of the opening of a foreign bank account or significant changes in financial status by a person (Part 2 of Article 172-6 of the Code of Ukraine on Administrative Offenses).
- 8 Non-notification by a person in the cases and procedure established by law about the presence of a real conflict of interests (Part 1 of Article 172-7 of the Code of Administrative Offenses).



- 9 Taking actions or making decisions in conditions of real conflict of interests (Part 2 of Article 172-7 of the Code of Administrative Offenses).
- 10 Illegal disclosure or use by a person, for his/her/their own interests, of information known to him/her/them in connection with the performance of official or other powers defined by law (Part 1 of Article 172-8 of the Code of Ukraine on Administrative Offenses).
- 11 Illegal disclosure or use by a person, for his/her/their own interests or the interests of another physical or legal entity, of information about the whistleblower, his/her/their close relatives, or information that can identify the whistleblower, his/her/their close relatives, known to them in connection with the performance of official or other powers defined by law (Part 2 of Article 172-8 of the Code of Ukraine on Administrative Offenses).
- 12 Failure to take the measures provided for by law by a public official of a state authority, an official of local self-government, a legal entity, or their structural units in case of detection of a corruption offense (Part 172-9 of the Code of Ukraine on Administrative Offenses).



Appendix 4 to the Methodology

Assessment of the level of risk in connection with the deviation from the indicative value

critical – 12 to 16 points; high – 6 to 9 points; medium – 3 to 4 points, low – 1 to 2 points²¹

Nº	Indicator	Level of the Risk
URBAN PLANNING		
1	Issuance of permits for the development of detailed territorial plans and their approval.	critical - 12 points
2	Provision of urban planning conditions and restrictions for land development	high - 9 points
3	Establishment of protective zones	medium - 4 points
4	Establishment and provision of appropriate conditions for the functioning of the municipal architectural and construction inspection	medium - 4 points
5	Assignment of postal addresses to real estate objects	medium - 4 points
6	Issuance of a building passport for the development of a land plot and control over compliance with construction norms	medium - 4 points
7	Issuance of passports for the temporary structures' tie-in	medium - 4 points
8	Issuance of permits for the placement of outdoor advertising	high - 6 points
9	Approval of Requirements for Signboards	low - 2 points

²¹ The table shows the average indicator of the level of corruption risks according to the indicators defined in the Methodology. The detailed scoring system is outlined in Section 5 of the Methodology for Managing Corruption Risks, approved by the Order of the National Agency for Prevention of Corruption (NAPC) dated December 28, 2021, titled «On Improving the Process of Managing Corruption Risks»: <https://zakon.rada.gov.ua/laws/show/z0219-22#Text>. Each local self-government body individually assesses the level of corruption risks depending on the consequences and likelihood of their realization and determines its own score for each risk.



LAND RESOURCES		
1	Lease of vacant communal land plots to individuals and legal entities	high - 9 points
2	Transfer of communal land plots into private ownership of individuals and legal entities	high - 9 points
3	Implementation of self-governmental control over land use and protection within the territorial community	high - 9 points
4	Resolving the issue of returning land plots to the community ownership	high - 9 points
5	Preparation and approval procedure of the city council resolution on the transfer of vacant land plots for use or ownership	high - 9 points
6	Establishment and change of the purpose of a land plot by the decision of the local council	medium - 4 points
MANAGEMENT OF COMMUNAL PROPERTY		
1	Accounting of real estate objects in communal ownership	critical - 12 points
2	State registration of real estate belonging to the territorial community.	medium - 4 points
3	Publication in the electronic trading system of an announcement of property lease through auction	medium - 3 points
4	Conducting a physical examination of the leased premises	high - 6 points
5	Granting the lessee preferential right to purchase premises (property) without an auction	critical - 16 points
6	Publication of lists (first and second) in the ETS and on the official website.	high - 6 points
7	Maintaining a list of organizations that have leased premises in accordance with Part 2, Article 15 of the Law of Ukraine "On the Lease of State and Communal Property"	low - 2 points
8	Transfer by LSG of non-residential premises or other real estate for temporary use by individuals or legal entities.	medium - 4 points



