COVER PAGE

[Introduction 3](#_Toc140161313)

[List of abbreviations 4](#_Toc140161314)

[1. Executive summary 5](#_Toc140161315)

[2. Ukrainian anti-corruption institutions and practices since the Revolution of Dignity 6](#_Toc140161316)

[3. Mapping recovery and reconstruction institutions: sectoral and functional dimensions 9](#_Toc140161317)

[3.1 General considerations 9](#_Toc140161318)

[3.2. Developing a Strategy and Overall Policy for the Reconstruction Process 9](#_Toc140161319)

[3.3. Coordination of policy implementation, overall planning, and control 10](#_Toc140161320)

[3.4 Ad Hoc Executive Functions for Reconstruction 10](#_Toc140161321)

[3.5. Sectoral Planning, Project Initiation, and Implementation 11](#_Toc140161322)

[3.6. Planning and Implementing Local-Level Recovery Measures 12](#_Toc140161323)

[3.7. Monitoring Recovery Measures and Resources 13](#_Toc140161324)

[4. Recovery and reconstruction management 16](#_Toc140161325)

[4.1 General outline 16](#_Toc140161326)

[4.2 Financing the recovery 17](#_Toc140161327)

[4.3 DREAM pipeline 18](#_Toc140161328)

[4.3.1 What is DREAM? 18](#_Toc140161329)

[4.3.2 Planning and strategizing 18](#_Toc140161330)

[4.3.3 Project initiation and fundraising 20](#_Toc140161331)

[4.3.4 Project implementation 20](#_Toc140161332)

[4.4 Activities outside the scope of DREAM 22](#_Toc140161333)

[5. Gaps and recommendations 24](#_Toc140161334)

[5.1 Governance capacity 24](#_Toc140161335)

[**5.1.1 Support for systemic solutions and plans** 24](#_Toc140161336)

[**5.1.2 Give “better” and “green” more substance** 24](#_Toc140161337)

[**5.1.3 Help build capacity in national and local institutions** 25](#_Toc140161338)

[5.2 Transparency 25](#_Toc140161339)

[**5.2.1 Use DREAM** 25](#_Toc140161340)

[**5.2.2 Support non-DREAM transparency efforts** 25](#_Toc140161341)

[**5.2.3 Make open data a priority** 26](#_Toc140161342)

[**5.2.4 Invest in digitalization** 26](#_Toc140161343)

[5.3 Accountability 26](#_Toc140161344)

[**5.3.1 Support local journalists and NGOs** 26](#_Toc140161345)

[**5.3.2 Support further development of anti-corruption law enforcement agencies** 26](#_Toc140161346)

[**5.3.3 Support independent judiciary** 27](#_Toc140161347)

[**5.3.4 Support external control reforms** 27](#_Toc140161348)

# Introduction

This guide was produced to familiarize the reader with Ukrainian state institutions and their roles in ensuring a transparent and accountable recovery process in Ukraine. A secondary purpose is to provide the reader with both insight into existing issues of transparency and accountability, and recommendations on ways to support the resolution of those issues. The guide was written for foreign actors—donors, creditors, and other institutions—aiming to help Ukraine rebuild.

**BRDO** is a leading Ukrainian independent think tank in the field of economic regulation with a focus on implementation. The office was established in 2015 as a non-governmental non-profit organization to assist the government in carrying out medium- and long-term economic reforms to improve the business environment in conditions of political instability.

**GMF** is a nonpartisan, nonprofit, transatlantic organization headquartered in Washington, DC, with offices in Ankara, Belgrade, Berlin, Brussels, Bucharest, Paris, and Warsaw. GMF strives to champion democratic values and the transatlantic alliance by strengthening civil society, forging bold and innovative policy ideas, and developing a new generation of leaders to tackle global challenges.

# List of abbreviations

CMU Cabinet of Ministers of Ukraine

CSO Civil Society Organization

DREAM Digital Restoration Ecosystem for Accountable Management

EBRD European Bank for Reconstruction and Development

EIB European Investment Bank

EU European Union

GIS Geoinformation system

HACC High Anti-Corruption Court

IBRR International Bank for Reconstruction and Recovery

IFI International Financial Organization

Liquidation Fund Liquidation of the Consequences of Armed Aggression Fund

Ministry for Restoration Ministry of Development of Communities , Territories, and Infrastructure of Ukraine

MRII Donor Resources for Institutions and Infrastructure

NABU National Anti-Corruption Bureau of Ukraine

NAPC National Agency on Corruption Prevention

NGO Non-Governmental Organizations

PEACE in Ukraine Public Expenditures for Administrative Capacity Endurance in Ukraine

RDDP Register of Damaged and Destroyed Property

RDNA2 Rapid Damage and Needs Assessment 2

RST Reform Support Team

SAPO Specialized Anti-Corruption Prosecutor’s Office

SARID State Agency for Recovery and Infrastructure Development

URTF The Ukraine Relief, Recovery, Reconstruction, and Reform Trust Fund

USESCS Unified State Electronic System in the Construction Sector

# 1. Executive summary

Ukraine has come a long way in reforming itself since the 2014 Revolution of Dignity. Anti-corruption, transparency, and accountability have been on the agenda for the last nine years. The issues were not fully resolved before the war, and in many ways they have been exacerbated by it. They are even more important in light of the country’s tremendous reconstruction and recovery needs.

Ukraine is preparing to accommodate the influx of international aid and match it to reconstruction needs. Several existing institutions have been reorganized into new ones:

* **The Ministry for Restoration** (Ministry of Development of Communities, Territories, and Infrastructure Development of Ukraine), oversees restoration planning and major projects;
* **SARID** (The State Agency for Recovery and Infrastructure Development) acts as a chief implementation agency for reconstruction projects.

New deputy minister and deputy oblast head positions were created to enhance coordination and cooperation among sectoral ministries, oblast administrations, and newly created institutions.

Recovery planning started in early 2022, and the first comprehensive plans were presented in June of that year at the Ukraine Recovery Conference (URC) in Lugano, Switzerland. These plans were never officially adopted, and the recovery council that produced them has lost relevance since then.

The government of Ukraine is developing IT solutions to efficiently manage reconstruction and provide a high level of transparency. Among these are:

* **The Register of Damaged and Destroyed Properties** is tasked with recording all damage done;
* **DREAM** is responsible for managing multiple reconstruction projects and matching donors with beneficiaries.

A large part of the recovery, including services, business support, and some construction projects, will be accomplished outside the newly created institutions and IT systems.

To restore itself, Ukraine will need a great deal of assistance. Our recommendations for donors cover three main areas:

* In terms of the **recovery process**, Ukraine needs much support to build state and subnational institutions’ capacity. Donors should also support the development of reconstruction strategies and plans, or their implementation if they are already developed.
* For the best **transparency** outcomes, the donors should use the transparency infrastructure that is already in place or is currently being developed. Support for general transparency and anti-corruption initiatives is also important, even if they are seemingly not related to recovery and reconstruction.
* The judiciary, law enforcement, and external control institutions require further reform to achieve appropriate **accountability**. Support for the community of NGOs and journalists will also be important.

# 2. Ukrainian Anti-Corruption Institutions and Practices Since the Revolution of Dignity

Infographic 1: timeline

On November 11, 2013, a week before the deadline for signing the Association Agreement between Ukraine and the EU (after six years of negotiations and preparations), Ukrainian political leaders backed outof the agreement. This step was part of their agreements with Russia. This sparked the biggest wave of public protests in the history of Ukraine, now known as the Revolution of Dignity. The protests eventually led president Yanukovych to flee the country, opening a window of opportunity for reforms and change.

Though the refusal to sign the agreement with the EU sparked the protests, a number of other grievances fueled them: all-encompassing corruption, the absence of a rule-of-law institutional framework, Russian influence, police brutality, and a stagnating economy. These issues continued to dominate the political landscape after the revolution and were the drivers of major reforms. The Russian invasion of 2014, the economic crisis, and the influence of international partners also spurred Ukrainian society to find new efficiencies through reform.

The reforms were often ineffective due to poor design, communication failures, or mixed effects on citizens’ well-being. In the end, Ukrainians did not support many of the major reforms and continue to have mixed perceptions of them[[1]](#endnote-2). Centuries of tsarist and communist rule have fostered distrust and resentment towards the state among Ukrainians, and this carried over to the new state after Ukraine gained its independence in 1991. The stress and shock of 2014, whena seemingly solid government suddenly fell, a foreign invasion began, and a new government scrambled to take control of a dysfunctional state, changed many Ukrainians’ perception of the government. Civil society and businesses began to take a much more active part in shaping public policies.

