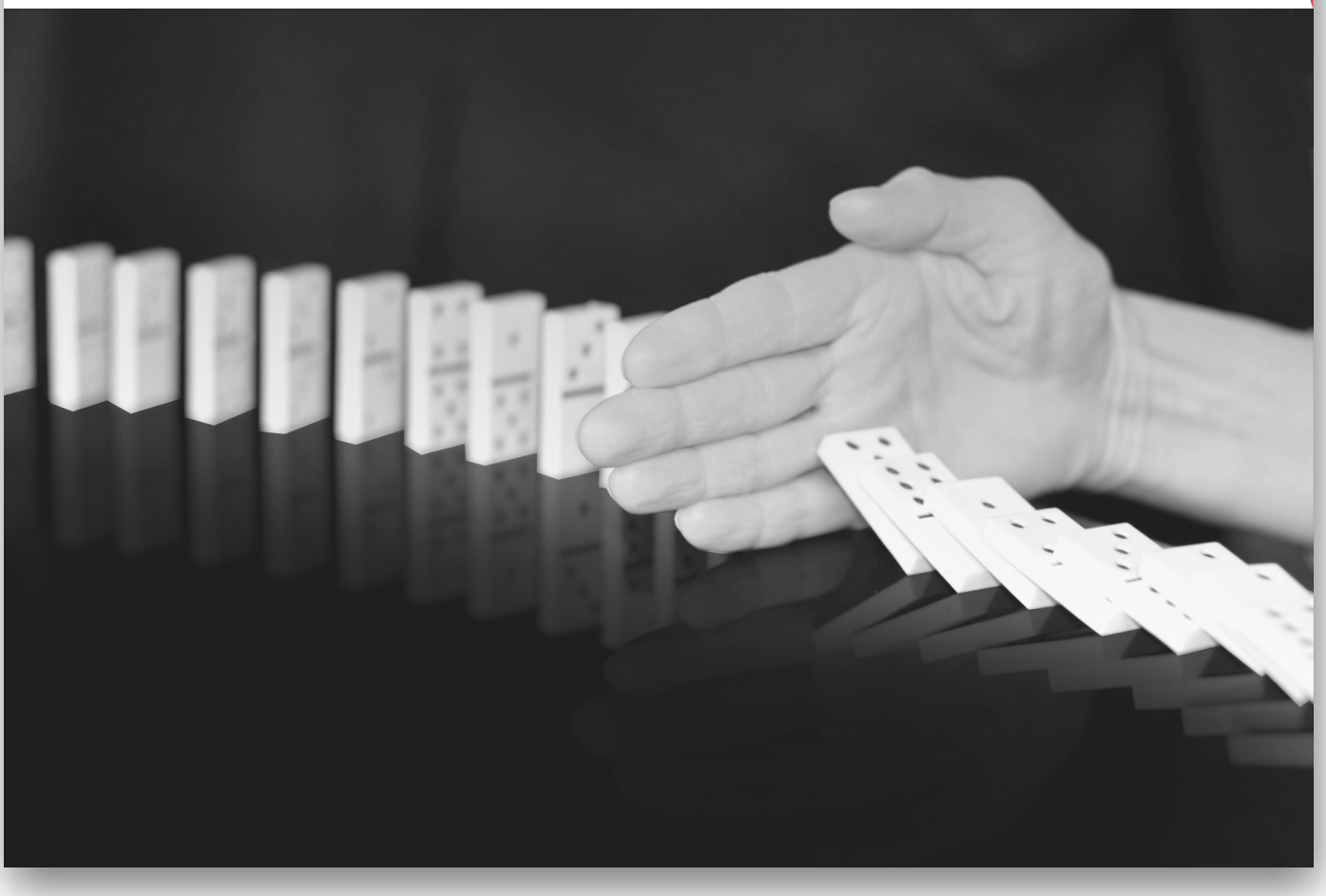
12

cases from Swiss-funded projects

All against corruption!

How applied governance principles curb corruption in Ukraine



Foreword

We are happy to present the current publication as result of a process initiated by the Swiss Cooperation Office in Ukraine back in 2016. As a large donor with a broad range of projects in various sectors (e.g. local self-governance, health, energy efficiency, urban development, and economic development) we asked ourselves whether and how Switzerland's projects contribute to fighting corruption in Ukraine. This question was first addressed to our implementing partners in December 2016. Our initial reflections and discussions with colleagues convinced us that this topic deserved a more profound and consistent mainstreaming.

Thus, in April 2017, the Swiss Cooperation Office organized a one-day workshop «Fighting Corruption in Development Cooperation» with the implementing partners of the Swiss-funded projects. Structurally and thematically, the workshop addressed the two dimensions of fighting corruption: 1) Internal governance of the organizations implementing Swiss-funded projects. Theoretical and practical preparedness of the projects' staff to identify and prevent corruption risks in their operations. 2) The key challenges in the Ukrainian context related to the issue of corruption, the national anti-corruption reform agenda, and mainstreaming anti-corruption in sectoral work of the Swiss-funded projects.

The workshop confirmed a high level of awareness by staff of the Swiss-funded projects of the key corruption risks pertaining to the internal governance issues and their ability to professionally develop corresponding anti-corruption measures. With regard to the work on the national governance institutions and practices, it turned out that the Swiss-funded projects were already implementing a number of activities, which directly or indirectly contributed to reduction of the corruption risks across different sectors. At the same time, we realized that these activities were not always reflected upon sufficiently in project reporting. As a consequence, all projects were requested to regularly include observations on the implementation of anti-corruption measures and activities into their project reporting.

At the same time, and as the core element of the document we are providing to our readers today, Swiss-funded projects were asked to prepare illustrative cases describing direct or indirect anti-corruption activities/measures implemented in Ukraine within their project to be shared with peers for mutual learning and exchange. The current publication presents a compilation of such cases.

Our experience shows that even without separate dedicated anti-corruption programmes, development partners have means to reduce the space for corruption step by step, by promoting key good governance principles in their work with national stakeholders and therefore contribute to the establishment of good governance practices in corresponding sectors. This process is an invaluable addition to the broad direct anti-corruption agenda. It may take longer, changes will usually be incremental, but results also prove to be sustainable.

We are proud to present this work to you and hope that this publication will be helpful also to other colleagues working in development cooperation, through useful examples of dealing with corruption by mainstreaming good governance principles across various sectors of intervention.

The content of the work presented in each case is the sole responsibility of the projects that provided the different success stories.

Holger Tausch
Director
Swiss Cooperation Office in Ukraine

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1 Contribution to the Council of Europe Action Plan for Ukraine 2015-2017

Best practices in local government: promoting grassroots transparency towards accountability

Anti-Corruption Activities/Measures are being mainstreamed through the Council of Europe co-operation programmes as a cross-cutting issue, including within the Programme "Decentralisation and Territorial Consolidation in Ukraine" implemented in 2015-2018 in the framework of the Council of Europe Action Plan for Ukraine. The Programme itself and the Action Plan as a whole was based, to a large extent, on the recent recommendations, resolutions and findings of the Council of Europe's monitoring and expert advisory bodies in respect of the country, including the GRECO's (Group of States against Corruption) recommendations and applicable international standards.

According to most independent (external) reports as well as in-country analytics, fight against corruption remains a challenge for democratic reforms and promoting good governance in Ukraine. Taking into account this fact and while the main objective of the Programme "Decentralisation and Territorial Consolidation in Ukraine" was to establish sustainable local governance system in Ukraine, the Programme took relevant efforts to bring the anti-corruption and strengthening public ethics high on the agenda of the national authorities. In particular, since 2017 it promoted the theme "Transparency and accountability in local government" as one of the three key topics of the National Contest "Best Practices in Local Government" organised annually by the Ministry of Regional Development of Ukraine with the Council of Europe support and based on its methodology.

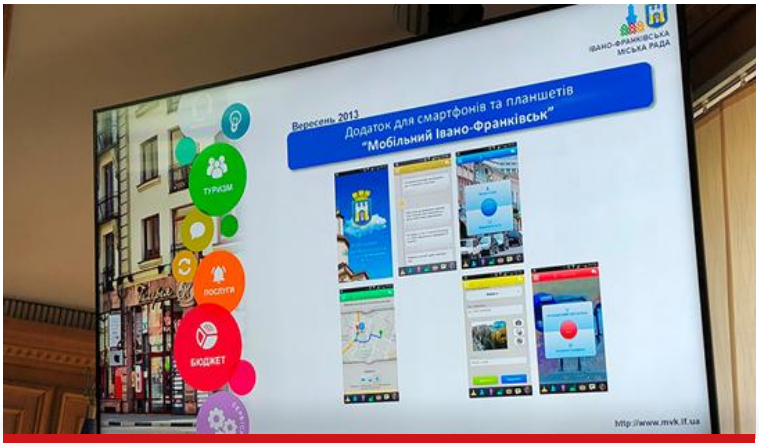
Among 120 projects submitted within the Contest, 36 (30%) were dedicated to the transparency and accountability theme and covered a large spectrum of successful projects enabling better access to public information, citizens participation in decision-making process at local level, e-governance, open data, etc. As a result of the comprehensive three-stage project assessment according to five criteria, 19 projects had been shortlisted and 12 were awarded with the Ministerial (Ministry of Regional Development of Ukraine) – Council of Europe prize and recognised as the most innovative, sustainable, successful and, what is most important, potentially replicable across the country. The latter – dissemination of the best practices nationwide – is the key objective of the Contest. Therefore, to ensure horizontal exchanges among the local authorities who are most successful practitioners of the innovative transparency and accountability municipal tools and for dissemination of the best practices across the country the Council of Europe Programme in co-operation with the Ministry of Regional Development undertook a number of the follow-up actions:

1 Prepared and published the "Best practice manual" – containing detailed description of the winning practices and contact details of the authors; the manual is widely disseminated in both hard and soft copy among the target audience through all the appropriate channels: official websites and social media profiles of the Ministry; local government associations; and NGOs. The target audience are: local leaders, officials, civil servants, students, general public and media.