9	Decision-making on granting consent for improvements at the expense of the lessee or the decision to refuse consent for improvements	medium - 3 points
10	Leasing hospital spaces and premises for commercial purposes	medium - 4 points
11	Alienation of immovable communal property	high - 9 points
12	Compilation of the list of property subject to privatization	high - 9 points
13	Normative provision of privatization of objects of communal property rights in the community	medium - 4 points
14	Acquisition by the local self-government body of privatized real estate for the community's needs	medium - 3 points

PUBLIC PROCUREMENT

1	Accounting of real estate objects in communal ownership	medium - 4 points
2	Determination of the procurement item code	medium - 4 points
3	Description in the technical specification of all necessary characteristics of the goods, works, or services being procured, including their technical, functional, and qualitative features	high - 6 points
4	Formulation of qualification criteria for the procurement item and other parts of the tender documentation	high - 9 points
5	Formulation of delivery and payment terms	high - 9 points
6	Justification of technical and qualitative characteristics of the procurement item, its expected value, and/or budget allocation	medium - 4 points
7	Conducting non-competitive procurements (by procurement amount)	high - 9 points
8	Number of participants in competitive bidding	high - 6 points
9	Presence of procurement procedures with satisfied complaints to the Commission of the Antimonopoly Committee of Ukraine regarding violations of legislation in public procurement	high - 9 points



10	Detection of violations with signs of corruption related to the public procurement sector during inspections conducted by financial control bodies (hereinafter referred to as FCB)	high - 6 points
11	Non-compliance of the subject of procurement contract and its performance deadlines with the actual goods delivered, services provided, or work executed, and the necessary time for the actual contract fulfillment	high - 9 points
12	Identification of the structural unit or officials responsible for internal control functions in the procurement process	medium - 4 points
13	Execution of additional agreements for unit price increase	high - 9 points
14	Ability to independently determine the «contracting authority» status according to the Law of Ukraine «On Public Procurement» for communal enterprises	medium - 4 points
15	Holding procurements without using the electronic procurement system	high - 9 points

ANTI-CORRUPTION ACTIVITIES

1	Ensuring the functioning of the anti-corruption authorized entity in the LSG body	medium - 4 points
2	Development of LSG draft acts	high - 9 points
3	Citizen engagement in decision-making in LSG	medium - 3 points
4	Implementation of a corruption risk management system in all areas of LSG activities	medium - 4 points
5	Ensuring the operation of channels for reporting possible facts of corruption or corruption-related violations, and other violations of the Law of Ukraine «On Corruption Prevention»	medium - 4 points
6	Ensuring the protection of whistleblower rights and guarantees	high - 6 points
7	Organization of handling reports on possible corruption or corruption-related offenses, and other violations of the Law of Ukraine «On Corruption Prevention»	high - 9 points
8	Ensuring information dissemination about community activities	low - 2 points
9	Conducting a special check of candidates for positions in local self-government bodies	medium - 3 points



10	Selection of candidates for vacant positions in LSG bodies	medium - 4 points
11	Adherence to the prohibition for officials of LSG bodies to engage in other paid or entrepreneurial activities	low - 2 points
12	Compliance with financial control requirements by officials of LSG and deputies	low - 2 points
13	Adherence to the prohibition for LSG officials, directly or through other persons, to demand, request, or receive gifts for themselves or their close persons from legal or physical entities	medium - 4 points
14	Decision-making by LSG officials and deputies in conditions of conflict of interest and resolution of identified instances of potential conflict of interest	medium - 4 points

SOCIAL-ECONOMIC INFRASTRUCTURE

1	Management of healthcare institutions	high - 9 points
2	Funding of healthcare institutions	high - 9 points
3	Management of education institutions	high - 9 points
4	Funding of educational institutions	high - 9 points
5	Approval of lists for providing paid services by cultural institutions	low - 2 points
6	Employee certification in cultural institutions	low - 2 points
7	Establishment, management, and oversight of communal enterprises	critical - 12 points
8	Reconstruction of ruined or damaged community property	high - 9 points



GUIDELINES FOR WRITING A REPORT ON THE RESULTS OF CORRUPTION RISK ASSESSMENT

A report is a document that is formed based on the results of a corruption risk assessment, containing information about individuals involved in this process, measures taken for assessing corruption risks, as well as a list of identified corruption risks and measures to mitigate them in the form of a corruption risk register.