 Civil society’s actions went beyond advocacy, however. As activists and business managers ran for various offices, they brought outside expertise and new approaches to the fields previously dominated by career bureaucrats and politicians. To compensate for the systemic lack of capacity inside state institutions, the Ukrainian Reform Architecture program of EBRD created and financed Reform Delivery Office and Reform Support Teams (RSTs). Though these teams of outside experts do not increase the capacity of institutions directly, they assist the key institutions in implementing sectoral reforms. RSTs and other civil society groups are helping to implement major initiatives such as public procurement reform, reform of the healthcare system, the New Ukrainian School, and the institution of a land market.

One of the major reformsthat both bthe public and international partners demanded was a crackdown on corruption. The existing law enforcement system was not equipped for a reliable and systemic war on corruption, so new institutions—smaller, smarter, more efficient, and politically independent—had to be created. The path was not without its obstacles and setbacks, but, in the end, a host of new institutions emerged:

* The National Agency on Corruption Prevention (NAPC) develops anti-corruption policies and analyzes civil servants’ declarations. It also maintains public registries of declarations and persons who have committed crimes of corruption.
* The National Anti-Corruption Bureau (NABU) investigates crimes of corruption among top officials;
* The Specialized Anti-Corruption Prosecutor’s Office (SAPO) has oversight over investigations of NABU and acts as a prosecutor in courts;
* The Higher Anti-Corruption Court (HACC) rules on corruption cases.

The “new” anti-corruption law enforcement agencies are concerned mainly with corruption among top officials, while the “old” national police, prosecutors, and criminal courts deal with corruption crimes on a lower level. The Security Service of Ukraine retains an anti-corruption department. Thus there is tension between the “old” and the “new” law enforcement agencies concerning their investigative jurisdictions and political independence[[2]](#endnote-3).

Politically motivated attacks on the new institutions and a general failure to communicate their roles and purposes has caused the general public to distrust them[[3]](#endnote-4). At the same time, international partners trust them and regularly acknowledge their importance.

The government has established several other anti-corruption agencies. The State Bureau of Investigation (SBI) investigates other types of crime among top officials as well as corruption among anti-corruption officials themselves, The Asset Recovery and Management Agency (ARMA) looks for, seizes, and manages misappropriated assets, and the Economic Security Bureau (ESBU) prevents and investigates economic crime. The public continues to have doubts regarding the political independence and efficiency of these agencies.

The digitalization of public services soon became a common solution to low-level corruption, based on the assumption that automation limits corrupt actors’ opportunities to pressure taxpayers for bribes, and generally provides better and more transparent public services. To accommodate the enormous need for transparent and predictable services, experts created whole ecosystems with electronic registries, user-friendly interfaces, and transparency tools. One example of such high-level innovation is the public procurement system Prozorro, and its public auction system Prozorro.Sale. These advances culminated in the the Ministry of Digital Transformation’s Diia app, which is designed to put all interactions with the state inside one app. Many of these solutions have been recognized internationally. Prozorro won the World Procurement Award 2016, Prozorro.Sale won the Open Government Partnership Awardsin 2021, and Diia won a Red Dot Design Award in 2021.

Transparency and effective communication became the new currency of statecraft after the revolution, at least for some institutions. It became standard for politicians and officials to blog about their activities, sometimes taking part in public discussions with citizens and among themselves. To foster trust, many started to publish online dashboards and infographics about their activity. Amendments to laws on access to information paved the way for businesses, journalists, and NGOs to use open data. They created countless transparency tools across many sectors: business intelligence, ecology, medicine, transportation, and public procurement. The availability of open data became the cornerstone of many government initiatives and reforms, and in 2022 Ukraine wassecond on the European open data Maturity Index[[4]](#endnote-5).

Increasing transparency was an obvious success. Even in a transparent system, however, questionable procurement can still occur. Corrupt institutions can still bury their wrongdoings in troves of data. Ukraine’s mediocre performance in the Corruption Perception Index shows that transparency is not a silver bullet against corruption.

Many Ukrainians had (and still have) entrenched interests, protected by obscurity, and the institutions working toward transparency were the first to experience public scrutiny. The struggle for openness and transparency, including advocacy campaigns and litigations, began to look more like a climb up a mountain than an easy stroll.

The events of 2022 show that this mountain climb is far from over, and a society can become less transparent and accountable in a matter of days. On the February 24, 2022, national security matters became much more important than transparency, and expediency prevailed over accountability. The government in Kyiv restricted information and data availability, and simplified the procedures that created this data. The direct signing of contracts replaced the multi-stage public procurement process in Prozorro, and simple appointments replaced professional competitions for public offices. Requiring declarations of income and assets, the cornerstone of rooting out corruption, became optional under martial law. Many institutions restricted their data availability to some extent .

The situation is slowly improving, but remains far from the prewar normal state, and even farther from the ideal. Finding modes of openness that do not compromise security, but prevent entrenched interests from using security concerns to cover up wrongdoing, will be a major challenge for Ukraine. Ukraine’s postwar recovery will hinge on its success.

These and other challenges go hand in hand with a decline in the capacity of government agencies (due to budget shortfalls, mass migration, military draft, etc.) and with other issues the state must address during the war.

# 3. Mapping Recovery and Reconstruction Institutions: Sectoral and Functional Dimensions

## 3.1 General Considerations

Postwar recovery and reconstruction are multidimensional processes that encompass:

* *Immediate recovery of war-affected functionality*, including restoration of physical assets, critical and social infrastructure, and social and educational services, immediate demining, and more. High-visibility projects that promise quick and tangible results are characteristic of this phase. They receive primary attention, although their benefits may be short-lived.
* *Socio-economic stabilization* involves taking necessary measures and enacting reforms to increase macroeconomic stability, improve conditions for private sector development, create work opportunities, encourage refugees to return to their country, rehabilitate veterans, and restore the ecosystem. This component establishes the foundation for self-sustaining economic growth (reducing reliance on external assistance) and further long-term reconstruction.
* *The broader aims of long-term reconstruction* are to improve the quality of life, human development indicators, and defense capabilities, through political, economic, and other reforms. Notably, theUnited Nations Development Program considers recovery a process of socio-economic transformation rather than simply a return to prewar levels and trends*[[5]](#endnote-6)*.

The 2022 Lugano Declaration, issued at the Ukraine Recovery Conference in that city, outlines a broad framework for supporting Ukraine throughout its path from early to long-term recovery. It also emphasizes that the recovery process should contribute to reform efforts and stability, incorporating innovative approaches such as digital transformation and green transition, in alignment with steps Ukraine is taking along its path to Europe[[6]](#endnote-7). Consequently, virtually all state and local authorities will be involved in the recovery process. The government has already established dedicated bodies with specific mandates for reconstruction.

## 3.2. The Overarching Strategy for Reconstruction

**The Verkhovna Rada (Parliament) of Ukraine** establishes the principles of policy and laws regarding recovery and reconstruction, as well as the state budget.

Two of the 23 parliamentary committees have key roles in the recovery: The Committee on the Organization of State Power, Local Government, Regional Development, and Urban Planning, and the Committee on Transport and Infrastructure.

Currently, there are several laws in place to facilitate the reconstruction process. However, despite the work carried out and presented in Lugano in 2022, there is as yet no legislatively formulated strategic vision for reconstruction and postwar development.[[7]](#endnote-8) According to international best practices as outlined in the Paris Declaration on Aid Effectiveness (of which Ukraine is a member), elaborating a national development strategy is a necessary first step toward rebuilding. .

.

## 3.3. Coordination of Policy Implementation, Overall Planning, and Control

**The Cabinet of Ministers of Ukraine** is responsible for the following recovery tasks: ensuring compliance with laws and policies, developing and implementing nationwide programs and plans, and coordinating the work of ministries, other executive bodies, and regional state administrations. The government includes a Deputy Prime Minister for Reconstruction, who is also the Minister for Communities, Territories, and Infrastructure Development. The First Deputy Prime Minister, who is also the Minister of Economy, is responsible for stabilizing economic development.

Currently, the government’s activity is focused on restoring critical infrastructure and housing. However, clear criteria and standards for applying the “build back better” principle and aligning with the European digital and green agendas have not been elaborated. The European Commission emphasized this in its May 18, 2022 statement on Ukraine’s reconstruction.[[8]](#endnote-9)

**The President of Ukraine** plays an active role in the coordination of all recovery efforts. In April 2022, the President established the National Council for the Recovery of Ukraine from the War, tasked with preparing a postwar recovery and development plan and proposing priority reforms. This Council played a significant role in preparing the Plan for the Reconstruction of Ukraine[[9]](#endnote-10) presented in Lugano in 2022. However, this plan has not evolved into an official document. We are unaware of any systematic monitoring of the implementation of the announced plans. We are also unaware of any current activities of the Council.