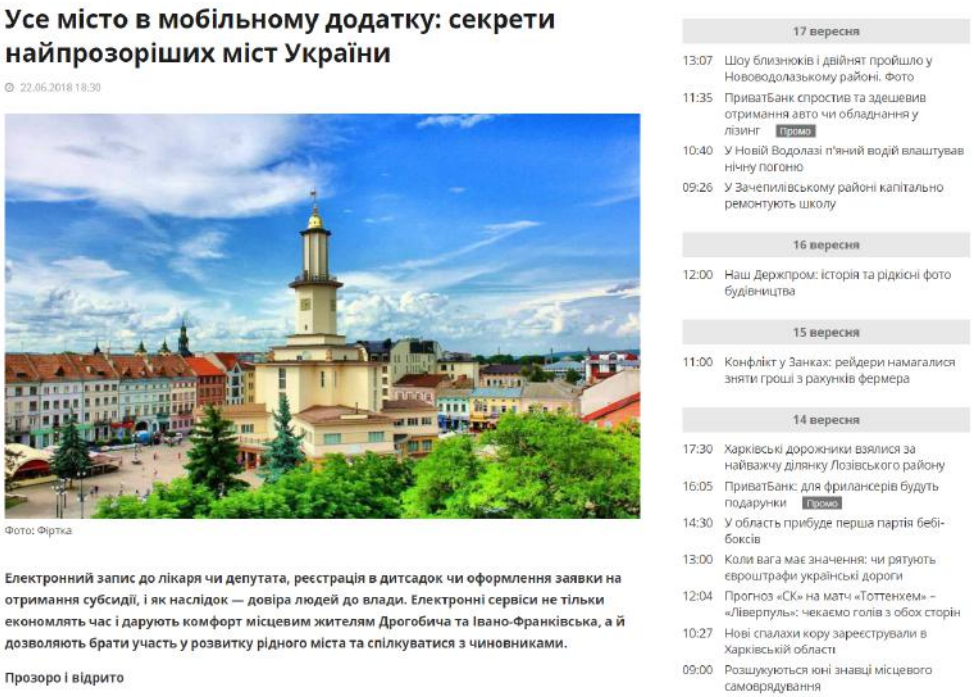
Picture 1. Best practice manual

2 Organised a 1.5-day peer visit to two local authorities-winners of the Contest: Drohobych and Ivano-Frankivsk City Councils for the local authorities-finalists of the Contest in the same theme and the local media representatives-finalists of the National media contest on coverage of local self-government and decentralisation reform; therefore, in addition to networking among local authorities' practitioners, the event promoted coverage of the "Transparency and accountability in local government" subject in no less than 7 local media with the outreach of 170 000 readers, listeners and viewers.

Picture 2. Print screen of Ivano-Frankivsk City Council official website: mvk.if.ua



Picture 3-4. Peer visit "Best practices of transparency and accountability of local self-government"



Усе місто в мобільному додатку: секрети найпрозоріших міст України

22.06.2018 18:30

Фото: Фіртка

Електронний запис до лікаря чи депутата, реєстрація в дитсадок чи оформлення заявки на отримання субсидії, і як наслідок — довіра людей до влади. Електронні сервіси не тільки економлять час і дарують комфорт місцевим жителям Дрогобича та Івано-Франківська, а й дозволяють брати участь у розвитку рідного міста та спілкуватися з чиновниками.

Прозоро і відрито

17 вересня

13:07 Шоу близнюків і двійнят пройшло у Нововодолазькому районі. Фото

11:35 ПриватБанк спростив та здешевив отримання авто чи обладнання у лізинг Промо

10:40 У Новій Водолазі п'яний водій влаштував нічну погоню

09:26 У Зачепилівському районі капітально ремонтують школу

16 вересня

12:00 Наш Держпром: історія та рідкісні фото будівництва

15 вересня

11:00 Конфлікт у Занках: рейдери намагалися зняти гроші з рахунків фермера

14 вересня

17:30 Харківські дорожники взялися за найважчу ділянку Лозівського району

16:05 ПриватБанк: для фрилансерів будуть подарунки Промо

14:30 У область прибуде перша партія бебі-боксів

13:00 Коли вага має значення: чи рятують євроштрафи українські дороги

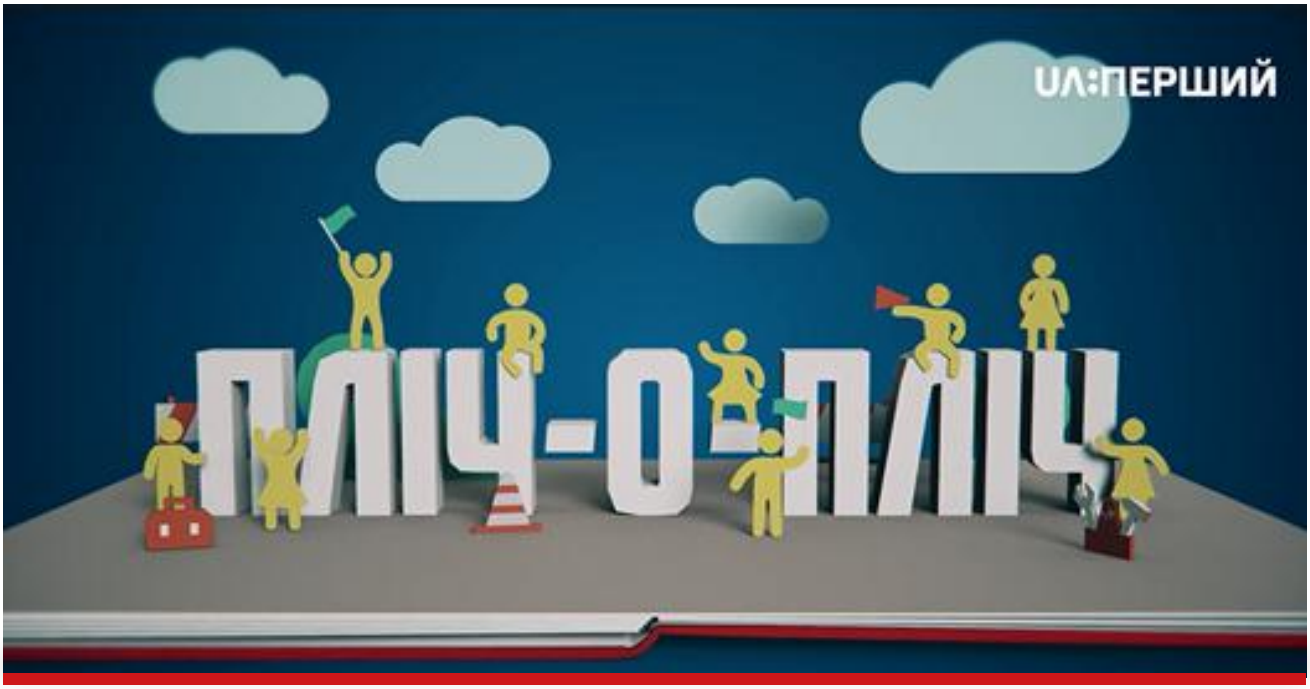
12:04 Прогноз «СК» на матч «Тоттенхем» – «Ліверпуль»: чекаємо голів з обох сторін

10:27 Нові спалахи кору зареєстрували в Харківській області

09:00 Розшукуються юні знавці місцевого самоврядування

3

Produced the TV programmes dedicated to selected best practices-winners (and broadcast on the National Public Broadcaster and through official websites and social media profiles of the Ministry, local government associations, NGOs) with total outreach of at least 2 000 000 viewers.

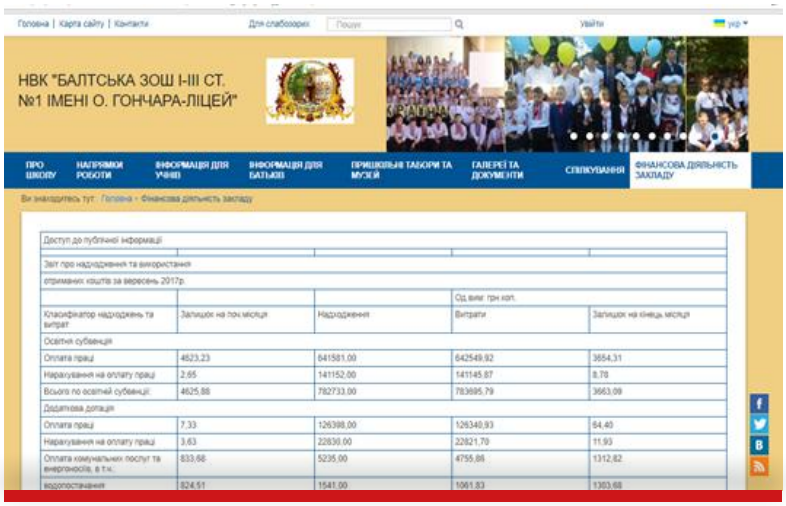


Picture 5. Article by Maryna Protsenko “City in mobile application: secrets of the most transparent Ukrainian municipalities”, online portal “Slobidskyi krai”

2 Development of Citizenship Competences in Ukraine

Anticorruption case: public school budget in Balta School-Lyceum № 1

Within the framework of DOCCU project since 2014, principles of openness and transparency as an important condition of the democratic governance at school were implemented at schools of Odesa oblast. Since 2017 publication of school budget became compulsory for all the educational institutions in Ukraine. But yet in 2014 it was the-then remarkably courageous step forward for administration of an educational institution.