The report should be guided by the following **principles**:

- **Credibility:** Information used for assessing corruption risks and forming the report must be obtained from reliable and current sources (normative and other acts of the city council, the official website of the local self-government body, open registers, etc.).
- **Comprehensiveness:** Conclusions regarding the presence/absence of corruption risks in the activities of the city council should be based on information obtained from various sources.
- **Professionalism:** The report should be presented concisely, in official business language. Special attention should be paid to the accuracy and clarity of recommendations for eliminating/minimizing corruption risks in the activities of the city council. When providing information in the report, bias, manipulation, distortion, etc., should be avoided.
- **Interaction and Collaboration:** The report is prepared by employees of the city council, and if necessary, independent experts or representatives of the public may be involved.

The structure of the report should ensure a logically coherent presentation of the results of the corruption risk assessment in the activities of the city council and contribute to their correct understanding and application.

The report should include:

- Purpose of the corruption risk assessment (establishment of the likelihood of corruption and corruption-related offenses by employees and deputies of the city council; identification of the reasons, conditions, and consequences of potential offenses; analysis of the effectiveness of existing control measures aimed at preventing the realization of corruption risks and preparing measures to address identified corruption risks).



- Results of implementing measures to mitigate corruption risks identified in the previous report based on the results of the corruption risk assessment (if the assessment was conducted in the previous period).
- Information about the chosen assessment format (self-assessment – through the conduct of a corruption risk assessment by a working group or an anti-corruption officer; external assessment – through the involvement of external experts).
- Information about the corruption risk assessment working group and measures taken to prepare, organize and carry out corruption risk assessment (in the case of corruption risk assessment in the form of a self-assessment) –details and, if possible, references to administrative documents according to which the working group functions, general information about the members of the working group (employees, city council members, external experts, representatives of public organizations, etc.) is provided.
- Sources of information used during the corruption risk assessment: a generalized description of such sources is provided (refer to Section I of this Methodology – Sources for Identifying Corruption Risks).



When forming the corruption risk register, the following should be taken into account:

In the column **«Measures to Mitigate Corruption Risks»**, specific actions aimed at eliminating/minimizing identified corruption risks are defined. These measures should be measurable, relevant, clear, and their results should be achievable.

For each measure in the **«Responsible Executives»** column, the structural unit(s) of the city council and the person(s) responsible for implementing the measure are identified. Internal documents of the city council that determine the functions of these units and the authorities of officials should be taken into account.

In the column **«Terms (Deadlines) for Implementation of Measures to Mitigate Corruption Risk»**, a specific period (month/quarter/year) for implementing each measure to eliminate/minimize corruption risk is determined.

The **«Required Resources»** column specifies the resources that need to be allocated for the implementation of planned measures. In case the city council lacks sufficient resources for implementing planned measures, a note in the corruption risk register indicates the need for their additional involvement.

The **«Performance Indicators»** column indicates clear and understandable indicators, the achievement of which will contribute to the elimination/minimization of identified corruption risks in the city council's activities. The status of indicator achievement is assessed during monitoring.



The report is recommended for public discussion to exchange views and considerations on this document between the city council and the public. Following public discussion, recommendations from experts and the public regarding the elimination/minimization of corruption risks in the city council's activities may be reviewed and/or revised.

The report on the assessment of corruption risks can be presented as an appendix to the Integrity Plan (Anti-Corruption Program) or as a standalone document. The report is typically signed by the head of the working group on the assessment of corruption risks and approved by the decision of the city council (mayor's order).

Appendix: [Corruption Risk Register](#).