 The President of Ukraine also heads the National Security and Defense Council of Ukraine, which has established the web resource “Anti-War Coalition” [[10]](#endnote-11) to provide information on international humanitarian and financial assistance for reconstruction. United24[[11]](#endnote-12), a worldwide platform designed primarily for gathering charitable donations to aid Ukraine, is one of his other key projects.

## 3.4 Ad Hoc Administrative Functions for Reconstruction

**The Ministry for Restoration** is responsible for the recovery of regions and infrastructure, including:

* Maintaining the State Register of Property damaged and destroyed as a result of Russian military aggression.
* Determining priorities, implementing restoration measures, developing regions’ recovery and development plans and overseeing their implementation (in collaboration with relevant institutions).
* Restoring vital community systems in the liberated territories.

These tasks involve restoring physical assets and infrastructure as a crucial element of the initial phase of recovery.

Additionally, the ministry is responsible for transportation, roads, construction, urban planning, housing and utility services, and regional policy. The construction industry has started using a digital transparency tool called E-Construction.[[12]](#endnote-13)

**The State Agency for Restoration** **and Infrastructure Development** (coordinated by the Ministry for Restoration) was established through the reorganization of Ukravtodor, the State Agency of Automobile Roads, which had a successful track record of completed infrastructure projects involving international investments. During the recovery process, the agency ensures the construction, repair, and modernization of infrastructure, housing, social facilities, landscaping, production complexes, transportation, and energy infrastructure, as well as defense and special-purpose facilities.

The agency’s *DREAM electronic ecosystem for restoration management*[[13]](#endnote-14) encompasses projects related to the reconstruction of physical assets and infrastructure regardless of funding sources or responsible entities.

The agency does not coordinate or monitor all restoration activities. Its main responsibility consists in organizing and procuring restoration works as the primary implementer of the state strategy and priorities. Central and local authorities can carry out projects without necessarily involving the agency.

Previous representatives of Ukravtodor, of which the agency is a constituent part, have been targeted in high-profile corruption investigations.[[14]](#endnote-15) The Agency plans to establish an anti-corruption office at its headquarters with branches in the regions. It also seeks international certification for anti-corruption measures.[[15]](#endnote-16)

**The Ministry of Reintegration of the Temporarily Occupied Territories**  is responsible for addressing the problems of internally displaced persons (IDPs), residents of frontline territories, and the restoration of liberated territories.

In June 2023, the Government introduced **deputy minister positions** **for the restoration** of regions, territories, and infrastructure in eight ministries and 12 regional administrations.

## 3.5. Sectoral Planning, Project Initiation, and Implementation

Ministries and other agencies responsible for sector recovery develop recovery plans, organize funding and public procurement, and oversee project execution. Long-term reconstruction and reforms require the participation of virtually all branches of executive power.

The institutional capacity of executive authorities in Ukraine, particularly in times of war, is insufficient. There is a shortage of certain workers in certain professions due to military mobilization, salary reductions, displacement, and other factors. Another challenge is to overcome corrupt and unaccountable practices, as evidenced by recent high-profile exposés of corruption in the Ministry of Defense and other executive bodies[[16]](#endnote-17). Key institutions in the recovery processes are listed below.

**The Ministry of Economy** ensures macroeconomic stability during recovery, implements economic reforms in keeping with EU standards. It has the following transparency tools in place:

*Prozorro*[[17]](#endnote-18) provides businesses access to public procurement and its control, which reduces corruption risks. The World Bank recommends using Prozorro for reconstruction-related procurements, and the government is working to adapt Prozorro for reconstruction purposes[[18]](#endnote-19).

*Prozorro.Sale*[[19]](#endnote-20) facilitates online auctions for property sales, privatization, and leasing.

**The Ministry of Finance** is responsible for, among other things, managing public finances and financial control. It has created a digital transparency tool called *E-data*[[20]](#endnote-21), which includes the following web portals:

*Spending* provides information on the use of state and local budget funds. *Openbudget* presents indicators and the status of budget execution at various levels. *IFIs projects* cover projects implemented with funds from international financial organizations.

**The Ministry of Digital Transformation** plays a key role in implementing recovery efforts based on EU digital standards. It coordinates the work of deputy heads for

igital Transformation (CDTO) in each ministry, central and regional authorities.

The Ministry of Digital Transformation maintains the *Diia portal,*[[21]](#endnote-22)a digital solution for administrative service provision and transparency. The portal also allows Ukrainians to reportdamage to their housing and to receive funding for its repair (e-Restoration).

**The Ministry of Environmental Protection and Natural Resources** plays a key role in restoring ecosystems and implementing the European Green Deal policy.

They have developed an EkoZahroza (EcoThreat)[[22]](#endnote-23)app*,* which highlights the environmental consequences of the war and provides estimates of damages, currently amounting to UAH 1,948 billion (approx. $52.8 million) as of May 2023.

The National Economic Strategy through 2030 envisages synchronization with the European Green Deal, but a roadmap for this has not yet been developed.

It is crucial to *restore human resources* and provide veterans with physical and psychological rehabilitation as well as social adaptation. According to preliminary estimates by the Minister for Veterans’ Affairs, up to 5 million people are expected to qualify as veterans[[23]](#endnote-24). **The Ministry of Defense** is responsible for rehabilitating active military personnel, while the **Ministry for Veterans’ Affairs** and **the Ministry of Social Policy** are responsible for veterans.

## 3.6. Planning and Implementing Local-Level Recovery Measures

The administrative and territorial structure of Ukraine includes the Autonomous Republic of Crimea (occupied by Russia since 2014) and 24 oblasts (10 of which were affected by the conflict, with six still having non-government-controlled territories).

Hromadas (Consolidated territorial communities) address local matters autonomously through local councils. An important achievement in this regard is the decentralization reform, which has increased the administrative and economic potential of hromadas through fiscal decentralization and other means.

Local branches of state institutions (under the control of the government and the President of Ukraine) are responsible for enforcing laws, implementing state programs, and more. During martial law, the central government afforded them the status of military administrations with broad powers, which include assistance in reconstructing destroyed housing and assuming certain functions of local councils. Under martial law, power is significantly centralized at the local level, including in regions far from the front line. It is important to prevent the preservation of this trend after the war.

The Unified Platform for Local Electronic Democracy *(e-DEM)*[[24]](#endnote-25)stands out among digital tools for transparency and inclusiveness at the local level. The platform provides access to electronic petitions, consultations with the public, an avenue for providing input regarding development projects and budget allocations, and for reporting issues related to urban improvement.

Compensation for war-damaged housing (e-Restoration)[[25]](#endnote-26) through the Diia portal makes this process more straightforward and transparent. A law adopted on June 29, 2023, allows citizens to vote on Diia for local restoration projects using funds from the State Regional Development Fund.

In addition, civil initiatives such as Transparent Cities[[26]](#endnote-27) (Transparency International Ukraine) aim to combat corruption at the local level.

The capacity of local communities to control local governance and influence decision-making is currently low. The national anti-corruption infrastructure is primarily focused on controlling central authorities, which can be seen as a challenge to transparent and effective reconstruction at the local level.

## 3.7. Monitoring Recovery Measures and Resources

The Verkhovna Rada of Ukraine exercises **parliamentary oversight** through its committees and establishes temporary investigative commissions. The effectiveness of parliamentary oversight is in doubt.

Graphic: Anti-corruption institutions of Ukraine

**Specialized institutions of the anti-corruption infrastructure** are crucial to the success of anti-corruption policy during the recovery process:

* The National Anti-Corruption Bureau (NABU) investigates criminal corruption among high-ranking officials in the national or local government.
* The Specialized Anti-Corruption Prosecutor’s Office (SAPO) supports NABU’s investigations and represents the public’s interests in corruption cases in court.
* The National Agency on Corruption Prevention (NAPC) implements anti-corruption policies and monitors officials’ financial declarations.
* The High Anti-Corruption Court (HACC) administers justice in corruption cases.
* The Asset Recovery and Management Agency (ARMA) identifies and traces assets illegally transferred out of Ukraine as a result of corrupt and other criminal activities and manages seized assets. However, many observers have expressed concerns of late about ARMA’s capacity and authority to manage the growing number of confiscated assets— particularly those of Russian origin[[27]](#endnote-28).