Published budget of Balta School-Lyceum № 1 of the Odesa Oblast, balta-school1.od.sch.in.ua

In 2014 Balta School-Lyceum № 1 of the Odesa Oblast joined DOCCU project. Its teachers and school administration jointly participated in the course on EDC/HRE at the Odesa Regional Institute of Teachers' Improvement.

'After the training we decided to implement the democratic governance at school step by step. Before the EDC/HRE course we supported many initiatives, such as proper effective school self-governance. But after careful carrying out of SWOT-analysis, involvement of our local community into school life and school governance downplayed our expectations. Our school supports transparent financial reporting. Therefore, all the financial statements and plans were published on school's webpage. This important measure allowed the parents, local authorities, and citizens of Balta to join decision-making on school life.' reports Nadia Kopteva, a principal of Balta School- Lyceum № 1.

PROCEDURE OF APPROVAL OF FINANCING FOR SCHOOL PROJECTS BY NGO 'PARENTS` COMMITTEE':

STEP 1 Request from pupils / teachers / school administration to NGO "Parents Committee" regarding the support / assistance in the donation of a certain school projects.

STEP 2 Request for support of the project is discussed at a board meeting of NGO which gathers one time per 2 months, or more often if necessary.

STEP 3 If the project is supported by the majority of NGO`s board the assistance in assignment from the collective NGO budget.

STEP 4 Funds are than paid only in non-cash form according to the micro-project budget. All the payments should be proved by source documents, in particular such as checks for the purchased materials etc.

STEP 5 Director of the NGO issue the report on spent means monthly and the final report after the end of the project on the website of the NGO.

«

It's not a secret that the conditions of education often impact its quality. Modern school means not only new methods and curricula, it is, first and foremost, about the modern educational environment: well- equipped classes, sports grounds and conference halls, communication and recreation areas for children.

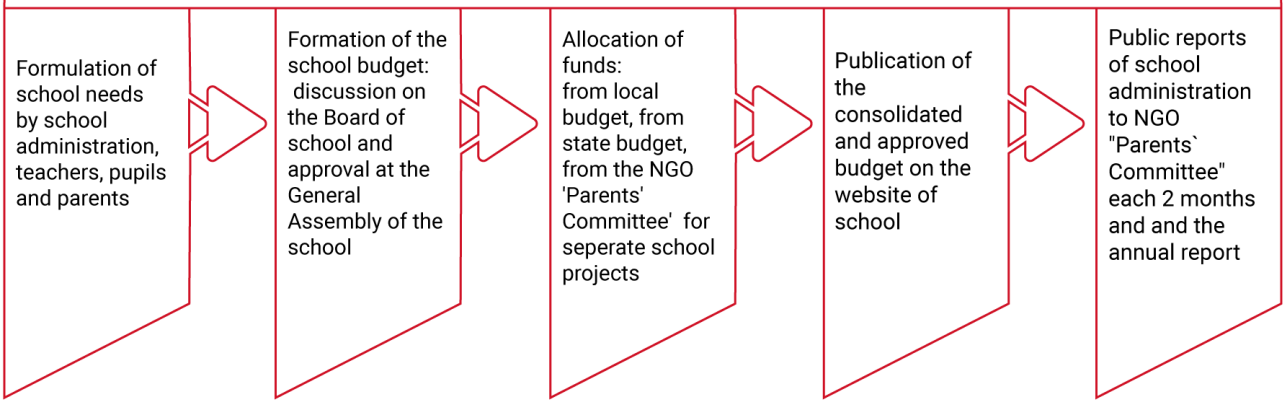
»

Victoria Voloshyna,
a head of NGO 'Parents' Committee'
and mother of Roman,
student of 8-A class

The Baltic City Territorial Community and NGO 'Parents' Committee' now continue rendering their active support to Balta School-Lyceum No. 1 in improvement of its institution's territory while setting up well-equipped educational facilities at school.

Due to cooperation of parent`s NGO and local authorities with school administration, new sidewalks were laid while restoration works on a new central school facade were started. Now, to receive financing from parents the school administration indicates needs in written form. Parents, who are all members of the NGO, decide about the priorities and finance them from the joint budget of the NGO. Parents are involved in school life, they always know what their money is spent for and control this process. This promotes transparency and accountability of additional school expenditures.

PROCESS OF CONSOLIDATED BUDGET FORMATION OF BALTA SCHOOL-LYCEUM № 1 OF THE ODESA OBLAST



«After the school budget was published on the web-site, there were many questions raised on the salaries of teachers and cost of capital repairs. Discussion in the community was very lively but it was not always that its participants could understand why the funds issued were appropriated on these expenditures rather than on others. But we remained patient and quiet at responding to all the comments and questions that arose along the avenue. This eventually opened a door to a discussion with the community and local authorities on school underfunding not only for the modern equipment, repairs, but on current needs too. After a multi-year dialog our community now appears to be much deeper involved into school.»

Nadia Kopteva,

a principal of Balta School- Lyceum № 1

SAFOSO

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

3 Establishment of a risk-based food safety control system in the dairy value chain in Ukraine

Drug residues in milk – different perspectives, consensus in action

In Ukraine as in most other countries, it is forbidden to sell milk and dairy products containing drug residues for human consumption, because they pose a threat to the health of consumers. Raw milk can be contaminated with drug residues for example by not respecting the withdrawal period of antibiotics, but even in spite of great care, it can happen occasionally that drug residues are excreted in raw milk. Such contamination can be detected if raw milk is tested before further processing. Contaminated milk should be disposed of and typically the farmer has to cover the associated costs and may have to pay a fine. In Ukraine, processors are obliged to report the detection of contaminated milk consignments to the relevant state bodies and follow guidelines on how to dispose of such milk. Nevertheless, during the last years no cases were reported, because the processing companies are afraid of the consequences. This promotes corruption.

To overcome the necessity of reporting, some processing companies test milk for drug residues before buying it and refuse contaminated milk, while other companies profit by buying contaminated milk at very low prices. They increase their price competitiveness and their margins by illegally processing contaminated milk. The problem is well-known by all stakeholders of the Ukrainian dairy sector, but they will not publicly admit it. Consequently the problem persists and is threatening the health of consumers and leaves room for further corruption.

The project reported this issue to the Steering Committee in 2016. The Steering Committee, consisting of representatives from government, industry and SECO, then mandated the project to initiate a Round Table on the topic with relevant stakeholders in 2017.

Three Round Tables were held in 2017 and 2018 with representatives of processing companies, milk producers and the relevant governmental bodies, separately. The participants highly appreciated this platform for open discussion with peers, sharing of opinions and concerns and proposing solutions without fearing any consequences. The Round Tables successfully revealed the processing companies' and milk producers' view on the current situation and on the necessary prerequisites for improvement. The representatives of the governmental bodies openly accepted this input from the private industry.

Further, the very positive experience with such open discussions and collaboration between all involved parties resulted in joint development of a pilot project on the control of raw milk under the responsibility of the State Service for Food Safety and Consumer Protection (SSFSCP) and technical support of the project. In the framework of this pilot project, raw milk sold by milk producers to milk processors is regularly sampled at milk production units and milk collection points and tested in governmental laboratories for - among other safety parameters – drug residues in milk. Test results are shared with milk producers on an electronic platform owned by the SSFSCP. After testing different control schemes under this pilot project in four oblasts and acceptance of a new order on milk hygiene developed by the SECO funded project for the SSFSCP, the raw milk control program will be rolled-out in entire Ukraine to improve detection and reporting of contaminated milk consignments and thus eliminate a source of corruption. This will then also eliminate a source of market distortion and improve food safety for consumers of dairy products in Ukraine and abroad.

EGAP

Фонд Східна Європа

INNOVABRIDGE

Schweizerische Eidgenossenschaft
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Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

4 E-Governance for Accountability and Participation

Curbing corruption through online business registrations

Business registration services are among the most popular administrative services in Ukraine. However, registering a business in Ukraine is also known to be prone to rampant corruption.

Persistence of queues and administrative backlogs in state registration bodies are the primary reasons for alternative attempts to manage the transactions faster, without waiting. Direct face-to-face contact with administrators responsible for registrations, jumping the queues and facilitating creative ways for more efficient access to state registers and administrative services are among the most common sources of corruption. The Ukrainian saying 'where there is a queue, there is a way without a queue' well depicts this widespread phenomenon. Cases of illegally created shadow registers (including electronic ones) where registration places in the system are sold to entrepreneurs is also not uncommon.

What many entrepreneurs often do not realize is that, by law, state business registration services must be provided 'free' of charge and accessible to all entrepreneurs without differentiation in administrative efficiency. Nonetheless, the human factor and deficiencies in the system open room for 'mediators'. For example, if a Google search is done for «Phoenix Registration» or suspension of business licenses – key words for business registrations in Ukraine- the Google search first displays the services or lists of state registration mediators, where a business registration procedure is offered for 750-950 UAH (20-30 CHF), and 'liquidation service' at 1200-1500 UAH (45-60 CHF). This is offered to entrepreneurs instead of instructions on how to do it themselves. While it is not entirely illegal to provide such services, intermediaries tend to have their own duplicate registrars which provide exclusive, paid access to allegedly proper delivery of a given service, thus endorsing parallel systems and unequal access to basic services for citizens.