CONCEPT FOR DEVELOPING THE INTEGRITY PLAN OF THE LOCAL SELF-GOVERNMENT BODY (ANTI-CORRUPTION PROGRAM)

The concept for developing the Integrity Plan of the local self-government body (Anti-Corruption Program or any other program document in the sphere of corruption prevention) is developed to establish the procedures and principles for developing the Integrity Plan of the local self-government body (Anti-Corruption Program).

The Integrity Plan of the local self-government body (hereinafter – the Plan) is a program document of the local self-government body that defines its internal anti-corruption policy for the effective and coordinated prevention of corruption.

The purpose of the development of the Plan is to determine effective strategic and operational measures aimed at preventing corruption within local authorities, as well as strengthening their capacity in the developing and applying corruption prevention mechanisms.

Expected outcomes of implementing the Plan include:



Strengthening the capacity of the local self-government body in developing and applying mechanisms to prevent corruption



Building trust from the public towards the local self-government body and involving the public in preventing corruption in the city



Enhancing the image of the local self-government body



The Plan is typically developed by the authorized person for corruption prevention and detection (hereinafter - the anti-corruption officer), is approved by the decision of the council of the local self-government body.

The development of the Plan is based on the results of assessing corruption risks in the activities of the local self-government body.

Components of the Plan include:

- 1 Declaration of a complete refusal and intolerance within the council towards corruption in any of its manifestations.
- 2 Duties of the council chairperson, council members, and employees in preventing and countering corruption in the local self-government body.
- 3 Purpose of adopting the Plan.
- 4 Principles of the council's anti-corruption policy and strategic priorities (goals) of the local self-government body's activities aimed at achieving an appropriate level of performance of its functions in the interest of society by establishing an effective system for preventing and countering corruption.
- 5 Measures for implementing the principles of the anti-corruption policy of the council.
- 6 List of administrative documents regulating issues of preventing and countering corruption in the local self-government body.
- 7 Procedures for monitoring and evaluating the implementation of the Plan, Report on the results of corruption risk assessment – the register of corruption risks.

The Plan is developed considering the following:

- Requirements of international agreements on corruption prevention and counteraction, the obligatory nature of which has been approved by the Verkhovna Rada of Ukraine, international obligations of Ukraine, provisions of the Law of Ukraine «On Corruption Prevention», and legislation enacted to implement it;
- Results of the implementation assessment of the previous period's Plan.
- Results of corruption risk assessment.
- Strategic directions for reforming the local self-government system.

The success of minimizing/eliminating corruption risks in the activities of the local self-government body depends not only on the development and approval of the Plan but also on the quality of its implementation. Therefore, the local self-government body must ensure the execution, monitoring, and evaluation of the Plan's implementation.



Implementation. The anti-corruption policy of the local self-government body is implemented through the executing measures to implement the principles of the council's anti-corruption policy and measures to influence identified corruption risks in the activities of the local self-government body. Each measure has defined implementation terms, responsible person(s), required resources, and performance indicators.

Monitoring of the Plan implementation involves a systematic review of the progress in executing measures to implement the principles of the anti-corruption policy of the local self-government body and measures to mitigate corruption risks in its activities. The monitoring of the Plan is carried out by the anti-corruption officer.

Persons responsible for implementing the measures within a Plan, the register of corruption risks, provide the anti-corruption officer, within the specified period, with information on the status of implementation, its relevance, and, in case of non-compliance or delayed execution of specific measures, the reasons leading to such situations.

Based on the received information, the anti-corruption officer:

- Analyzes the completeness and timeliness of measure implementation (whether all measures are fully executed by responsible persons within the determined period defined by the Plan and the register of corruption risks);
- Prepares a report on the monitoring results of the Plan and the register of corruption risks.
- Formulates comprehensive suggestions for reviewing the Plan and the register of corruption risks, considering proposals from responsible persons (if any).

Upon completion of the monitoring and compilation of the report, the anti-corruption officer informs the head, in writing every six months, about the status of implementing (or not implementing, or delayed implementation) measures to implement the principles of the anti-corruption policy and measures to mitigate identified corruption risks in the local self-government body's activities during the reporting period. Additionally, if applicable, the officer provides generalized suggestions for reviewing the Plan and the register of corruption risks and making changes to them.