According to the European Commission’s conclusions (2022)[[28]](#endnote-29), Ukraine has successfully implemented reforms to prevent corruption, criminalizing it in all its forms. The anti-corruption bodies have extensive powers and operate increasingly independently, but their interagency coordination needs improvement. The establishment of HACC in 2019 and the transparent selection of its judges has led to more effective handling of corruption cases.

However, the European Commission notes that the number of high-ranking officials held accountable for corruption remains limited, corruption investigations are sometimes biased, and law enforcement agencies face significant political interference.

The appointment of the head of SAPO in the summer of 2022 catalyzed several high-profile anti-corruption investigations in early 2023.

According to Transparency International Ukraine[[29]](#endnote-30), existing means to counter corruption are still insufficiently robust to ensure the integrity of reconstruction expenditure.

The problem of corruption, prevalent at all levels of government, requires the inclusive participation of civil society and attention from international partners.

Other institutions involved in anti-corruption activities include:

**The State Bureau of Investigations (SBI)** investigates specific corruption crimes committed by organized groups of law enforcement officials.

**The National Police (NP)** investigates corruption crimes outside the jurisdiction of NABU and SBI.

**The Security Service of Ukraine (SBU)** conducts operational and investigative activities in corruption cases.

**Prosecution authorities** support prosecutions in general courts involving cases investigated by NP, SBI, and SBU.

**Courts** handle corruption cases investigated by NP, SBI, and SBU, as well as administrative cases initiated by NACP and NP.

The **e-declaration system[[30]](#endnote-31)** facilitates public anti-corruption investigations, case proceedings, and verdicts. However, with the onset of the war, e-declaration became voluntary.

Overall, it is worth noting that anti-corruption reforms in Ukraine have progressed significantly due to international pressure.

According to Transparency International Ukraine, despite Russia’s invasion, Ukraine’s progress in combating corruption remains steady. In the Corruption Perceptions Index 2022, Ukraine ranked 116th out of 180 countries, rising 8 spots in 10 years[[31]](#endnote-32).

The government adoted the Anti-Corruption Strategy for 2021–2025 and the State Anti-Corruption Program for 2023–2025 in 2022–2023,

Identifying, assessing, and managing corruption risks are essential to the success of the project of recovery. It is therefore crucial to implement high-quality anti-corruption programs within the institutions involved. .

Ukraine initiated а **judicial** reform and has a guiding document in the Strategy for the Development of the Judiciary and Constitutional Justice for 2021–2023. However, issues of inefficiency and corruption within the courts persist, making the judiciary one of the least trusted and least reliable government institutions. Improper interference in the judicial system remains a serious problem on a mass scale.

The courts’ inability to guarantee justice jeopardizes progress in other reforms as well. Accomplishing the reform of the judiciary remains one of the key challenges to recovery.

**Control, auditing, and disclosure** of results are critical to reducing the risk of abuses in the framework of recovery projects. It is important to strengthen the capacity of state ***financial control bodies*** such as:

**The Accounting Chamber,** which is responsible for monitoring receipts and expenditure of state budget funds on behalf of the parliament

**The State Audit Service,** which ensures the efficiency and legality of the use of state funds

**The State Financial Monitoring Service,** which combats money laundering and illicit use of the proceeds of crime

Reports from these bodies serve as grounds for criminal investigations as well as for amendments to existing laws. Informally, they can be used to pressure government agencies. There are certain questions regarding their effectiveness, however, for example regarding the Accounting Chamber’s lack of clear criteria for selecting bodies to be audited and unclear criteria for the efficient use of funds[[32]](#endnote-33).

Regarding the ***management of confiscated Russian assets***, the International Working Group on Russian Sanctions (IWGRS) proposes in its 2023 report to establish a Ukraine Reconstruction Fund, with the contributing countries appointing its managers. The group proposes further that funding of the reconstruction should be carried out in coordination with the Ukrainian government. They emphasize the need to synchronize sanctions and create an institution to monitor compliance with them in different jurisdictions [[33]](#endnote-34).

There are questions regarding the effectiveness of Ukraine’s implementation of sanctions, including those against Russian oligarchs.

Access to public information (open data) is necessary for **public monitoring** of expenses and recovery projects, but is currently limited due to the war.

Ukraine’s significant advantage lies in its prewar policy of open data, which is recognized as one of the best in Europe[[34]](#endnote-35). The government has an ecosystem of open data services, data analysts, and digital transparency tools, such as t*he Unified State Web Portal of Open Data*[[35]](#endnote-36), which covers all central and local government authorities.

As Ukrainian civil society organizations emphasize, it is essential to maximize data transparency (where it does not harm security and defense). In early 2023, the RISE Ukraine coalition published a list of priority datasets that should be made public to ensure transparency[[36]](#endnote-37). Some of them are already available. Access to this public information in open data format will make it possible for Ukrainian CSOs to monitor the reconstruction process along with international organizations. In the Ukrainian Parliament, the **Commissioner for Human Rights** (Ombudsman) is responsible for enforcing the right of citizens to access public information.

# **4. Recovery and reconstruction management**

## 4.1 General outline

In general, the early recovery priorities should include investment in physical assets and infrastructure providing for basic human needs: access to water, food, housing, heating, medicine, transportation, and the like. These investments are are easily assessed and their execution is relatively simple. Other recovery activities, such as restarting the economy, reintegrating war veterans, or replacing permanently destroyed employment sectors, require deeper research and are highly complex. They may attract little attention.

This scale of the destruction presents enormous challenges: to secure enough funds, execute all projects within a systemic vision, synchronize the efforts of multiple donors and authorities, and prevent corruption. To address these challenges the government is establishing DREAM, a reconstruction management tool designed to solve planning and coordination problems while providing a high level of transparency to donors and the general public.

DREAM is expected to cover only physical reconstruction projects, so other types of recovery activities will remain outside of its scope. Though out of the spotlight, the non-construction expenditure will be high. According to the World Bank’s RDNA2 estimate[[37]](#endnote-38), 47% of Ukraine’s total short-term recovery needs will be for services such as:

* Social protection ($17 billion)
* Explosive hazards management ($10 billion)
* Support for agricultural production recovery ($7 billion)
* Support for the banking sector ($6 billion)

These activities are managed by various institutions using different processes. For example, the Ministry of Social Protection develops social protection policies and include disbursement of services and funds to large numbers of people, while the National Bank of Ukraine provides banking sector support to a small number of banks to keep them solvent.

All these activities will have to rely on existing transparency and accountability infrastructure, which is already challenged by wartime limitations. Some of the projects may be financed from the state or local budgets without provoking any interest from donors.

Support for non-DREAM transparency and accountability projects, practices, and legislation will be critical to ensuring full recovery.

## 4.2 Financing the Recovery

Ukraine will need tremendous amounts of money to recover from the damage caused by the war. Recovery will be financed through a mix of Ukrainian and international mechanisms. While some are already active, others need further development.

Incomes of state and local budgets are the primary source of funds. Virtually any recovery need can be financed with this revenue, though Ukraine's capacity to do so is limited. The war has severely disrupted Ukraine’s budget

by imposing huge security costs and limiting income. International grants covered 17.7% of state budget expenditures in 2022, while 33.8% of expenditures were financed through budget deficits.

The Ukrainian government uses grants from the EU, foreign governments, and international organizations for, among other things, social security payments, salaries, and procurement of critical goods. To address the donor coordination issue, the G-7 established the Multi-Agency Donor Coordination Platform in 2023 to discuss Ukraine’s needs and to plan support programs. The platform brings together Ukrainian authorities and representatives of the EU, the G7 countries, and the biggest IFIs. The World Bank has also created the Multi-Donor Resources for Institutions and Infrastructure (MRII) facility, which allows partner organizations to support Ukraine through guarantees, co-financing, and parallel financing.

Loan programs from IFIs are also part of the budget, with separate budget programs responsible for disbursing their funds (either directly or through subventions to lower-level budgets). Ukraine used more than $4 billion in financing from the IFIs in 2022, with IBRR and EIB being the biggest sources.

Since the onset of Russia’s full-scale invasion, Ukraine has adopted legislation allowing it to seize the assets of the Russian Federation and certain categories of individuals. This legislation has already enabled the confiscation of shares and assets of two Russian state-owned banks. The authorities have seized the assets of individuals including Russian oligarchs, members of parliament, and former president of Ukraine Viktor Yanukovych. Further decisions regarding asset seizures are pending. The proceeds from selling or using confiscated assets are used to finance reconstruction through the Liquidation Fund.

More than $290 billion in Russian state assets and $116 billion in private assets of Russian citizens are frozen worldwide[[38]](#endnote-39). Seizing these assets to compensate Ukraine for damages will not be an easy feat. State assets (and especially central bank assets) enjoy immunity in foreign jurisdictions, and Canada is the only state to develop a legal framework for seizing Russian assets. Whether such a framework could be developed in the United States or the EU is still unclear. Some value may be derived from managing frozen assets without seizing them[[39]](#endnote-40).