Government's Attempts at Solutions

Being aware of these problems and the importance of business registrations for Ukraine's economy, online registration of businesses was first introduced in November 2012 through the online state Registration Portal. However, the software chosen and series of technical limitations prevented the system from working effectively and by 2015 business applications ceased to be processed through

this portal altogether. Registering or terminating a business was once again limited to applying in person in paper format or by post with notarized signature[1]. Registrations being tied to applicants' place of residence also complicated administrative procedures. In 2016, several legislative acts were reintroduced to fix some of these inefficiencies. First, entrepreneurs were enabled to register irrespective of their place of residence within the Autonomous Republic of Crimea oblast as well as in Kyiv and Sevastopol cities[2]. Second, the Cabinet of Ministers of Ukraine identified business registrations and terminations[3] as a priority service for automation. To the dismay of many, however, by 2017, these services remained largely paper-based and continued to be subject of high risks of corruption.

EGAP Programme's Approach and Support

To facilitate Ukrainian citizens' equal access to efficient administrative services available in an electronic format and thereby to decrease systemic corruption in Ukraine, the Electronic Governance for Accountability and Participation Programme (EGAP) began working closely with key state authorities in targeted public services. Due to their popularity, high demand and prone to corruption, electronic business registrations were chosen as one of the targeted service areas for EGAP's involvement.

Thanks to the pro-active leadership of the State Agency for E-Governance, EGAP's primary Ukrainian government partner, initiated a number of joint meetings with the Ministry of Justice in Ukraine following which a memorandum of cooperation was signed related to the transfer of several services administered by the Ministry of Justice into electronic format. EGAP's technical assistance (TA) was then requested to implement a technical solution and related capacity building. Cooperation with the Ministry of Justice was rapid and resulted in a strategically planned, gradual transfer of all its services, including business registrations, onto its new government Online House of Justice portal.

EGAP's Results & Contribution to Anti-Corruption Measures

Specifically, online application and termination of businesses for individual entrepreneurs was launched for all citizens of Ukraine on the Online House of Justice portal in March 2017, the technical implementation of which took 6 months to complete. Within the first year of its introduction, in March 2017, the service was used 5168 times; 67% included registrations for individual entrepreneurs and 33% included business license terminations. On average, the portal processes 16 to 50 e-applications daily with the number of applications increasing monthly.

The new e-service enables entrepreneurs to:

1. Fully submit their business registrations electronically, 24/7, irrespective of where they reside; entrepreneurs simply require access to the Internet and keys to electronic digital signature;

1 MOU No. 1666-VIII dated 06.10.2016.
2 Part 2 of Article 4 of the Law No. 755-IV dated 15.05.2003.
3 Resolution of the Cabinet of Ministers of Ukraine No. 918- p dated November 16, 2016.

2 Prevent corruption by: a) removing direct contact between administrators and applicants where bribery and petty corruption is common; b) removing illegitimate duplication of service provision by intermediaries; c) legally standardizing and creating the practice of issuing 'official receipts' for processed business applications; iv) enabling the initiation of business registration irrespective of entrepreneurs' place of residence;

> **After the introduction of new electronic services, citizens will not need to spend time waiting in queues, finding mediators among civil servants to get one or another certificate. All of these services can be obtained through the Internet at home or at work, by going to the website of the Ministry of Justice and paying this service withyour payment card.**
>
> **Pavlo Petrenko,**
> Minister of Justice of Ukraine,
> March 18, 2015

> **Accessible and transparent, non-corrupt, fast and convenient electronic administrative services are what citizens and businesses expect the most.**
>
> **Alexander Ryzhenko,**
> Head of the State Agency for
> E-Government of Ukraine (1 March 2017)

3 The new EGAP-supported e-service also significantly simplifies the business registration/termination process for people with disabilities as the full procedure can be carried out online, without applicant's need to physically visit a registration authority. Internally displaced persons also have access to the service equally to all Ukrainian citizens.

Some Challenges Faced & Lessons Learned

One of the main risks when implementing e-services are changes in the legislation that may affect the implementation an e-service's business process. In the case of business registrations, when EGAP began implementing the technical solution for Ministry of Justice, changes in the legislation introduced the mandatory use of digital signatures on several documents. This resulted in the need for EGAP's TA team to promptly develop a mechanism that could enable the use of several electronic digital signatures on a single electronic document. When implementing e-services, it is thus necessary to pro-actively monitor draft changes to regulations affecting the business process of the service provision in electronic form in order to be able to respond to them promptly.

The second challenge faced when introducing new e-services is raising the public awareness. Without comprehensive public information campaigns, citizens remain unaware about the newly offered state online services hence the e-services' low usage and low benefits for citizens. Moreover, as citizens are unaware and do not always distinguish between the legitimate state portals and unofficial ones, the prevalence of illegitimate, competing parallel non-state portals - such as iGov.org.ua - is perilous when the latter offer negative experience for citizens and duplication of service provision while parallel systems are perpetuated. Any new electronic service will not be actively used without proper informing of citizens about its existence and an explanatory campaign.

Despite its challenges, however, the EGAP team considers the implementation of the nation-wide online business registrations for all Ukrainian citizens and entrepreneurs as a success.

5 E-Governance for Accountability and Participation

EduPay – community-based ICT solutions ensuring transparent financing of Ukrainian schools

High quality and equally accessible education is one of the important triggers for Ukraine's sustainable socio-economic development. Ukrainian legislation stipulates that school and pre-school education is public and subsidized by the national and local budgets. Yet excessive false sense of authority in school leadership creates a commonly found precedent for corruption in the provision of state education services.

Common corruption risks and problems. Generally, educational institutions' budget from public sources in Ukraine is limited. Hence public schools often solicit supplementary financing from parents. Yet not all expenditures paid by parents end up contributing to the quality of education. Corruption risks lie in the fact that schools' quality of education is conditional on parental allocation of funds and contextual relationships related to this dynamic. Parents' choice not to (informally) finance schools often bears negative consequences such as schools or teachers proceeding to jeopardize given children's reputation, causing unequal treatment and even spoiling their grades.

Consequently, in fear of the mentioned sanctions, parents end up offering unofficial cash contributions in areas such as — making annual payments to the school fund, repair funds for classrooms or for the whole school, offering 'gifts' to teachers, purchasing recommended textbooks, or providing 'supplementary' payments for cleaning and school security service. Moreover, the second problem lies in the lack of transparency on how the raised parental funds are used by the school administration.

Typically, such contributions are accepted in cash and do not have any required reporting or accounting system. Procurement, repairs and other forms of services initiated by a school institution are usually not officially documented, even when parents request it. Most often parents find out about monthly contributions to the school fund, class fund, birthday presents and holiday parties during schools' parental meetings. This information is then briskly discussed within social networks and compared among different regions hence confirming the country-wide phenomenon.

Statistics and Yet Shadow Reality. According to statistics, more than 90% of school establishments impose unofficial donations and in each third school incidents of parents' complaints about non-compliance with legitimate procurement procedures are reported. At the same time, on average, nearly 20% of state funds for education go unused each year. The Ministry of Education explains this by stating that according to the law while institutions need to report on budget expenditures, reporting on parental fees is unnecessary as it falls in the category of «voluntary charitable contribution» which is not connected to the state budget. At the same time the Ministry emphasizes that 'collecting money'

from parents is a crime, leading to criminal liability but not much is done to officially recognize this shadow reality.

Solution. An effective anti-corruption solution to this problem was found by the EduPay project from the Eastern city of Kharkiv during a hackathon organized within the framework of the first all-Ukrainian EGAP Challenge competition for IT projects on e-democracy and the Swiss-Ukrainian E-Governance for Accountability and Participation» (EGAP) Programme. EduPay was selected by the competition's jury as a winning solution which entitled it to receive technical and financial support for its full development.

EduPay's unique solution provides a tool to solicit transparent additional funding by educational institutions through the service called Conscious Charity. Conscious Charity is a website featuring registered personal cabinets (accounts) for parents which list a full history of contributions and electronic cost reporting. It is not a financial agent, therefore, all financial data related to online payments made by parents are entered exclusively through banks, which is the best security guarantee for payment data. To transmit all other data, an encrypted SSL thread is used.

Conscious Charity's transparency enhancing features prompt to reduce the undocumented circulation of cash in institutions and allows parents to oversee the activities of so-called conditional «charitable funds» hence prevents potentially unequal educational process and harmful treatment of students.

As one of the top EGAP Challenge winners, EduPay received financial support for its incubation period including its full technical development, as well as expert support to shape the strategic direction of its positioning in the market, partnership with the Ministry of Education and Science in order to develop and extend the service.

EduPay's Impact: EduPay is now used by more than 300 educational institutions in five regions of Ukraine, which means transparent oversight and peace of mind for over 25,000 students and their parents. Throughout the development and incubation process, the EduPay team also learned many valuable lessons including that:

- informal payments for school subsidies exist and are a very real issue of corruption in education;
- IT solutions can be effective tools for solving the problem of transparency and accountability in education;
- supportive initiatives for social innovation startups such as hackathons make it possible to clearly identify community issues and quickly find and work out effective solutions;
- dissemination of such services is extremely important for the formation of responsible society and promotion of e-democracy.