The assessment of Plan implementation is conducted by the anti-corruption officer or a working group.

At the end of the Plan's duration, persons responsible for implementing measures provide the anti-corruption officer (or the working group) with written information, including:

- 1) The identified corruption risk, the deadline for measures aimed at its elimination/minimization;



- 2) Measures taken to eliminate/minimize identified corruption risks in the local self-government body's activities;
- 3) Achieved results;
- 4) Proposals and recommendations for developing the Plan for the next period based on the obtained results.

The anti-corruption officer (or the working group) evaluates the effectiveness of measures to implement the principles of the anti-corruption policy and measures to address corruption risks in the local self-government body's activities, the achieved results, and formulates generalized suggestions for developing the Plan for the next period.

Based on the conducted evaluation, the anti-corruption officer (or the working group) prepares a report on the results of Plan implementation.

The report should include information about:

- 1 The current state of implementing measures defined by the Plan;
- 2 Results of implementing measures defined by the Plan;
- 3 Problematic issues encountered by the local self-government body during Plan implementation;
- 4 Proposals and recommendations for developing the Plan for the next period.

The report is submitted to the mayor and discussed during a council session. The report's text is also published on the official website of the local self-government body.

Grounds for reviewing the Plan and making changes include:

- Monitoring results;
- Procedural and personnel changes in the council and its executive bodies;
- Amendments to legislation.

Initiators for reviewing the Plan and making changes can be the anti-corruption officer, the council chair, plan implementers, or council members.

Approval and Adoption of the Plan by the Local Self-Government Body. The developed Plan is reviewed and approved by the council's decision and published on its official website. After approval, the Plan complements the primary strategic documents of the respective local self-government body (e.g., Concept of Integrated Development, Strategic Plan of the Council, etc.) and serves as a basis for developing or revising the council's local documents.



6 List of regulatory documents regulating corruption prevention and counteraction in the local self-government body.

7 Implementation, Monitoring, and Evaluation of the Plan.

Appendices:

- Report on the Results of Corruption Risk Assessment (Corruption Risk Register).
- Other appendices (if necessary).

DRAFT ORDER OF THE HEAD OF THE LOCAL SELF-GOVERNMENT BODY²²

dated _____ No. _____

On Approving the Composition of the Working Group for the Development of the Integrity Plan of the Local Self-Government Body (Anti-Corruption Program)

In accordance with Article 42 of the Law of Ukraine «On Local Self-Government in Ukraine» and with the aim of defining effective strategic and practical measures aimed at minimizing corruption risks in the activities of the city council and enhancing its capacity in the process of developing and applying corruption prevention mechanisms:

1. Establish a Working Group for the development of the Integrity Plan of the local self-government body (hereinafter referred to as the Working Group) and approve its composition (Appendix 1).
2. Approve the Regulations on the activities of the Working Group (Appendix 2).
3. Ensure the preparation of the draft Integrity Plan of the local self-government body by the Working Group and submit it for approval to the council by _____.
4. I retain control over the implementation of this order.

Chairperson _____

²² The sample documents given in this Methodology are of a recommendatory nature. The local self-government body, taking into account the peculiarities of the record-keeping system and the format of development of administrative acts, may change the content and form of this document.

Appendix 1

**to the order of the head of the local
self-government body
dated _____ No. _____**

**RECOMMENDED COMPOSITION OF THE WORKING GROUP
FOR THE DEVELOPMENT OF THE INTEGRITY PLAN
(ANTI-CORRUPTION PROGRAM) OF
THE LOCAL SELF-GOVERNMENT BODY**

1. The personnel composition of the Working Group is approved by the order of the head of the local self-government body.

2. The Working Group consists of the chairperson, secretary, and members. The quantitative composition of the Working Group should not be less than 7 members, taking into account the staff of the council and depending on the context of the environment under investigation.

3. The head of the Working Group is the authorized person on corruption prevention or another person designated by the head of the local self-government body. In the absence of the head of the Working Group, the deputy head of the Working Group performs his/her/their duties.