For now, the international community has established the Register of Damage Caused by the Aggression of the Russian Federation Against Ukraine and recognized the need for an international mechanism for reparations to be established in the future. Such a mechanism may include a claims commission and compensation fund[[40]](#endnote-41). Such fund could be used to compensate the Ukrainian state as well as natural and legal persons. The proceeds of the compensation naturally may be used for recovery purposes.

## 4.3 The DREAM Pipeline

### 4.3.1 What Is DREAM?

DREAM (Digital Restoration Ecosystem for Accountable Management) is a Ukrainian state project management tool that provides a unified digital pipeline for all reconstruction projects. The system aims to coordinate efforts among donors, authorities, and civil society representatives to deliver a transparent and accountable reconstruction process. DREAM is built on the principle that “everyone sees everything”, , which enables effective analysis, data-driven decision-making, and unprecedented transparency.

To deliver on its promise, DREAM integrates several other IT systems:

* *Diia* is a public services portal used to report damage, order damage assessments, or consult the public
* The Register of Damaged and Destroyed Property (RDDP) records the damage assessments
* Sectoral infrastructure reconstruction systems manage reconstruction projects across sectors
* A geoinformation system (GIS) provides a geospatial dimension to planning and decision-making
* The Unified State Electronic System in the Construction Sector (USESCS) manages city-building documentation, construction plans, permits, and other documents related to construction
* Prozorro is a transparent public procurement systemSpending is a transparency platform dedicated to the use of public funds.

DREAM is expected to publish disaggregated data about all activities as open data using semantics compatible with Open Contracting Data Standard (OCDS)[[41]](#endnote-42).

The system was conceptualized with RISE UA,[[42]](#endnote-43) a coalition of CSOs that includes Open Contracting Partnership, Transparency International Ukraine, Better Regulation Delivery Office, and others.

DREAM will be part of the Ministry for Restoration and be administered by the State Agency for Recovery ture Development (SARID). Currently, DREAM’s stated purpose is to support “the restoration and/or reconstruction of real estate, construction, and infrastructure objects”, though this may change[[43]](#endnote-44).

**Simplified reconstruction project lifecycle (scheme)**

### 4.3.2 Planning and Strategizing

The main purpose of strategy documents in the reconstruction process is to formulate a connection between policy goals and the specific projects needed to achieve these goals. Strategies and plans not only provide a “To Do” list, but also serve as a set of priorities against which the projects can be checked during the fundraising stage. For example, projects must be included in a regional plan for recovery and development. The Liquidation of the Consequences of Armed Aggression Fund (Liquidation Fund)[[44]](#endnote-45).There is no such requirement for donor-funded projects, but strategy documents and endorsements from sectoral ministries will serve as guidance.

The Geoinformation system (GIS), an analytic tool that uses multiple data sources to form a comprehensive picture of regional development, will aid strategic planning. GIS is currently under development and is expected to launch in 2023.

Recovery planning in Ukraine takes different forms:

* Sесtoral ministries usually develop sectoral strategies to address specific issues, with the CMU exercizing approval authority. The CMU Secretariat tracks the execution of approved strategies[[45]](#endnote-46). The Ukrainian authorities’ track record of developing, approving, and successfully executing strategies has been mixed, and formalized strategies often lack for many issues.
* In cities, documentation describes zoning and constructionand includes both general plans and detailed plans. A newer type of document—called a Complex Recovery Program—can be developed by the oblast’ administration or hromada authorities to rebuild the most war-affected regions and prioritize recovery actions. They were introduced in late 2022, but to our knowledge have yet to be developed.
* Plans for regional recovery and development are simplified strategic documents developed specifically for regions affected by the war. They are developed for the national, oblast’ and hromada levels. They must[[46]](#endnote-47) be based on Complex Recovery Programs, once those are developed[[47]](#endnote-48). Regional development strategies lay out key priorities. They are already in place, but will be be replaced by new regional recovery and development plans in most regions.
* Cross-cutting principles such as “build back better” and “green recovery” have yet to be translated into guidelines/standards. Sectoral ministries and NGOs have the difficult task ahead of them of operationalizing these principles and integrating them into recovery practices. Adopting EU standards in construction, energy, industry, and other fields might help with the transition from ideas to practices.

Of course, there can be gaps and challenges between declared strategies and principles and their actual implementation. Ukraine’s allies must therefore provide comprehensive support to help Ukraine develop data-driven solutions, implement strategies and principles, and adhere to declared standards.

**Transparency and Accountability**

The obvious risk at the planning stage is the influence of corrupt actors on strategic decisions. This influence may come in the form of prioritizing certain projects in the interests of personal gain, or the planning of unneeded projects.

In the interests of transparency and inclusivity, the authorities are required to post planning documents online with an invitation to the public to provide comments and propose amendments. The real capacity of civil society and inhabitants to analyze the contents, produce relevant policy advice, and influence the final text of these documents is questionable, especially in hromadas away from bigger cities.

This problem is less pronounced with regard to sectoral strategies developed by the ministries, because these generally receive more public scrutiny.

### 4.3.3 Project Initiation and Fundraising

Recovery projects can be initiated by various actors, both central and local. Local authorities, as the primary providers of infrastructure: housing, healthcare, roads, education, and so on. To initiate a project, a project manager must fill out a “project card” in the Sectoral Recovery System, a subsystem of DREAM.

The project will then appear on the registry of projects (also known as the “Projects showcase”) and state or non-state institutions may fund it.

The primary source of state financing, the Liquidation Fund is already operational and has specific funding priorities. For most of these priorities, such as housing construction and reconstruction, procurement of school buses, and energy infrastructure restoration, a defined general procedure is already in place.

**Process of project approval for financing by the Liquidation fund (scheme)**

Some uses of money from the Liquidation Fund do not follow this procedure, for example, compensations for damaged homes or construction of military installations.

Funds have yet to be disbursed through the Liquidation Fund at the time of this writing. The Interdepartmental working group (IWG) met to prepare the first batch of projects on May 13, 2022.

**Transparency and accountability**

The multi-layer process of project approval for financing from the Liquidation Fund mitigates the risk that corrupt officials will stop or push forward specific projects.

The first Interdepartmental Working Group meeting used a methodology based on population, urgency of needs, and other factors. This methodology, which has not yet been officially adopted as of this writing, includes a civil society reaction score, which can be used once the relevant IT modules within DREAM are launched.

Detailed meeting reports, live streams, release of project data, and scores on all levels could further promote transparency and mitigate corruption risks in the Liquidation Fund’s decision-making.

### 4.3.4 Project Implementation

Procurement begins once project financing has been secured. A project can include multiple procurement procedures for each of its elements. In addition, DREAM will support machine-readable records for procurement strategies, structures, and forms.

The State Agency for Reconstruction and Infrastructure Development (SARID) will serve as a contractor for project beneficiaries if a specific donor or financier wishes it. Authorities expect that the government will designate SARID as a contractor for state-funded projects, and will ask the donors to do the same. The rationale behind this is that SARID (the reorganized State Agency for Ukrainian Roadways) has extensive experience with infrastructure project procurement and international creditors’ funding. Handling multiple reconstruction projects will further increase their know-how and solve at least some capacity problems for project initiators.

Once a subcontractor has been chosen, they sign a contract and begin work.

**Transparency and Accountability**

Traditional risks of infrastructure projects such as inflated costs and/or lengthy execution are often due to suboptimal contractor selection. Procurers must carefully balance the need to make procurement competitive (thus lowering the price) with reasonable barriers of entry to filter out ‘procurement trolls’[[48]](#endnote-49) and potential contractors with low capacity (which will increase the price). А necessary (though not sufficient) condition for the resolution of this dilemma is complete transparency of decision-making regarding procurement.

The procurement process will use Prozorro, a decentralized, state-owned procurement system that offers a high level of transparency, and eContracting, a state system of electronic contracts management that is still under development. Spending.gov.ua will ensure the transparency of transactions.

Some procurements can be processed in Prozorro without competitive bidding under conditions of martial law. The relevant CMU Resolution[[49]](#endnote-50) lists 15 reasons for procurement to follow non-competitive procedures, including protection of security-related information, or procurement of goods and services for critical infrastructure. Such loose procurement rules have already caused scandals, as in Dnipropetrovsk oblast, where a record-high road maintenance contract was awarded to the supposed girlfriend of the head of the oblast’ administration[[50]](#endnote-51). Procurement legislation is constantly evolving, and it is important to make sure that all reconstruction-related procurement happens in Prozorro and, with few exceptions, follows a competitive procedure.