Among the remaining challenges for the development of the project, however, is the continued presence of a «shadow economy» in the educational sector where some educational institutions continue to be reluctant to switch to non-cash circulation and to use EduPay's services. It is an uphill battle but it is through the dissemination of small community based projects, through collaboration of parents and social activists, and with the implementation of good practices such as EduPay that corruption can be effectively combatted in Ukraine's schools.

6 E-Governance for Accountability and Participation

Fighting corruption at the regional level through e-governance

It is not a secret that the current system of administrative services provision in Ukraine shows signs of corruption. Results of a sociological survey commissioned by the EGAP Programme in 2015 also showed that public perception of corruption varies in different regions of Ukraine. This case study features Volyn region's , one of four targeted regions of EGAP, latest accomplishments and future plans for curbing corruption and improving administrative service delivery through e-governance.

Despite citizens' perception of corruption in the Volyn region ranking among the lowest in the mentioned survey, the EGAP Programme jointly with Volyn's regional administration seeks to further minimize corruption by advancing e-governance reforms. Improvement of administrative services both offline through the creation of integrated offices for administrative service provision (one-stop-shops) as well as online in electronic format are important for modernising the public administration system in Ukraine.

These initiatives are also important for the undergoing decentralization reforms in Ukraine where administrative power is increasingly being shifted to local self-government authorities. A key component in this process is the effective re-organization and improvement of how centers for the provision of administrative services across Ukraine (hereinafter CNAPs) operate and service citizens, including in the newly amalgamated territorial communities at the local level. For combatting corruption, automation of administrative service delivery is seen as an effective tool for increasing government's transparency, efficiency and accountability through faster processing capacity and sheer removal of direct face-to-face interactions between citizens and authorities where ample opportunities for corruption tend to emerge.

Unique Solutions Introduced by the Swiss-Ukrainian EGAP Programme

Nonetheless, automation of administrative services in Ukraine is a complex endeavour. Assisting in this challenge, the Swiss-Ukrainian EGAP Programme in Volyn region, introduced several comprehensive solutions using an integrated approach in the provision of administrative services linked to local administrative service centers (CNAPs). A complementary technical solution also included the creation of an integrated regional portal for electronic services (**www.e-services.volyn.ua**). The portal offers a comprehensive set of features for enhancing administrative transparency, efficiency, convenience and for reducing corruption. To ensure that new online solutions equally benefit disadvantaged populations in the region, social inclusion aspects were also respected. A more detailed account of the various features and initiatives undertaken by the Volyn team includes:

- Volyn's regional portal for electronic services was adapted to a friendly format for the visually impaired people and was rolled out to all 23 CNAPs in the oblast;
- Classification of services related to life events was introduced based on international best practices;
- A register of administrative services linked to the Volyn Regional Employment Department was created providing job seekers, employers and employees with better access to state services;
- Customized automation of information cards for each administrative service in subsidiary geographic areas connected to the Regional Portal was developed;
- Integration of the Regional Portal with the Regional administration's e-document exchange system as well as with the National Portal of Administrative Services (www.my.gov.ua) facilitates better access to e-services and online personal cabinets for citizens;
- Electronic queue control system was piloted in 4 CNAPs to enable transparent queue tracking for services provided offline, a common area prone to corruption. The system specifically targeted CNAPs in bigger cities whose number of visitors exceeds 1000 per day;
- A system of e-document exchange in the newly created CNAPs in newly amalgamated communities was introduced which greatly simplifies communication between government entities providing administrative services and allows citizens to transparently track the timeliness of service provision, accorded by law;
- System of SMS notifications for clients receiving services was introduced in 5 CNAPs in the region.

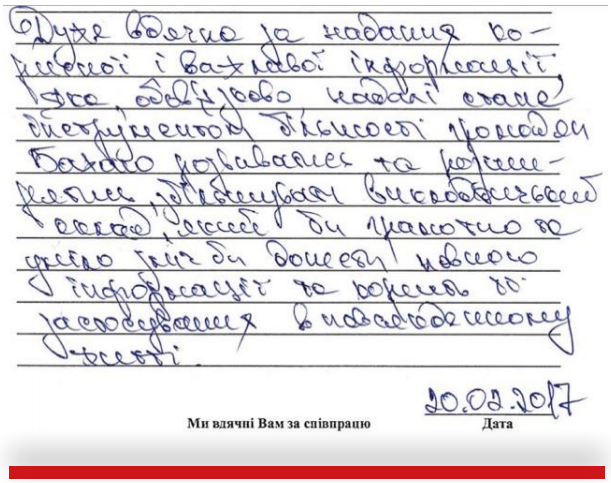
KEY BENEFICIARIES

- All citizens of the Volyn oblast
- Regional and sub-regional administrative service centers in Volyn, including in newly amalgamated communities and administrative-territorial units
- Local executive authorities and local self-government bodies
- Higher educational establishments, public organizations, and
- IT businesses

Information about the implemented measures is shared through local media channels as well as through the recently established Volyn's School of e-Government.

Overall, the implementation of the integrated Regional Portal promotes convenient, high-quality online interaction between the public, business and authorities by minimizing face-to-face contact with government officials. Below is an example of positive and grateful feedback note from one of the system's users.

As the automation of administrative services and their full systemic integration at different levels of government is rather new in Ukraine, implementing these measures poses numerous challenges. Development of effective interoperability systems that connect different levels of government and entities linked to the value chain of service provision is still nascent in Ukraine hence particularly challenging. Standardizing, optimizing, reengineering of processes for efficient e-service delivery as well as skill gaps among administrators are also limiting a faster pace of necessary reforms.


Дуже вдячна за надання корисної і важливої інформації, яка, обов'язково, надалі стане інструментом більшості громадян. Бажаю розвиватись та розширятись, збільшувати виключний склад, який би грамотно та уміло зміг би донести повною інформації та користь її застосування в повсякденному житті.

20.02.2017

Ми вдячні Вам за співпрацю

Дата

Nonetheless, Ukraine must steadily plough ahead. We trust that EGAP's comprehensive approach to assisting CNAPs in their automation, more efficient and ultimately more effective delivery of administrative services will significantly impact on reducing corruption, on efficient data collection for the Central Statistical Bureau and for overall raising of standards for transparent and efficient quality service deliveray to citizens of Volyn. In the near future, it is planned that the model developed in Volyn will be shared and replicated as a best practice in other regions of Ukraine.

7 E-Governance for Accountability and Participation

Opendatabot – Access to open data protects Ukrainian businesses against corruption

"Your company's director was changed and you are no longer in control of it." Receiving such an unexpected message is feared by all business owners in Ukraine. It signals a probable raider attack. Raider attacks, which occur often in Ukraine, are illegal takeovers by (illegal, criminal entities) of a company or its corporate assets through a series of illegal transactions such as juridical manipulations or the counterfeiting of documents. Dnipro-based programmer Oleksiy Ivankin, his business partner and their company were also victims of an illegal raider attack. However, after launching criminal proceedings against unknown perpetrators, Ivankin and his partner have never received any police resolve nor details about the investigation. Such criminal cases number in the hundreds each year and majority of them remain 'unresolved'; this fact points to the rampant corruption in the Ukrainian court system with significant implications for secure and sustainable development of Ukraine's economy.

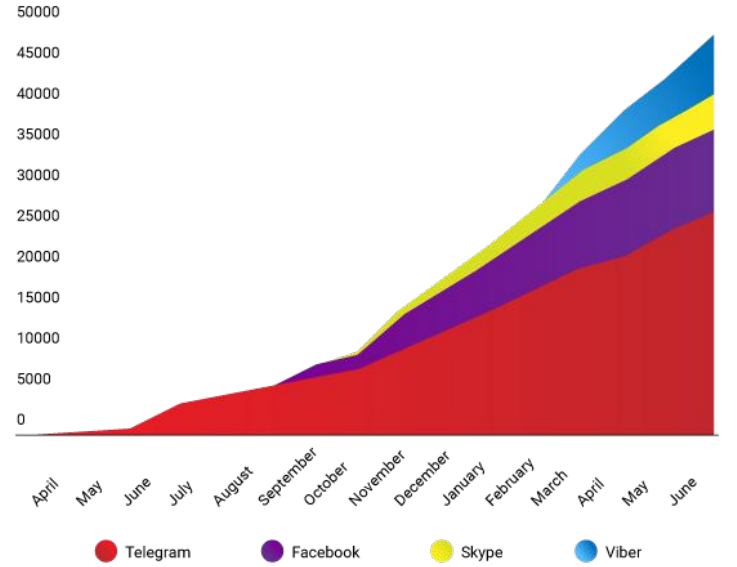
Although the Ministry of Justice introduced series of procedural improvements on how businesses are registered several years ago, these developments generated a schism in the legal system as notaries received the right to rewrite real estate, corporate rights as well as the entitled beneficiaries related to companies. Hence a window of opportunity for illegal business raiding activities enlarged.

To promote social innovation in Ukraine through the use of new information and communication technologies and e-democracy instruments, in 2016, the first nation-wide Ukrainian EGAP Challenge competition was launched by the Swiss-Ukrainian EGAP Programme. Over 40 teams from different regions of Ukraine competed in the EGAP Challenge. One of the winning teams, the 908.vc developed an innovative Opendatabot solution. Opendatabot enables Ukrainian companies to self-monitor business registration data and court registers in order to protect companies from fraudulent data

manipulations and raider attacks. Applying a special software, the Opendatabot service aggregates information from public registers and other data sources and sends 'update' messages or notifications via Telegram, Facebook, Skype or Viber messenger when fraudulent data manipulations occur linked to a particular company.