4. The composition of the Working Group should include the following persons:

- Authorized persons on corruption prevention;
- Representatives of structural units of the council in the following areas: public procurement; architecture and urban planning; land relations; management of communal real estate; accounting/finance (preferably not the heads of these units)

4.1. The composition of the Working Group may also include the following persons:

- Other employees of the local self-government body;
- Council members;
- Representatives of the public and mass media, independent experts (if necessary);
- Advisor to the head on transparency, accountability, and corruption prevention (if available).

5. During the development of the Integrity Plan, at the initiative of the head of the Working Group, other employees of the local self-government body, representatives of the public, mass media, independent experts, advisor to the mayor on transparency, accountability, and corruption prevention (if available) may be involved in the work of the group without being included in its composition, providing comments and suggestions on the draft Integrity Plan.

Appendix 2

**to the order of the head of the local
self-government body
dated _____ No. _____**

**REGULATION ON THE WORKING GROUP
FOR THE DEVELOPMENT OF THE INTEGRITY PLAN
(ANTI-CORRUPTION PROGRAM) OF
THE LOCAL SELF-GOVERNMENT BODY**

I. GENERAL PROVISIONS

1.1. This Regulation defines the tasks and powers of the working group during the process of assessing corruption risks and developing the Integrity Plan of the local self-government body, and regulates the organization of its activities (hereinafter referred to as the Regulation).

1.2. The working group is an advisory body aimed at assessing corruption risks and developing the Integrity Plan of the local self-government body.

1.3. The working group consists of the chairperson, vice-chairperson, secretary, and members.

1.4. In its activities, the working group is guided by the Constitution of Ukraine, international treaties ratified by the Verkhovna Rada of Ukraine, laws of Ukraine, acts of the President of Ukraine, the Cabinet of Ministers of Ukraine, the National Agency on Corruption Prevention, other legislative acts, and this Regulation.

1.5. In this Regulation, terms are used as defined in the Law of Ukraine «On Corruption Prevention», the Methodology for Corruption Risk Management approved by the order of the National Agency on Corruption Prevention dated December 28, 2021, No. 830/21.

II. TASKS OF THE WORKING GROUP

2.1 The main tasks of the working group include:

- 1) planning work on corruption risks assessment;
- 2) researching the environment of the relevant council and determining the scope of corruption risks assessment;
- 3) exchanging information and consulting with internal and external stakeholders, including through surveys, interviews, etc.;
- 4) identifying, analyzing, and determining levels of corruption risks;
- 5) developing measures to mitigate corruption risks;
- 6) preparing a draft Integrity Plan for the local council.

III. POWERS OF THE WORKING GROUP

3.1. In accordance with the assigned tasks, the working group:

1) Coordinates organizational issues of its activities (communication means, meeting places, documentation methods, information accumulation, exchange, etc.);

2) Develops a plan for corruption risks assessment and development of an anti-corruption program;

3) Organizes the collection of information for corruption risks assessment using various sources;

4) Investigates the environment of the relevant council and determines the scope of corruption risks assessment:

- identifies functions and assets of the relevant council of significant economic value;
- establishes internal and external stakeholders of the relevant council, analyzes the nature of their interaction with the relevant council;
- compiles a list of key legal acts and regulatory documents regulating the activities of the relevant council;
- collects and analyzes information about other environmental factors of the relevant council;
- prepares analytical reports based on the results of collecting and analyzing information about the environment of the relevant council;
- agrees on the list of functions (individual processes) in the activities of the relevant council potentially vulnerable to corruption;

5) Identifies corruption risks:

- describes potentially vulnerable to corruption functions, processes (subprocesses) in the activities of the relevant council;
- analyzes the described potentially vulnerable to corruption functions, processes (subprocesses) in the activities of the relevant council;
- identifies and thoroughly documents individual elements of corruption risks.

6) Analyzes corruption risks:

- determines the likelihood of the realization of corruption risks;
- identifies potential losses to the organization from the realization of corruption risks;
- determines the level of consequences from the realization of corruption risks;

7) Identifies levels of corruption risks;

8) Develops measures to mitigate corruption risks;

9) Prepares a draft anti-corruption program of the relevant council, reviews proposals, and comments on it;

- 10) Interacts with the public and other external stakeholders on matters within the competence of the working group;
- 11) Performs, upon the Chairperson's assignment, other powers related to the main tasks.