Similarly, the authorities limited the use of Spending during martial law. Previously, all financial transactions of all state actors were automatically posted there to ensure transparency of expenditures. During martial law, defense-related ministries and agencies’ transactions, as well as those of the Ministry of Economy and Ministry of Justice, were hidden.

With the help of its partners, Ukraine should set up a community of government and NGO experts, as well as journalists, to have informed discussions regarding procurement and government spending. Supporting this community will be vital to long-term confidence in the recovery and reconstruction.

## 4.4 Activities outside of DREAM’s scope

While DREAM is now showcased as the main avenue for undertaking reconstruction projects, a great deal of activity preceded its establishment.

Under normal circumstances, repairing, rebuilding, and reconstructing housing is a primary concern at all levels of administration. The government launched the eRestoration project to support homeowners whose properties sustained damage due to the war (described in a separate section below). Some oblast’ authorities created programs aimed at building new houses and apartment blocks[[51]](#endnote-52), financing them mainly from the oblast’ budget. There are multiple instances of municipal and central authorities covering the costs of repairs to apartment buildings.

Big infrastructure projects such as rebuilding the Chernihiv power plant or restoring the water supply in Mykolaiv are led by the Ministry for Restoration as separate state budget programs. Smaller infrastructure restoration projects can be handled by local infrastructure companies (for example, power line repairs are procured by oblast’s energy transmission companies) or municipal authorities in the course of their regular activities.

Restoring economic activity and creating jobs can also be interpreted as a recovery from war. In 2022 the Government introduced the eRobota (eJob) program, providing grants for new greenhouses, fruit gardens, processing companies, and other businesses on condition that they create new jobs. The prewar state interest compensation program—“5-7-9% Loans”, administered through the Ministry of Finance’s Business Development Fund, was expanded to compensate even higher interest rates during the war. Similar business support initiatives can operate at the local level. For example, the Dnipro city council’s program forsmall and medium enterprise (SME) development includes partial interest compensations for manufacturing companies[[52]](#endnote-53).

**Transparency and Accountability**

Most of the current recovery projects were underway before the first modules of the DREAM system became operational. Currently, local authorities must participate in to gain access to only one state financing source—the Liquidation Fund. International donors and creditors are expected to choose projects through DREAM but they are not legally limited to this mechanism. It is also possible that authorities at all levels will continue to fund a part of their recovery projects using their own budgets, procedures, and transparency infrastructure.

Civil review of decision-making and disbursements would be more difficult in the absence of an “all information gathered in one place” mechanism such as DREAM. Among the concerns:

1. Although the Register for Damaged and Destroyed Property is legally open to the public, the data stored within it is not available.
2. While it could be expected that use of Prozorro and Spending will be mandatory for reconstruction projects in the DREAM pipeline, it is currently limited, as discussed in section 4.3.4. They are essential, however, to the transparency of recovery projects outside of DREAM.
3. Budget transparency has sustained some damage during the war as well. A dedicated online tool, Openbudget, is being populated with significant lags and omissions, especially regarding the local budgets. Budgetary information can also be limited on the websites of local authorities due to real or perceived dangers. A higher degree of practical transparency is necessary to ensure timely civic oversight of recovery actions taken by the local authorities.
4. Authorities’ decisions, budget items, procurement, and spending data related to reconstruction and recovery can be challenging to identify.
5. Typical procedures for state-funded construction are circumvented by experimental CMU resolutions.
6. Business support measures, such as grants, interest compensations, and guarantees generally lack transparency, preventing the public from analyzing their fairness and efficiency.

Predictably, the general state of transparency and accountability has deteriorated in wartime conditions. Civil servants are not required to submit income declarations under martial law, and the registry of existing declarations is offline. Multiple business registries are still unavailable in open data format, while millions of court decisions have been omitted from court registries. These limitations create conditions that hinder the anticorruption activities of civil society.

# 5. Gaps and Recommendations

|  |  |  |
| --- | --- | --- |
| Governance Capacity | Transparency | Accountability |
| Strengthen systemic solutions and plans | Use DREAM | Support local journalists and NGOs to enhance civil society oversight |
| Translate the principles “better” and “green” into actionable statements  | Support non-DREAM transparency efforts | Support further development of anti-corruption law enforcement agencies |
| Help build capacity in national and local institutions | Make open data a priority | Support independent judiciary |
| ??? | Invest in digitalization | Support external control reforms |

## 5.1 Governance Capacity

### **5.1.1 Strengthen Systemic Solutions and Plans**

Recovery and reconstruction activities lie at the intersection of national, regional, institutional, and personal interests. Donors planning to support a specific reconstruction project are at risk of supporting something that is aligned with only one group of interests. Donors should therefore be mindful of strategies and plans existing in other institutions. These include relevant sectoral strategies developed by the ministries, complex recovery programs, and plans for regional recovery and development created by local authorities and administrations. With regard to any specific project, a good question to ask would be how contributes to the plan and works towards the key performance indicators outlined in these documents. Even in the absence of strategic documents, support from the authorities will be essential to efficient recovery.

**5.1.2**  **Translate the principles “better” and “green” into actionable statements**

Ill-defined principles such as “build back better” or “green recovery” add further complexity. To fully realize their potential, these principles, though universally accepted, must be contextualized within the specifics of Ukraine’s unique situation. Implementing these general ideas as practical policy measures requires thoughtful interpretation to translate them into specific and tangible actions that resonate with Ukrainians in their current social and economic environment.

These ideas do not exist in a vacuum –—they must be embedded in a broad array of strategic and regulatory documents that span multiple sectors. These documents, in turn, form the foundation upon which recovery efforts are structured. They provide the necessary guidelines that direct the actions of various stakeholders in a coordinated, meaningful way. As such, an investment in the development, official adoption, and implementation of these documents is critical.

### **5.1.3 Help Build the Capacity of National and Local Institutions**

Mass migration, the military draft, and wartime budgetary restrictions have caused a significant decrease in institutional capacity at all levels. This will hamper recovery efforts, especially in the short term. Local authorities in the recently deoccupied and war-affected regions have suffered the most, but at the same time mustrequired to make the most immediate and significant decisions on recovery and reconstruction. Support for these institutions is critical. Several mechanisms are already in place, including the URTF and PEACE in Ukraine initiatives of the World Bank (part of the Multi-Donor Resources for Institutions and Infrastructure facility). Further support to institutions should be earmarked for specific purposes such as upskilling or retaining critical employees.

## 5.2 Transparency

### **5.2.1 Use DREAM**

The government is developing the DREAM ecosystem to make reconstruction transparent. Given that no serious concerns emerge regarding this system, the donors should aim to use it as much as possible. The donors should also require their local implementing partners and receiving parties to use DREAM.

DREAM was designed with the possibility of software-level integration into donors’ IT systems in mind. It will be best utilized in this way, allowing seamless transfer of project information. Further integration between donors’ procurement systems and Prozorro is possible, and although such integration requires some effort on both sides, it can give a tremendous boost to cost efficiency and thus to the local economy.

Current experimental legislation calls for using DREAM only for certain construction and reconstruction projects. The donors could and should ask the Ukrainian government to adopt a law requiring the use of DREAM for all reconstruction and construction projects. Expanding its use to other activities that follow a similar project structure, but are not related to construction--such as ecological recovery projects, procurement of destroyed vehicles, and so on—could benefit the recovery enormously.

### **5.2.2 Support Non-DREAM Transparency Efforts**

Many wider recovery activities will take place outside of the DREAM mechanism because they began before DREAM was developed, do not follow the logical structure of a DREAM project, or are financed from the project initiator’s budget. Humanitarian demining, social support, and support for businesses fall into these categories Such efforts may include further development of budget transparency tools, and increasing transparency of social and business support initiatives. Donors could also condition non-critical assistance to some of the following items:

* Return to normal procurement procedures in Prozorro, with a few wartime exceptions
* Return to obligatory income and assets declaration for civil servants, with their declarations made public
* Resume political parties’ financial reporting

### **5.2.3 Prioritize Open Data**

Ukraine was successfully implementing its open data policy before the war. Real or perceived dangers of invasion led many organizations to remove their datasets from public view. While the vice-minister for digital transformation stated that open data remains a priority, many critical datasets, such as business registries, court decisions, income declarations, and registries of corrupt officials remain closed. DREAM will provide the public with names of companies and individuals engaged in reconstruction, but the absence of up-to-date, machine-readable, and complete data about them could prevent appropriate public scrutiny.