In the context of the EGAP Challenge initiative, the project received technical and financial support from the EGAP Programme as well as expert support from the State Agency for E-Governance, a partnership that has proven to be fruitful as the 908.vc team is now successfully cooperating with the State Agency for E-governance on several open-data projects in Ukraine.

Impact. Today Opendatabot has over 70,000 users, mostly lawyers and entrepreneurs who monitor more than 40 thousand companies in Ukraine. The bot has also become a daily working instrument for Ukrainian lawyers. A year ago, the Opendatabot solution was only used by a small group of business owners – the 'early adopters', however, today Opendatabot's 'professional subscriptions' have expanded exponentially. A professional account for 270 UAH (10 USD) per month provides daily monitoring of all existing company registration data and provides unlimited access to all of Opendatabot's services.



Number and Communication Channels of Opendatabot users

Lawyers are among the most common subscribers and usually sign up for information related to court sessions and court decisions. Accountants are interested in changes in tax debt and companies' VAT status while police and tax officers are also using the service in their everyday work. In its blog and social networks, the project regularly publishes very accurate and sharp analyses about corruption and is one of the main resources for regional and national advocacy campaigns on anti-corruption. Overall, the main goal of the project and solution is to make open data accessible, simple to use and available to the greatest proportion of the public to curb corruption in Ukraine.

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8 Integrated Urban Development in Ukraine

Modernizing urban cadasters towards transparency on the property market, fight against corruption and increased municipal revenues

Since 2016, the project «Integrated Urban Development in Ukraine» supports Ukrainian cities in developing Integrated Urban Development Concepts (ISEK). ISEKs provide a useful tool for good urban governance and prevention of corruption at the local level, because they promote transparent and accountable urban planning and development processes by improving communication, cooperation and public participation.

One important pre-condition for sustainable urban development is the availability of high quality urban cadasters. At the moment, existing cadastral systems of our project partner cities do not meet modern requirements (lack of access to actual data, considerable part of information is not digitalized and not accessible for citizens, lack of personnel capacities and technical equipment). Due to this, the project provides technical and financial support to the City Councils of Chernivtsi, Vinnytsia, Zhytomyr and Poltava in the development of modern IT-based urban cadasters. Urban cadasters provide real-time information on land usage, buildings and other elements of urban space (for example, advertising space). Examples of such information are: Size and exact location of land lots, land usage regulations, quality indicators, metadata of the objects, usage regulations for property, restrictions etc. In view of this, high quality urban cadasters considerably promote transparency on the property market and the fight against corruption and misuse while at the same time increasing public /municipal revenues.

Our four partner cities approved our proposed measures for modernizing and improving the Urban Cadaster, and a Memorandum on Cooperation in this area was signed between the project and its target cities in 2017. The project started providing technical and financial support in the form of international advisory services (e.g., two experts from Hafen City University Hamburg presented modern GIS-based (geographic information system) city planning technologies in all four cities in March 2018). Afterwards the corresponding hardware and software was purchased and the professional development of employees of local cadaster services was launched (as of now, nine public servants working in

cadaster departments took part in online trainings on cadaster services and GIS systems). The main work in this direction will be implemented in summer-autumn 2018, but we have already started by organizing together with Minregion a conference on urban cadaster in Zhytomyr in which Hennadiy Zubko, the Vice Prime Minister, participated to highlight the importance of high quality urban cadaster.

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9 Support Reforms and Good Governance in the Health System in Ukraine

Good Governance in implementation of the investment project in the health sector

The health sector of Ukraine is going through major reforms and transformations. One of the key challenges in transformation of the health sector is to ensure transparency and no tolerance to corruption, build trust of the citizens to the system. The Swiss Development Cooperation is supporting a governance project to develop and institutionalize good governance practices in implementation of the $215 million World Bank-financed project «Serving People Improving Health» (SPIH), which is one of the largest healthcare projects in the Eastern Europe intended to support health reforms and invest in modernization of healthcare services in Ukraine.

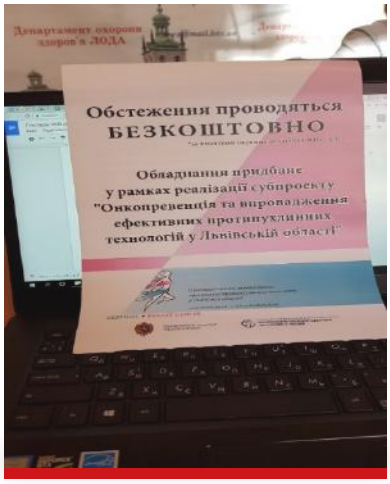
The SPIH project is implemented by the Ministry of Health Ukraine and 8 regions. The success of the project in each particular region depends a lot on involvement and capacities of the local governments. Accountability, getting people's voice heard by engaging citizens, and anti-corruption focus is key to implementation of the project, which requires getting away from "doing business as usual" and making steps toward efficient and transparent procedures in all phases of the project, from designing project activities to monitoring of their actual impact.

To help build and strengthen governance arrangements in implementation of the project, in 2017 the World Bank partnered with the Kyiv School of Economics (KSE) to work together with the central and regional-level implementation teams to assess and monitor procurement activities in the SPIH Project, provide trainings for the project implementation teams, implement independent monitoring of the accessibility and utilization of improved health services, as well as develop and implement effective citizen engagement mechanisms.

Fact-finding

The start of the project included a lot of preparation work. The KSE team has visited all regional project implementation units and had extensive discussions with the central project coordination unit to get acquainted with the teams and to systematize problems which were arising in implementation of the project.

The main challenges were identified as follows:



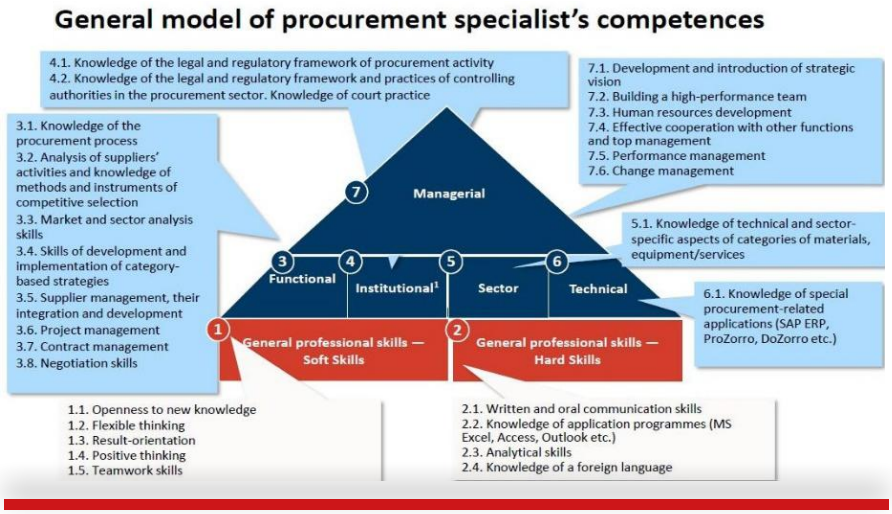
- Problems in communication between central and regional teams;
- The level of engagement and enthusiasm of teams is different across the regions and often there is no problem-solving attitude;
- Project management skills are often week and require capacity building;
- Officials are often afraid to use their judgement or discretion – they prefer to strictly follow the instructions – and for a good reason, since check-ups of their activity by the Prosecution Office, State Security Service and other controlling bodies are rather frequent and distortive. For the project, this results into strict adherence to procedures, but there is no culture of making an extra effort such as promoting the project for greater involvement of citizens, medical personnel and bidders.

In order to address some of the identified bottlenecks, the project implementation team has elaborated some explicit actions in the following directions:

- Competences assessment and training programs for regional teams;
- Third-party monitoring of SPIH project procurement and implementation with involvement of civil society organizations;
- Citizen Engagement mechanisms including piloting of Community Score Cards exercise.

Training Program

To effectively match the missing capacities and skills in project implementation teams, the initial assessment of competences was rolled out. The KSE has started with testing knowledge of procurement specialists. Based on these results, the program for the training will be focused on team work and on stages of procurement process other than tendering procedure itself (e.g. analysis of the market, communication with potential bidders etc.).



Another challenge to address is considerable delays in implementation of tender procedures at all stages of the procurement process, also with preparation of the specifications and preparing effective grouping of items requested by service providers, effective addressing of requests and complaints during the bidding process, and fast evaluation of the bids received.

Independent monitoring

Monitoring of the SPIH project consists of several parts:

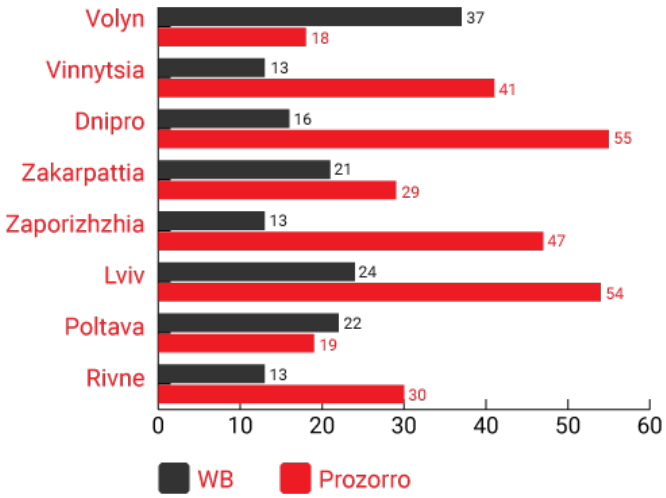
- analysis of completed procurement activities since the project start;
- monitoring of ongoing procurement in oblasts by regional partners (NGOs);
- monitoring of the availability of procured items and activities and their accessibility by intended beneficiaries.

