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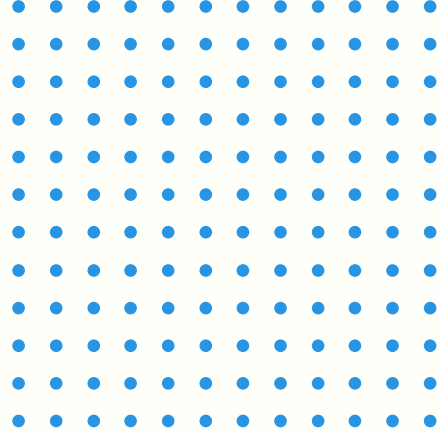
Building trust through integrity:

six recommendations for the management of international aid to Ukraine

Table of Contents

Introduction

With drone and missile attacks continuing despite attempts to negotiate a peace settlement in Ukraine, the need to ensure that international aid is carefully managed grows ever stronger.

Several countries have already pledged to reconstruct specific regions or settlements, for example, Denmark in Mykolaiv; Greece, France, Italy and Japan in Odesa; and the UK in ten Ukrainian communities, including the capital Kyiv and its surrounding regions. International partners can only work well together if everyone involved is open and trustworthy.

Although Ukraine has made real progress in reform and transparency, corruption remains a serious risk. The scale and location of these risks vary, and they threaten both wartime operations and long-term recovery. Ukraine's Corruption Perceptions Index score worsened slightly in 2024, following notable improvement in the previous two years. While this minor decline does not signify a reversal of broader reform trends, it highlights how easily progress can stall in the context of war.

Proactive management of corruption risks

Before initiating any funding or partnership agreements, international partners must therefore carefully evaluate the fund recipients and think through the corruption risks. A genuine anti-corruption programme is necessary; it cannot be treated as just a formality.

In 2014, Ukraine started decentralising, moving more decision-making power from Kyiv to local communities. Reducing the dominance of an overly-centralised bureaucracy could limit exposure to some of the most entrenched corruption risks found in state ministries. For this to work, local authorities need not just rules, but practical skills and the will to fight corruption. The government now encourages partners to work with local authorities, which should make local officials more accountable.

Building reporting channels

However, more will be needed to ensure that any international financial aid secured for the country's recovery is carefully managed.

This work involves reviewing and strengthening anti-corruption and integrity programmes. Whistleblowers need reliable ways to report issues without fear of reprisals. Ukraine has taken concrete steps to make it safer and easier for people to report corruption. By launching an online reporting platform and actively raising awareness among officials and the public, Ukraine is beginning to build a system that people can trust and feel safe using to report wrongdoing.

However, despite these efforts, the willingness of Ukrainian companies to report bribery remains low. To address this, the government, both central and local, needs to build trust in the law enforcement systems and mitigate fears of retaliation among businesses that report corruption. More people in both government and business need to know how and where they can report corruption.

Ukraine has many experienced journalists, both independent and working in formal media outlets. A number of important corruption stories have been successfully pursued, not least those leading to the dismissal of the defence minister.

For instance, Yuriy Nikolov, co-founder of Nashi Groshi, uncovered large-scale corruption in defence procurement, prompting the dismissal of the Defence Minister and triggering a formal anti-corruption investigation. Similarly, Valeriya Yegoshyna from the Schemes project revealed irregularities in the use of reconstruction funds under the "Great Reconstruction" programme, resulting in the removal of several high-level officials. Such cases underscore persistent vulnerabilities in public sector oversight and demonstrate how journalists can and do effectively use due diligence and open-source intelligence tools.

The government should continue its efforts to support these journalists, ensuring that assistance is provided in a manner that preserves their independence. They are a crucial resource in the fight against corruption and "a canary in the coal mine", showing Ukraine that it can be a functioning modern, democratic state.

Investigation and prosecution

In addition, independent investigation and prosecution of wrongdoing are crucial. In Ukraine, high-level corruption cases are handled by the National Anti-Corruption Bureau (NABU), with prosecutions led by the Specialised Anti-Corruption Prosecutor's Office (SAPO). These two bodies, which are broadly similar in role to the US Department of Justice or the UK Serious Fraud Office, are at the heart of Ukraine's efforts to hold senior officials accountable. Over the past few years, they have brought several high-profile cases before the High Anti-Corruption Court of Ukraine, which was established to ensure the independent handling of corruption cases.