3.2. The working group, in fulfilling its assigned tasks, has the right to:

- 1) Upon a written request, receive from the executive bodies of the relevant council information and documents (their copies) necessary for the execution of the tasks assigned to the working group, taking into account the provisions of the legislation on information protection;
- 2) Conduct surveys, interviews with deputies, employees of the relevant council, and other internal and external stakeholders;
- 3) Engage, if necessary, other employees of the relevant council in the activities of the working group;
- 4) Use various sources of information during the assessment of corruption risks;
- 5) Involve the necessary material and technical resources for its activities;
- 6) Participate in the public discussion of the draft anti-corruption program;
- 7) Submit proposals to the Chairperson of the relevant council for improving activities in the field of prevention and counteraction to corruption.

IV. FUNCTIONING PROCEDURE OF THE WORKING GROUP

4.1. The personnel composition of the working group is approved by the order of the Chairperson of the relevant council. The Chairperson of the relevant council appoints the chairperson, vice-chairperson, and secretary of the working group

In the absence of the chairperson of the working group, the vice-chairperson performs his/her/their duties.

4.2. The chairman of the working group:

- 1) Organizes the activities of the working group and ensures the necessary conditions for this:
 - Prepares the meetings of the working group;
 - Ensures the keeping of minutes of the working group meetings;
 - Facilitates the exchange of information among the members of the working group;
- 2) Coordinates the work on corruption risks assessment and development of the measures to mitigate corruption risks.

4.3. The secretary of the working group:

- 1) Prepares the draft agenda for the working group meetings;
- 2) Informs the members of the working group and invited individuals about the date, time, and venue of the working group meetings and the agenda;
- 3) Records the minutes of the working group meetings;
- 4) Prepares other documents necessary to support the activities of the working group.

4.4. Members of the working group have the right to:

- 1) Access materials within the scope of the working group's powers;
- 2) Express their positions during the working group meetings and participate in decision-making by voting;
- 3) Initiate, if necessary, the convening of a working group meeting and propose the consideration of issues not specified in the agenda;
- 4) Exercise other powers related to the activities of the working group.

4.5. The main form of the working group's activity is meetings, which are held according to the plan for assessing corruption risks or as needed. A meeting of the working group is valid if at least two-thirds of its members are present.

4.6. The decisions of the working group are made by a simple majority vote and are documented in the minutes of the meeting. In case of a tie, the vote of the chairperson of the working group is decisive. The minutes include a list of those present at the working group meeting, the issues discussed, decisions made following the discussion of a specific issue, and the results of the vote.

Each member of the working group has the right to include in the minutes proposals and comments made during the meeting.

The minutes of the working group meeting are prepared within two working days in accordance with the instruction of the relevant council's document management. This protocol is made known to all members of the working group.

Decisions of the working group, made within its powers, are of a recommendatory nature.

4.7. The material and technical support for the activities of the working group is provided by the relevant council.

Chairperson of the Council

DRAFT DECISION OF THE LOCAL COUNCIL ON APPROVAL OF THE INTEGRITY PLAN (ANTI-CORRUPTION PROGRAM) OF THE LOCAL SELF-GOVERNMENT BODY

dated _____ № _____

On the Approval of
the Integrity Plan (Anti-Corruption Program)
of the Local Self-Government Body

for the year _____

In order to determine effective strategic and practical measures aimed at minimizing/eliminating corruption risks in the activities of the local self-government body and its executive bodies, having considered the Integrity Plan of the local self-government body for the year _____, submitted by the Working Group, in accordance with Article 26 of the Law of Ukraine «On Local Self-Government in Ukraine», the City (/Village/Town) Council.

RESOLVED:

- 1.To approve the «Integrity Plan of the Local Council» according to the attached appendix.
- 2.Entrust the oversight of the implementation of this decision to _____.

Chairperson _____





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2024, Kyiv