The main findings of the desk analysis of project procurements are as follows:

1 As of January 1, 2018 the regional teams have carried out 66% of tenders planned to be completed by this time, together making up for 47% of the planned disbursement (share of planned funds that were actually used ranges from 3% to 100% in different regions). The regional teams completed tenders with considerable savings - they actually spent only 53% of the estimated amounts.

2 There are considerable delays in procurement - on average signing of a contract is 261 days late, and it is mostly due to delays in development of specifications (169 days average delay). The rest of the procedure (between bid announcement and contract signing) is on average 92 days longer than planned.

Medical equipment

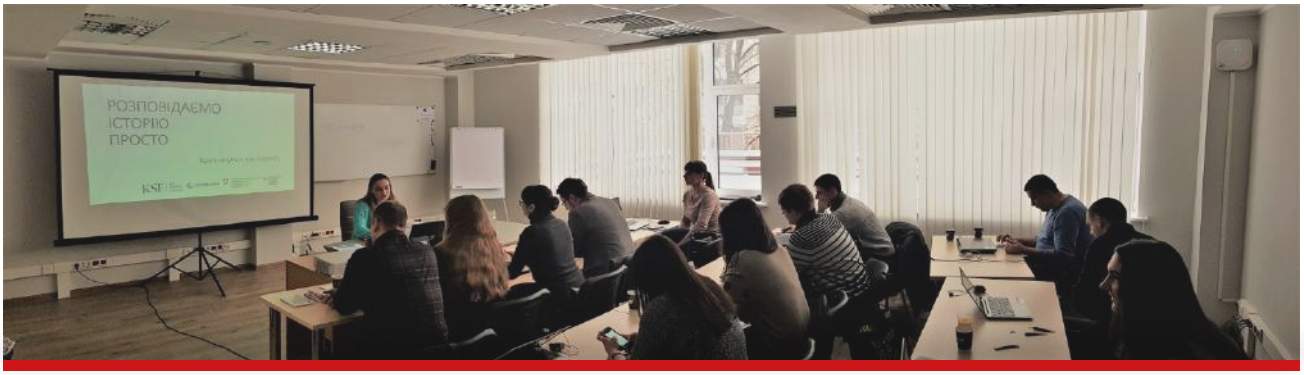


Note: 1) from Prozorro – tenders above UAH 2m.
Note: 2) only medical equipment were taken into account.

Number of unique bidders by region

3 The highest delay is observed for (re)construction works, followed by provision of the Internet for healthcare facilities and installment of Information Security System at them (however, the latter tenders have been completed only in two oblasts).

The KSE in partnership with regional NGOs is engaged in monitoring of the entire process of regional project implementation, including attending pre-tender conferences, surveying bidders, attending opening of bids as well as monitoring project-related news in local media. In addition, local NGOs are



asked to attend a sample of facilities that benefited from the project and survey facility managers and doctors who are using equipment supplied within the project. To get client feedback on the use of devices and equipment procured within the project, NGO representatives plan to conduct exit-poll of patients who have just received a service related to the project.

The total 8 NGOs (one in each SPIH project region) were selected and trained to effectively conduct monitoring of the project implementation. To effectively collaborate in implementation of the project, Memoranda of Understanding were signed between most Oblast administrations and NGOs to define the scope and arrangements for independent monitoring. Involvement of NGOs will also increase public awareness on the project since they are expected to regularly publish their findings. Public officials in all oblasts except for one have positively accepted NGO involvement into the project. The information from surveys of bidders, service providers and clients will bring additional insights on how the governance in the project can be improved.

Network of subnational health-sector monitoring partners & Citizens Engagement

A large and important component of the project is development of citizen engagement mechanisms for the SPIH project with the long-term goal of raising awareness and interaction with active groups of citizens who could actively participate in other projects implemented by international organizations and/or local government.

The project team is testing most effective techniques of citizen involvement:

- Collection of feedback on the quality of healthcare services via SMS. If this technique proves effective, it may grow into a full-scale complaint resolution system;
- Citizen scorecards. One pilot scorecard exercise was performed in Kyiv, and a few others in Zakarpattia region are planned before finalizing the mechanism and its scaled implementation. The pilot will try to identify what is important for the participants and bring on set of monitoring criteria developed during the discussion of the focus group. Those will become a ground work for monitoring by the local monitoring committee consisted of local NGO representative, opinion leaders and service providers on semi-annual basis.

The participatory approach in project implementation will help build adequate and sustainable governance arrangement that will last after the project implementation. The planned activities are calling for more effective implementation and delivery of services and will significantly reduce corruption; they contribute to overall raising of standards for transparent and efficient development of healthcare sector in Ukraine. In the near future, it is planned to evaluate and use the developed model as the best practice in the sector activities.

Swiss-Ukrainian project
DESPRO
Decentralization Support in Ukraine

skat Swiss Resource Centre and Consultancies for Development

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10 Swiss-Ukrainian Decentralization Support Project

From selecting communities – to co-financing construction: four steps to prevent corruption

DESPRO is a Swiss-Ukrainian Decentralization Support project, funded by the Swiss Confederation through Swiss Cooperation Office (SCO) and implemented by the Swiss Resource Centre and Consultancies for Development (Skat).

One of the main tasks of DESPRO is to promote high quality public services in communities located in project's target regions. During the years 2007-2017, DESPRO has supported 152 projects with 173,000 inhabitants in six regions of Ukraine providing access to improved public services in the area of water supply, sanitation and solid waste management. Most of these projects, namely 147, are aimed at ensuring quality public water-supply services at the community level.

Ensuring anticorruption principles and transparency

DESPRO does not envisage direct anti-corruption tasks in the Project document. At the same time, DESPRO's approach to local projects implementation includes elements that contribute to reducing the risk of corrupt practices and to ensure transparency in decision-making and implementation of activities envisaged by such projects. Procedures that prevent corruption within the DESPRO Project implementation are as follows:

1 A competitive approach is used by the Project to select partner communities through integration into partner oblast competitions. The winners of these competitions are determined by the joint decision of DESPRO and partner oblasts representatives.

Announcing the competition winners and signing agreements with communities, Dnipropetrovsk Oblast

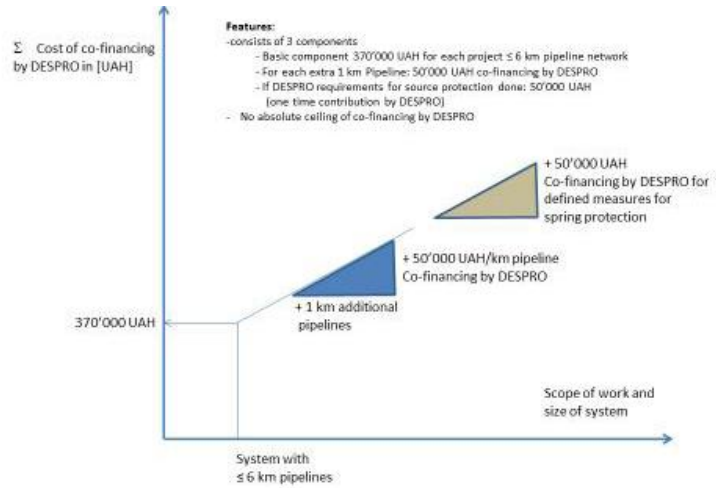
2 Implementation of each project involves creating of a Project Management Working Group. Such working group includes representatives of local self-government bodies and community representatives.

3 All purchases made by DESPRO direct beneficiaries are done in accordance with the principles of transparency and competitiveness, complying with rules and procedures for the procurement of goods, works and services defined by the Law of Ukraine «On Public Procurement». If purchases do not fall under conditions specified by the law, beneficiaries choose a contractor or a supplier via tender procedure.

Working group meeting, Pereschepyne town

4 During rural water supply projects implementation DESPRO applies a special approach to financing the construction of water supply networks based on real cost of water supply network construction in rural areas, while maintaining a share of DESPRO co-financing at 40% of the total cost of the project. For example, in 2015, projects were funded through the following principle: projects with the pipeline length of up to 6 km received funds in the amount of UAH 370,000; projects with the pipeline length of more than 6 km received additionally UAH 50,000 for each full km of networks. Additionally in accordance with DESPRO recommendations, UAH 50,000 was allocated separately for sanitary zones of water supply sources.

Formular for co-financing by DESPRO (2015)



Binding of DESPRO co-financing share to the real cost of works, rather than to the projecting cost, motivates recipients to seek for the best technical solutions and efficient use of financial resources. In our opinion, this financing approach used by the Project is a deterrent to the unreasonable increase in the cost of work, as the amount of co-financing from DESPRO is tied up to the real cost of projects implementation.

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11 Ukraine Crop Receipt Project

Crop receipts registry helps build transparency and prevents corruption

Crop receipts are an innovative instrument that provides financing for small and medium farmers. Inputs or loans are provided against the pledge of a future harvest. All participants win. Farmers benefit because they often do not have collateral necessary to get traditional loans. Creditors also benefit since they are able to make loans while enjoying protections—relevant documents are notarized, there is a mechanism of writ, and there are provisions for out-of-court enforcement in the case of default.