Ukraine needs open data to function effectively as a state . Donors should raise this issue with Ukrainian authorities and support innovative products that help utilize the full potential of open data.

### **5.2.4 Invest in Digitalization**

Foreign donors have financed the development of much of Ukraine’s digital infrastructure, including many features in Diia App, Open Data Portal, the unified state electronic system in the construction sector, and DREAM. Digitalization in Ukraine has been highly successful in improving governance and curtailing corruption. Yet, the resources needed to digitalize existing government services and create new digital systems are vast, and more donor support for digital, transparent, and inclusive state services will be essential going forward.

## 5.3 Accountability

### **5.3.1 Support Local Journalists and NGOs**

Increased transparency does not in itself have value without the people and organizations able to interpret the available information. The non-government sector in Ukraine plays an enormously important role in this area, and increased support for it will contribute to the efficiency of the recovery process and the accountability of the decision-makers.

The most capable and well-funded organizations are located in Kyiv and focus on national-level issues, while most of the physical recovery process will take place in the regions. The very existence of local NGOs able to monitor and influence the process will depend on external financing.

### **5.3.2 Support Further Development of Anti-Corruption Law Enforcement Agencies**

Ukraine has a mixed track record of reform in law enforcement. While there have been undeniable successes, Ukraine has suffered setbacks due to political influence and conflicts between “old” and “new” institutions. A successful budget decentralization reform has increased local budgets funding and transferred some authority to the local governments, but the new anti-corruption infrastructure focuses primarily on top-level corruption.

Supporting reforms and building the capacity of anti-corruption institutions should be a top priority for donors. Continued donor support in non-critical spheres should be conditional upon the enactment of these reforms.

NABU, for example, has long been communicating its capacity needs: increased staffing, an in-house forensic expert institution, and authority for wiretapping. Ukraine has committed to ensuring the availability of forensic expertise to NABU as a condition of continued support through the Extended Fund Facility of the IMF. Increasing the number of NABU staffers is not part of international obligations, but it will probably entail additional training and material costs, which could be partly covered by the donors.

### **5.3.3 Support an Independent Judiciary**

The judiciary, with its substantial capacity problems, remains one of the least trusted institutions in Ukraine. Its failures influence reforms in all other sectors. The judicial reform has been ongoing since 2016 and is far from completion. The current issues include:

* Implementing a merit-based and transparent selection process for the Constitutional Court
* Hiring 2500 judges through a transparent process by the newly elected High Qualification Commission of Judges
* Establishing a new court in place of the recently liquidated, corrupt District Administrative Court of Kyiv, which oversaw all cases against central executive bodies.

Progress on these issues should be a condition for the continuation of donor support for non-critical recovery projects.

### **5.3.4 Reform External Oversight Bodies**

Parliamentary oversight, executed through temporary investigative commissions, often has little to no effect on the issues investigated. Parliamentary oversight must therefore be improved. The capacity and effectiveness of financial control institutions (the Accounting Chamber and State Audit Service of Ukraine) will have to increaseto to accommodate the huge volume of recovery-related work. Reforms of these institutions, including furthering their political independence, increasing their human and technical resources, and creating new, situation-specific control instruments, is essential to the nation’s recovery.

1. Oleksandr Reznik, [*Сприйняття українцями урядових реформ: соціально-демографічні виміри*](https://dif.org.ua/article/the-perception-of-governmental-reforms-by-ukrainians-sociodemographic-factors)