However, all three institutions – NABU, SAPO, and the Court – have faced political pressure and limited resources, which can undermine their independence and slow progress. Ensuring that each body can operate free from external influence, with adequate funding and support, remains a critical challenge for Ukraine's anti-corruption system.

At the local level, corruption investigations are handled by regional prosecutors and law enforcement. Here, the results are mixed – some areas are starting to build more robust and independent teams, while others continue to struggle with capacity and political interference.

In addition to these significant efforts, it is clear that a broad campaign will be needed to ensure that citizens feel empowered to hold those in charge accountable for delivering public services with integrity. This will require both a serious, large-scale 'hearts and minds' campaign as well as training.

When it comes to helping individual state bodies prepare for the new Ukraine, there is a lot that can be done. Drawing on our experience in Ukraine, we have produced the following six steps that we think apply to the vast majority of state bodies, particularly those that are likely to receive external funding (from a development body) and where there is a good chance of leverage to encourage reform.

Six recommendations for the management of international aid to Ukraine

Step 1: Assess corruption risks and develop a risk register

Effective management of development or reconstruction finance begins with a thorough assessment of corruption risks. An independent anti-corruption risk assessment is the essential first step in preventing corruption. Engaging external and impartial assessors minimises conflicts of interest inherent in self-assessment, thereby ensuring greater objectivity and credibility in the evaluation process.

Such a risk assessment should be based on internationally accepted anti-corruption standards and begin with a detailed document analysis, focusing on those related to financial transactions, service delivery, and anti-corruption compliance policies and procedures. It should also include an analysis of the structure and responsibilities of the entity's managers.

After completing the document and transactions analysis, interviews with key stakeholders should be carried out to gain a deeper understanding of the public authority's operations. Such interviews provide helpful insights into local issues and risks; they also allow any red flags from the document and transactions analysis to be raised and clarified.

The document and transactions analysis together with the stakeholder interviews will provide insights into the specific corruption risks that are faced and these should be recorded in a risk register. When compiling such a risk register, it is important to also identify mitigation strategies and assess residual risks, as these will inform the development of the action plan described below.

A careful review of each risk identified in the risk register is essential. This should enable the entity to assess concrete examples of corruption risk and determine specific measures to mitigate the risk. For instance, in Ukraine, planning permission for changes to residential houses is a typical corruption risk in many municipalities. This would be identified in the risk register.

The entity would then be expected to consider changes to the procedure to mitigate corruption risks. For example, in planning systems, it may be possible to move more of the process online, thereby avoiding face-to-face interactions. It might also be possible to make two officers jointly responsible for granting planning permission, reducing the risk that a bribe can be paid to obtain consent.

Step 2: Conduct an independent assessment of the anti-corruption compliance programme

The interview programme combined with the document and transactions analysis set out in step 1 will provide detailed insight into the current anti-corruption compliance programme. A good organisation will have not only a strong ethical tone, but also clear policies and procedures to prevent corrupt behaviour. A careful review of these policies and procedures is an essential step in developing an action plan.

Ukrainian anti-corruption law requires state and local government bodies to adopt anti-corruption programmes. The development of these programmes must be based on a corruption risk assessment.

The main priority must be to ensure that policies and procedures prevent officials from abusing their positions for personal gain. Without robust controls, there is a real risk that officials can direct contracts to friends or family members, enabling embezzlement and corruption. This is still widespread. Effective due diligence is essential to identify and block conflicts of interest involving current officials, ensuring that public funds are not misused.

Additionally, the absence of clear disciplinary procedures and weak enforcement of codes of conduct further undermine efforts to prevent abuse.

A comprehensive gap analysis should, therefore, review not only the existence of anti-corruption policies but also their practical implementation and enforcement. This analysis should examine governance structures, oversight mechanisms, records management, training programmes, whistleblowing systems and procurement controls. Particular attention should be given to whether existing procedures are not just on paper but are implemented in everyday work wherever important decisions or spending take place. This review will help build a clear picture of the anti-corruption compliance programme and guide the development of a targeted improvement plan.

Step 3: Develop an anti-corruption action plan

Once the anti-corruption compliance assessment and the corruption risk register have been completed, an action plan is needed. This should include recommendations for enhancing anti-corruption compliance by developing appropriate policies and procedures to manage corruption risks. These documents would typically include:

An anti-corruption policy

Although more than 170 Ukrainian public sector bodies are legally required to maintain an anti-corruption policy – with comparable requirements applying to private sector participants in major public tenders – most of these policies are inconsistent and lack rigour. Risk assessments are often perfunctory or incomplete, analysis is superficial, remedial actions are insufficiently defined and robust mechanisms for monitoring implementation are generally lacking.