Another benefit that works for both parties is transparency, which is lacking in many other financing instruments. Agreements on pre-harvest loans against pledges of future crops already exist in Ukraine; however, they do not make use of a dedicated land registry. Instead, pledges on future crops are registered in the State Register of Encumbrances Over Movable Property, which is not accessible to the public. Warehouse receipts, another popular mechanism for post-harvest finance, also have registration bottlenecks related to the storage and claims of harvests.

Crop receipts make use of the Crop Receipt Registry, an electronic system in which certified notaries register crop receipts.

This allows creditors to easily, quickly and freely check whether there are any outstanding liabilities linked to a farm or a certain land plot. The database is available to the public and includes all crop receipt records. This significantly reduces lending risks to creditors. The Registry has numerous benefits, for example:

- It prevents the falsification of crop receipt documentation, as only notary-certified data are registered in the Crop Receipt Registry.
- Creditors can check the credit history and outstanding debts of borrowers. Most creditors

find that farmers applying for crop receipt financing are honest, as they are ready to pledge their major asset—the harvest. This helps creditors and borrowers build sustainable partnerships.

- The Registry establishes transparent rules on the land market. Although crop receipts do not need land as collateral, they require proper documentation for land ownership or lease. Thus, farmers willing to obtain financing through crop receipts must properly document their land.

The launch of Crop Receipt Registry in early 2018 enabled national rollout of the Project. Now crop receipts are available for farmers all over Ukraine.

The Crop Receipt Registry was developed in 2017 by a company, E-Life, and became operational in early 2018, enabling national rollout of Ukraine Crop Receipt Project. Svitlana Aphonina, E-Life's Project Director, says that the Registry is built on modern technology, especially in regards to data protection. The Registry was certified for data safety by the state communication regulator, Derzhspetszvjazok. "It's very easy in function and operation, has flexible settings, and can process a big amount of data," Aphonina says. "The system architecture envisages the possibility for data exchange with other state registries, so further integration is one of the future steps in the Crop Receipt Registry function."

The Registry is built on modern technology, especially in regards to data protection.

Yuriy Pustovit, director of Agrarian Registries, a state-owned enterprise that operates the Crop Receipt Registry, underlines efficiency and transparency. "On one hand, the information is open to the public, except for some personal data that are protected," Pustovit says. "The Crop Receipt Registry makes the process of crop receipts registration transparent and automated; human intervention is minimized, thus it discourages corruption."

IFC is playing an important role in increasing access to finance for small and medium agricultural enterprises in Ukraine.
In 2015, with support from the Swiss State Secretariat for Economic Affairs (SECO), IFC launched Ukraine Crop Receipts—a 5-year programme that enables Ukrainian farmers to use crop receipts to obtain financing for working capital, equipment, high-quality seeds and other inputs.
In 2018 the Project rolled out crop receipts nationwide. Now farmers from all regions of Ukraine have the opportunity to get affordable financing by pledging future harvests through crop receipts.
By 2020, IFC aims to facilitate up to $500 million agricultural financing through crop receipts.

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12 Ukraine Residential Energy Efficiency Project

Warm and modern:
How transparent city co-financing programs help to fight local corruption

Corruption at the local city level is extremely important for the energy efficient modernization in the residential sector. As Tolstoy said, "All the happy families are alike and every unhappy family is unhappy in its own way", the Project has several inspiring examples of energy efficiency co-financing programs that have similar features. On the opposite, non-transparent city co-financing programs have full palette of different shades and features.

Warm Loans and the Cities

In 2015, Ukraine Residential Energy Efficiency Project helped to design Warm Loans facility that channeled state budget support through banks that in turn provided loans for energy efficient modernization to the end users. In three years the program portfolio for multifamily buildings reached $20 million with over 2,000 modernized buildings. The Swiss-funded project proved that private sector can mobilize investments in energy efficiency and paved the way for creation of more prominent mechanism that scales up the modernization of the multifamily building stock in the country. The Project has created a network of regional consultants to help home owners associations (HOAs) to manage thermal renovation projects and obtain loans.

However, such a mass scale of modernization, besides state program, requires involvement of the city administration that allocates additional funding

for the residential modernization needs. Closer look and analysis of the loans portfolio distribution has proved that in cities where municipalities were not interested in the energy efficiency renovation process, the participation of the HOAs in Warm Loans Program was minimal. It was especially true for the cities with population over one million people.

Home Owners Association "Miy Dim" has used both city co-financing and state "Warm loans" program to modernize their building. The actual saving estimated:

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Most of these cities already allocated large budget to municipal house managers to renovate the multifamily stock. And administrations were unwilling to give "too much extra" for the organized home owners. As the result, city co-financing schemes can be truly creative. For example, there was Dnipro city HOA support program "97/3" offering as high as 97% of all modernization expenses including works. Still, the HOAs dealt with an obscured price negotiation process – an auction, followed by slow and nontransparent implementation. It almost blocked all energy efficiency initiatives from HOAs altogether. Another example, Kyiv program "70/30" started a practice when municipality is paying 70% of all the works and materials but choosing the vendor for the HOAs. Problem is when the city does not pay its own part on time, the process is stalled altogether.

The Checklist for the Organized Home Owners

Therefore, the Project's regional network of consultants acknowledged the problem and supported over 10 municipalities across Ukraine in introducing transparent and efficient municipal co-financing programs for residential energy efficiency projects.

The regional team provided several common criteria to be used in the efficient municipal programs to have high level of disbursement at the HOAs, such as:

1. **Equal opportunity to all HOAs.**

Three years ago, Kharkiv city administration has created special department designed to assist HOAs. However, there is yet limited number of the HOAs that can obtain the aid from city administration. Similar practice exists in Dnipro city.

2. **HOAs are choosing vendors for energy efficient modernization activities on their own.**

Since 2015, six municipalities across the country created programs called "70/30", whereas 30 percent are paid by the co-owners and the rest by the city. These programs have one common feature: all vendors are being chosen by the city. It was yet impossible to change the vendor even if the quality of work was low. After working with the Project consultants, both Kyiv and Rivne city administrations changed the format of the programs.

3. **Unified approach with the state procedures such as same list of energy efficiency measures, process of energy audits, technical documentation package etc.**

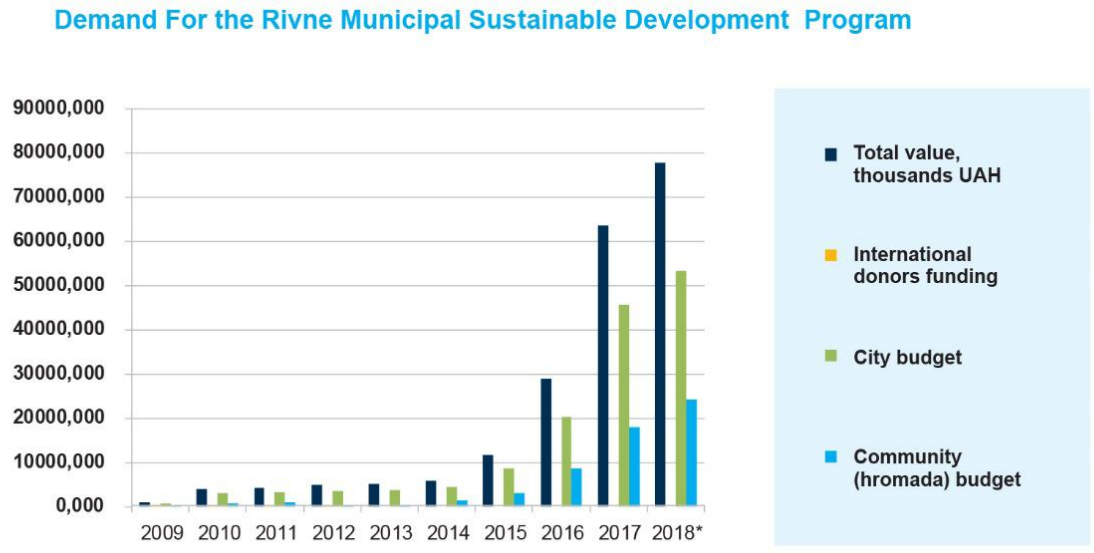
This is important as the different documentation flow creates numerous bottlenecks for the HOAs that are submitting different packages of documentation to both banks and cities.

4 **Competitive selection criteria and transparency at all levels of municipal commission** that is choosing the HOAs eligible for the co-finance program, with open public access to the information. If the situation is reverse, giving more public control over the funding and more publicity from the organized owners will help to change the situation.

5 **Same process and same documentation with the partner banks.**

The project regional team helped to create several regional co-financing programs, and below there is an example from Rivne city administration co-financing program that UREEP regional consultant created. Because of the transparent municipal program the size of the loans has been greatly improved as well as the demand for the energy efficient modernization in the city overall.

The first line of defense against corruption at the local government level is effective prevention, detection, and control over co-financing programs. Despite variable and complex forms in which corruption emerges, there are certain criteria of the transparency and efficiency that can be considered by home owners to check whether the local government is able to prevent and reduce corruption. Public control and more media attention to local programs can help organized owners in setting up better and more transparent programs. Besides, for the local government the energy savings will be higher which will make energy bills affordable to people and demonstrate them the effectiveness of local governance. It will also contribute to Ukraine's energy independence and reduce impact on climate change.



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