[The perception of governmental reforms by Ukrainians: sociodemographic factors],
Фонд Демократичні ініціативи імені Ілька Кучеріва, January 12, 2021. [↑](#endnote-ref-2)
2. Transparency International Ukraine,”[WHO IS ’BURYING‘ TATAROV’S CASE? TIMELINE](https://ti-ukraine.org/en/news/who-is-burying-tatarov-s-case-timeline/)“, November 30, 2021. [↑](#endnote-ref-3)
3. Razumkov Centre, ”[Citizens' assessment of the situation in the country, trust in social institutions, politicians, officials and public figures](https://razumkov.org.ua/en/sociology/press-releases/citizens-assessment-of-the-situation-in-the-country-trust-in-social-institutions-politicians-officials-and-public-figures-may-2023)”, June 15, 2023. [↑](#endnote-ref-4)
4. European Commission, ”[Open Data in Europe 2022](https://data.europa.eu/en/publications/open-data-maturity/2022)”, 2022. [↑](#endnote-ref-5)
5. John F.E. Ohiorhenuan and Frances Stewart, [*Post-Conflict Economic Recovery Enabling Local Ingenuity*](https://www.undp.org/sites/g/files/zskgke326/files/migration/tr/Post_Conflict_Economic_Recovery_Report.pdf), United Nations Development Programme Bureau for Crisis Prevention and Recovery, 2008. [↑](#endnote-ref-6)
6. Ukraine Recovery Conference, “[Outcome Document of the Ukraine Recovery Conference URC2022 ‘Lugano Declaration’](https://decentralization.gov.ua/uploads/attachment/document/1060/Lugano_Declaration_URC2022-1.pdf)“ 4-5 July 2022. [↑](#endnote-ref-7)
7. Recovery of Ukraine, ”[Ukraine Recovery Plan](https://recovery.gov.ua/)”, 2023. [↑](#endnote-ref-8)
8. European Commission, [*Ukraine Relief and Reconstruction*](https://ec.europa.eu/info/sites/default/files/ukraine-reliefreconstruction_en.pdf), May 18, 2022. [↑](#endnote-ref-9)
9. Ukraine Recovery Conference,[*Ukraine’s National Recovery Plan*](https://www.urc-international.com/urc2022-recovery-plan), July 2022. [↑](#endnote-ref-10)
10. АНТИВОЄННА КОАЛІЦІЯ, “[Головна сторінка](https://stop-rf.nsdc.gov.ua/coalition/)“” [Main], July 2023.Main page], July 2023. [↑](#endnote-ref-11)
11. United24, “[Official Fundraising Platform for Ukraine](https://u24.gov.ua/)“, July 2023. [↑](#endnote-ref-12)
12. Міністерство розвитку громад, територій та інфраструктури України, ”[Портал державної електронної системи у сфері будівництва](https://e-construction.gov.ua)” [Portal for the State Electronic Construction System], July 2023. [↑](#endnote-ref-13)
13. Digital Restoration Ecosystem for Accountable Management, ”[Home](https://dream.gov.ua/)”, July 2023. [↑](#endnote-ref-14)
14. Central Anti-Corruption Bureau, ”[New suspect in Ukravtodor case](https://cba.gov.pl/en/news/778%2CNew-suspect-in-Ukravtodor-case.html)”, July 2023. [↑](#endnote-ref-15)
15. Міністерство інфраструктури України, “[Створено Державне агентство відновлення та розвитку інфраструктури України](https://mtu.gov.ua/news/33962.html)” [The State Agency for Reconstruction and Development of Infrastructure of Ukraine was established“, July 2023. [↑](#endnote-ref-16)
16. European Pravda, ”[EU Reacts to Resignations in Ukraine Based on Accusations of Corruption](https://www.eurointegration.com.ua/news/2023/01/24/7154766/)”, July 2023. [↑](#endnote-ref-17)
17. ПРОЗОРРО, ”[Головна сторінка](https://prozorro.gov.ua/)” [Main page], July 2023. [↑](#endnote-ref-18)
18. Government of Ukraine, ”[Урядовий портал](https://www.kmu.gov.ua/news/svitovyi-bank-rekomenduvav-vykorystovuvaty-prozorro-dlia-vsikh-zakupivel-na-potreby-vidbudovy-ukrainy)”[Government Portal], July 2023. [↑](#endnote-ref-19)
19. Прозорро.Продажі, ”[Головна сторінка](https://prozorro.sale/)” [Main page], July 2023. [↑](#endnote-ref-20)
20. <https://edata.gov.ua/> [↑](#endnote-ref-21)
21. Дія, ”[Державні послуги онлайн](https://diia.gov.ua/)” [Government Services Online], July 2023. [↑](#endnote-ref-22)
22. ЕкоЗагроза, ”[Дашборд із даними про загрози довкіллю](https://ecozagroza.gov.ua/?fbclid=IwAR3r38cnbG48KlCl1P1tktgIIaKnj7UoPWkVt7fpd3pfR8VPIGzjoieEROA)” [Dashboard with data on environmental threats], July 2023. [↑](#endnote-ref-23)
23. Дарія Кудімова, ”’[Це категорія потужних людей’. Міністр у справах ветеранів розповіла про допомогу ветеранам і їхнім родинам](https://www.radiosvoboda.org/a/laputina-intervyu-ministerstvo-dopomoha-veteranam/32422428.html)” [”This is a category of powerful people". Minister for Veterans Affairs speaks about assistance to veterans and their families], Радіо Свобода, May 22, 2023. [↑](#endnote-ref-24)
24. OpenCity, ”[About Us](https://e-dem.ua/about_us)”, July 2023. [↑](#endnote-ref-25)
25. Дія, ”[єВідновлення](https://erecovery.diia.gov.ua/)” [eRecovery], July 2023. [↑](#endnote-ref-26)
26. Transparent Cities, ”[Дослідження прозорості та підзвітності](https://transparentcities.in.ua)” [Research on Transparency and Accountability], July 2023. [↑](#endnote-ref-27)
27. Юлія Трестер, ”[Чому АРМА потрібно реформувати, а не ліквідувати?](https://www.epravda.com.ua/columns/2023/03/10/697873/)” [Why does ARMA need to be reformed, not liquidated?], Економічна правда, March 10, 2023. [↑](#endnote-ref-28)
28. ЄВРОІНТЕГРАЦІЙНИЙ ПОРТАЛ, ”[Європейська Комісія оприлюднила аналітичний звіт стосовно узгодження законодавства України з нормативно-правовою базою ЄС (acquis)](https://eu-ua.kmu.gov.ua/novyny/yevropeyska-komisiya-oprylyudnyla-analitychnyy-zvit-stosovno-uzgodzhennya-zakonodavstva-0)” [The European Commission publishes an analytical report on the harmonization of Ukrainian legislation with EU regulatory framework (acquis)], July 2023. [↑](#endnote-ref-29)
29. Transparency International Ukraine, ”[ANTI-CORRUPTION AS A CRITICAL CONDITION FOR SUSTAINABLE RECOVERY](https://ti-ukraine.org/en/research/anti-corruption-as-a-critical-condition-for-sustainable-recovery/)”, July 2023. [↑](#endnote-ref-30)
30. [↑](#endnote-ref-31)
31. Transparency International, Transparency International Ukraine, ”[CORRUPTION PERCEPTIONS INDEX—2022](https://cpi.ti-ukraine.org/)”, July 2023. [↑](#endnote-ref-32)
32. Татьяна Хутор, ”["Смотрящий" за бюджетом: чем на самом деле занимается Счетная палата](https://www.epravda.com.ua/publications/2023/04/10/698970/)” [”Supervising” the budget: What the Accounting Chamber really does], Экономическая правда, April 10, 2023. [↑](#endnote-ref-33)
33. The International Working Group on Russian Sanctions, [*Strengthening Sanctions against the Russian Federation*](https://fsi9-prod.s3.us-west-1.amazonaws.com/s3fs-public/2023-04/russia_sanctions_working_paper_11_action_plan_2.0_v2.pdf)*,* April 24, 2023. [↑](#endnote-ref-34)
34. European Commission, “[The acceleration of open data practices in Ukraine](https://data.europa.eu/en/publications/datastories/acceleration-open-data-practices-ukraine)”, April 7, 2023. [↑](#endnote-ref-35)
35. Міністерство цифрової трансформації України, ”[Портал відкритих даних](https://data.gov.ua/)” [Open Data Portal], July 2023. [↑](#endnote-ref-36)
36. Rise Ukraine, ”[Open statement of the RISE Ukraine Coalition on ensuring the availability of open data](https://www.rise.org.ua/blog/open-statement-of-the-rise-ukraine-coalition-on-ensuring-the-availability-of-open-data)”, July 2023. [↑](#endnote-ref-37)
37. The World Bank, Government of Ukraine, European Union, United Nations, [*UKRAINE RAPID DAMAGE AND NEEDS ASSESSMENT*](https://documents1.worldbank.org/curated/en/099184503212328877/pdf/P1801740d1177f03c0ab180057556615497.pdf)*,* March 2023. [↑](#endnote-ref-38)
38. Інститут законодавчих ідей, ”[МАПА КОНФІСКАЦІЇ АКТИВІВ РФ У СВІТІ](https://confiscation.com.ua/)” [MAP OF CONFISCATION OF ASSETS OF THE RF IN THE WORLD”, July 2023. [↑](#endnote-ref-39)
39. Norman L. Eisen, Alina Inayeh, Jacob Kirkegaard, Thomas Kleine-Brockhoff, Josh Rudolph, Bruce Stokes, [*Toward a Marshall Plan for Ukraine*](https://www.gmfus.org/sites/default/files/2023-05/Ukraine-New%20ideas%20and%20recommendations_digital_May22.pdf)*,* German Marshall Fund, June 2023. [↑](#endnote-ref-40)
40. Council of Europe Committee of Ministers, ” [↑](#endnote-ref-41)
41. Open Contracting Partnership, ”[Open Contracting Data Standard](https://standard.open-contracting.org/latest/en/)”, July 2023. [↑](#endnote-ref-42)
42. Rise Ukraine, ”[Rise Ukraine](https://www.rise.org.ua/ua)”, 2022. [↑](#endnote-ref-43)
43. DREAM is governed as an experimental project (CMU Resolution № 1286 from 15.11.2022). Experimental projects are meant to provide simplified temporary regulation, while more complex legislation is being developed. [↑](#endnote-ref-44)
44. Major Ukrainian recovery fund, financed from the state budget and confiscated assets. Funding amount in 2023 is UAH 35.5 B (EUR 0,88 B) [↑](#endnote-ref-45)
45. A number of sectoral strategies were developed in May-June 2022, and became a part of Ukraine’s Recovery Plan Blueprint, presented at URC in Lugano. They focus in general on development and reforms under the assumption that the war will be over by the end of 2022 and postwar recovery could begin in 2023. They were never approved by the CMU and are mostly abandoned by 2023, though some are being implemented and monitored by the ministries. [↑](#endnote-ref-46)
46. According to draft CMU resolution, that is now in public discussion phase. [↑](#endnote-ref-47)
47. The criteria of being war-affected are somewhat different for Complex recovery programmes and Plans of regional recovery and development, so it is possible for a region to have one, but not the other. [↑](#endnote-ref-48)
48. Trolling is a practice in procurement, where bad actors make extremely low bids to disrupt the procurement process or prevent a specific bidder from winning. [↑](#endnote-ref-49)
49. Кабінет Міністрів України, [*ОСОБЛИВОСТІ: здійснення публічних закупівель товарів, робіт і послуг для замовників, передбачених Законом України “Про публічні закупівлі”, на період дії правового режиму воєнного стану в Україні та протягом 90 днів з дня його припинення або скасування*](https://zakon.rada.gov.ua/laws/show/1178-2022-%D0%BF%20-%20n16) [FEATURED: public procurement of goods, works and services for customers provided for by the Law of Ukraine "On Public Procurement" for the period of the legal regime of martial law in Ukraine and within 90 days from the date of its termination or cancellation], May 12, 2022. [↑](#endnote-ref-50)
50. Natalie Sedletska, Valeria Yehoshyna, Heorhiy Shabayev, Kira Tolstyakova, “[How Ukraine's 'Great Reconstruction' Brought Great Rewards For A Company Linked To Dnipropetrovsk's Government And An FBI Fugitive](https://www.rferl.org/a/ukraine-investigation-road-reconstruction-fbi-dnipropetrovsk-public-funds/32205244.html)”, Radio Europe/Radio Liberty, January 3, 2023. [↑](#endnote-ref-51)
51. Київська обласна рада, [*Рішення Про внесення змін до Програми відновлення приватних будинків, зруйнованих внаслідок бойових дій на території Київської області на 2022-2023 роки*](https://kor.gov.ua/robota_rady/rishennia/pro_vnesennia_zmin_do_prohramy_vidnovlennia_pryvatnykh_budynkiv_zruinovanykh_vnaslidok_boiovykh_dii_na_terytorii_kyivskoi_oblasti_na_2022-2023_roky.html) [On making changes to the Program for the restoration of private houses destroyed as a result of hostilities in the territory of Kyiv region for 2022-2023], December 23, 2022. [↑](#endnote-ref-52)
52. Дніпровська міська рада, ”[Депутати Дніпра затвердили Комплексну програму розвитку малого і середнього підприємництва міста на 2023-2027 роки](https://dniprorada.gov.ua/uk/articles/item/54734/deputati-dnipra-zatverdili-kompleksnu-programu-rozvitku-malogo-i-serednogo-pidpriemnictva-mista-na-2023-2027-roki)” [The deputies of Dnipro approved the Comprehensive program for the development of small and medium-sized enterprises of the city for 2023-2027], March 22, 2023. [↑](#endnote-ref-53)