A third-party due diligence procedure/policy

n practice, due diligence policies remain the exception rather than the rule within the Ukrainian public sector. Even where such frameworks are in place, they are often limited in scope or application. Ideally, these policies would mandate not just routine background checks, but also the identification of beneficial ownership and a proper assessment of potential conflicts of interest among contractors, suppliers and recipients of grants. However, implementation frequently falls short. For example, in 2023 a group of construction companies became one of the largest suppliers of uniforms to the Ukrainian Armed Forces.

Notably, one of these companies - called "Construction Alliance" – was clearly associated with the construction sector. Despite lacking production facilities, warehouse space, or manufacturing experience and being entirely owned by a single family, these facts did not deter ministry officials from awarding contracts to the group. As a result, from 23 contracts, only two were fully delivered and on time. The rest were delayed, supplied only partially, or not delivered at all. Prices were often inflated. The financial damage was estimated at about USD33mn.

Safeguarding public funds requires more than a tickbox approach: it calls for continuous monitoring, careful record-keeping and periodic audits that do not simply go through the motions. The need for robust due diligence is well illustrated by the recent investigations led by Ukrainian journalists.

A further challenge lies in equipping public officials with the skills and resources needed to make use of due diligence tools and open-source intelligence techniques. Without the ability to verify third-party information and trace ultimate beneficiaries, efforts to prevent corruption and misuse of funds will remain weak. Building this capacity is a long-term task, but one that is critical for integrity in public procurement and grant management.

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An antitrust policy

Antitrust policies are still quite rare in Ukraine's public sector, but they could play a key role in preventing unfair competition by introducing clear rules for procurement and licensing and forcing proper competition for supplies to government. For example, in 2022, the Ministry of Defence paid excessively for food supplies, resulting in a loss of over USD500mn.

If an antitrust policy and supporting procedures had been in place, the lack of competition might have been identified, new bidders identified and a robust, competitive process put in place.

A code of conduct

Ukraine has adopted the General Rules of Ethical Conduct for Civil Servants and Local Government Officials, which act as a standard code of ethics for all public authorities. However, codes of conduct are organisational tools, developed and owned by institutions to guide the collective behaviour of their staff. To be effective, these codes should not remain generic; rather, each public authority should adapt the code to reflect its specific duties, risks, and operational context.

An effective whistle-blower reporting system – supported by procedures for follow-up and investigation

Ukraine has made progress by launching a national whistleblower reporting portal and putting legal protections in place, but serious gaps remain. Many government bodies still have not set up proper channels for whistleblowers and people reporting wrongdoing often have to figure out themselves whether their case is a crime or just an administrative issue – something most are not trained to do.

Public attitudes are another barrier: whistleblowers are still widely mistrusted and there are cases where those who spoke up about corruption lost their jobs or faced harassment, with some cases still unresolved in court. Protection is also uneven – if someone reports corruption in an administrative context rather than a criminal one, they might not get any personal safety support at all. Ultimately, building trust and encouraging people to use these mechanisms is vital to make their whistleblowing system genuinely effective.

Registers for conflicts of interest and gifts & hospitality

Ukraine lacks a central register specifically dedicated to recording conflicts of interest or the receipt of gifts and hospitality by public officials. Oversight in these areas is handled by the National Agency on Corruption Prevention, primarily through the asset declaration system. It requires officials to report gifts above a certain threshold as part of their income.

However, in practice, there is no regular, comprehensive disclosure of information about conflicts of interest or gifts received. Such details are typically made public only in particular circumstances - most often following violations or when high-ranking officials are implicated.

Although some data on disclosures and enforcement are gathered, their publication is sporadic and lacks consistency. This absence of systematic transparency does not meet international expectations for openness and accountability in the public sector.

Protocols to ensure that credible allegations are independently investigated and sanctions are effectively applied

While Ukrainian legislation provides for proportionate and deterrent penalties for corruption, actual enforcement is uneven. In most cases, sanctions are limited to fines, with imprisonment seldom imposed. The High Anti-Corruption Court stands out for applying stronger measures, yet other institutions continue to struggle with chronic issues such as procedural delays, expired limitation periods, ineffective enforcement by the courts and a lack of transparency or detailed justification in published decisions.

Moreover, the current system of preventive measures, including the possibility of release on bail, does not always ensure the proper presence of suspects in corruption cases during investigations and court proceedings. There have been several cases involving high-ranking officials suspected of corruption who were released on bail and, despite the restrictions on men leaving Ukraine under martial law, managed to leave the country. These persistent challenges undermine the deterrent effect of existing legal provisions and weaken public trust in the system's capacity to deliver justice.

Step 4: Conduct anti-corruption training

Embedding anti-corruption policies into daily practice remains among the most significant challenges for public institutions and local authorities. Practical <u>anti-corruption training</u> helps bridge this gap. It reinforces awareness of policies and legal obligations and strengthens the organisation's ability to proactively manage corruption risks.

Training tailored to specific roles – particularly in procurement, public financial management and law enforcement – is essential. It should also give practical guidance on managing conflicts of interest and ensuring that whistleblowers feel safe and protected when speaking up.

Training builds collective ownership for ethical conduct, clarifies expectations and supports a culture of transparency. It enables public officials to recognise and respond appropriately to corruption risks in high-exposure areas such as procurement, financial management, and regulatory enforcement.

Moreover, targeted training for those in senior positions or high-risk functions helps ensure proportionality and focus. When properly implemented, anti-corruption training is an essential component of compliance infrastructure that fosters public trust, supports institutional resilience and demonstrates a clear commitment to reform and integrity to international partners.

At a minimum, this training should ensure that participants understand the importance of complying with anti-corruption policies. Additionally, it should actively engage participants and encourage them to consider their role in building a culture of integrity and responsibility in their organisation and local community.

Step 5: Implementation

Implementing an anti-corruption action plan demonstrates the commitment of those managing and operating in state or local government to ethical conduct. Senior officials must have clear responsibility and accountability in overseeing the programme's implementation.

Where high corruption risks are present, managers should have clear, written responsibility for upholding integrity and compliance, not just in principle, but in their actual job descriptions. This will strengthen internal controls within the organisation.

It is also essential to move beyond a tickbox approach: internal audits and performance reviews should check if anti-corruption efforts are actually effective. And if there are signs of political pressure or judicial interference, these concerns must be escalated to independent bodies such as National Anti-Corruption Bureau or Specialised prosecutors – swiftly and transparently – to preserve trust.

Step 6: Enable effective communication

Open communication helps make anti-corruption work more effective. Each municipality or entity should develop its own campaign. An awareness-raising campaign should seek to achieve the following:

- **Raise public awareness of the impact of corruption on both aid financing and the recovery process**
- **Inform citizens about the importance of integrity and accountability**
- **Mobilise support for anti-corruption measures**
- **Remind public authorities about their commitment to fighting corruption as an effective deterrent to corrupt activities**

Following international best practices, information about whistleblower cases, sanctions and integrity efforts should be shared publicly in a manner that is easy to access and understand. People need to know how to report concerns, what protection they can count on and what is likely to happen next. Examples of successful whistleblowing, where a corrupt act has been identified and stopped are very helpful and need to be publicised. They help build trust and belief that things can change.

Once the recommended steps have been implemented, local governments in Ukraine will be better placed to attract international financing and enter into partnerships with global donors and investors. These stakeholders increasingly require evidence of robust anti-corruption programmes that comply with international governance standards.

Demonstrating transparency and accountability will significantly enhance the credibility of local authorities and increase the likelihood of securing the funding needed for recovery projects. This will help build trust and support Ukraine's recovery after the war.

Conclusion

As the recent report of an investigation into a senior cabinet minister by Ukraine's anti-corruption authority shows, the country is stepping up its efforts to stamp out corruption. These efforts must start from the top of government and work all the way down. International financing partners have a key role to play in making their lending and grants contingent on strong anti-corruption programmes being in place.

The risk for Ukraine is that a continued reputation for high levels of institutional corruption will stymy international investment and set back the country's growth prospects fundamentally. The significant opportunity is that implementation of these anti-corruption programmes will give Ukraine the best chance of boosting investment, growth and development, opening the door to fundamental modernisation once the war is over.

About GoodCorporation

GoodCorporation is currently working in Ukraine for one of the largest municipalities in the country. The work is being funded by a multilateral development bank. The project is led by Dr. Viktor Soloviov, a Ukrainian national anti-corruption expert (former State Coordinator for NATO's Building Integrity Project in Ukraine and senior civil servant, former Taras Shevchenko National University professor).

Viktor is based in GoodCorporation's office in London. He is using our Integrity Compliance and Anti-Bribery and Corruption Frameworks to support this work. GoodCorporation's experience shows that corruption can be tackled, even in high-risk environments like Ukraine.