ULEAD WITH EUROPE

STRATEGIC ANALYSIS OF CORRUPTION RISKS IN HUMANITARIAN AID MANAGEMENT AT THE LOCAL LEVEL

Analytical Report

співпраця з НІМЕЧЧИНОЮ DEUTSCHE ZUSAMMENARBEIT
Polish aid
MINISTRY OF FOREIGN AFFAIRS OF DENMARK
SLOVENIA AID & PARTNERSHIPS
Ministry of Digital Transformation of Ukraine
MINISTRY FOR RESTORATION
WE BUILD UKRAINE

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Prepared by Uliana Hrotovytska
Strategic Advice by Oleksandra Keudel
Reviewed by Volodymyr Bozhko

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CONTENT

EXECUTIVE SUMMARY **5**

INTRODUCTION **7**

Relevance of Assessment 7

Corruption Risk Assessment Methodology 8

Legal Norms and Organisation of Humanitarian Aid at the National Level 8

Key Actors of the Process of Humanitarian Aid Provision at the Local Level and Their Competences 10

Reporting, Accounting and Control of Humanitarian Aid Distribution at the Local Level 10

1. CORRUPTION RISKS AT THE STAGE OF IDENTIFYING NEEDS IN HUMANITARIAN AID **13**

1.1 Exaggeration of humanitarian needs 14

2. CORRUPTION RISKS AT THE STAGE OF DISTRIBUTING HUMANITARIAN AID **17**

2.1 Collusion between officials of Local Self-Government and military administrations (non-transparent cooperation) 18

2.2 The ability of Local Self-Government officials to manipulate NGOs' access to warehouses for temporary storage of humanitarian aid 20

3. CORRUPTION RISKS IN THE WAREHOUSE LOGISTICS SYSTEM **22**

3.1 Theft (Embezzlement) of Humanitarian Aid 23

3.2 Sale of Humanitarian Aid 26

3.3 Manipulations with the Expiration Dates of Humanitarian Goods 29

3.4 Substitution of expensive humanitarian aid goods with less expensive/lower quality goods for their further appropriation 32

4. CORRUPTION RISKS AT THE STAGE OF DISTRIBUTING HUMANITARIAN AID **34**

4.1 Bias in the Distribution of Humanitarian Aid to Beneficiaries 35

4.2 Distribution of humanitarian aid by collusion/for a kickback (illegal distribution of humanitarian aid to persons who do not need and are not entitled to such aid) 38

4.3 Transfer of humanitarian aid with divergent purposes to municipal agencies and enterprises for profit 41

4.4 Misuse of humanitarian aid for political campaigning 43

5. MOVING FORWARD: FIVE GUIDING PRINCIPLES FOR CORRUPTION RISK MITIGATION IN HUMANITARIAN AID MANAGEMENT **45**

Applying Principles in the Development of Anti-Corruption Programmes 51

LIST OF ABBREVIATIONS

CMU – Cabinet of Ministers of Ukraine

Ministry of Social Policy – Ministry of Social Policy of Ukraine

MinRestoration – Ministry for Communities, Territories and Infrastructure Development of Ukraine

MinRegion – the Ministry for Communities and Territories goes through reorganisation by merging with the Ministry for Restoration according to the Resolution of CMU "On Some Issues of Optimisation of the System of Central Executive Bodies" dated December 2, 2022 No. 1343

NACP – National Agency on Corruption Prevention

RMA – Regional Military Administration

LSG – Local Self-Government

NGO – Non-Governmental Organisation

IDP – Internally Displaced Person

MM – Mass Media

Temporary Investigative Commission – the Temporary Investigative Commission of the Verkhovna Rada of Ukraine for the investigation of possible illegal actions in the field of receipt, distribution, transportation, storage, and target use of humanitarian and other aid, as well as inefficient use of state-owned property that can be used for temporary accommodation of internally displaced persons and satisfaction of other needs of the state.

LoU – Law of Ukraine

CCU – Criminal Code of Ukraine

CUAO – Code of Ukraine on Administrative Offences

Authorised person – an authorised person for prevention and detection of corruption in the meaning of Article 13-1 of the LoU "On Prevention of Corruption."

EXECUTIVE SUMMARY

The full-scale invasion of Ukraine by the Russian Federation caused a humanitarian crisis and the need for humanitarian aid for almost 18 million people. Consequently, there was an increase in the amount of such aid. Meanwhile, there were cases of unauthorised use of humanitarian aid, including its theft.

This report aims to present the results of the corruption risk assessment and recommendations for their prevention, considering the existing experience of providing humanitarian aid at the local level under martial law. The analysis includes 11 risks organised into four stages of humanitarian aid management (identification of needs; distribution among recipients; warehouse logistics, and delivery to beneficiaries); each may arise in Local Self-Government activities.

The corruption risk assessment was done according to ISO standards (31000, 31010, 37001) and the Corruption Risk Assessment Methodology approved by the NACP order dated 28.12.2021 No. 830/21.[1] The study was conducted from August 2022 to April 2023. Although efforts have been made to adapt the risk description to changes in legal regulation and humanitarian aid practice at the local level of governance, later changes in the legal framework may not be considered. Data for the risk assessment included primary data collected through focus groups, in-depth interviews and monitoring of secondary sources, namely the Unified State Register of Court Decisions, and open sources (including investigative journalism, publications of civil and public institutions on corruption prevention and control as well as reports and audit results) to identify the most common forms of corruption.

The consequences of corruption in humanitarian aid management can be the deprivation of people of the food and things they need, and in the long-term perspective, it can result in the loss of trust of citizens and donors in the government due to its perception as dishonest. Also, people who mismanage humanitarian aid can be held administratively, criminally or disciplinarily liable. For example, on April 3, 2022, the LoU "On Amendments to the Criminal Code of Ukraine Regarding the Liability for the Illegal Use of Humanitarian Aid" entered into force, according to which the Criminal Code of Ukraine was supplemented by Article 201-2 "Illegal Use of Humanitarian Aid, Charitable Donations, or Free Aid for Profit." In addition, according to Article 59 of the LoU "On Prevention of Corruption," information about persons held criminally, administratively, disciplinary or civilly liable for committing corruption or corruption-related offences shall be entered into the Unified State Register of Persons Who Have Committed Acts of Corruption or Corruption-Related Offences.

The analysis revealed five enablers of the corruption risk, including:

- legal uncertainty regarding the issues of receipt, analytical, inventory, and bookkeeping accounting of humanitarian aid, its distribution as well as reporting both at the national and local level;
- inefficient interaction (communication and coordination) between the subjects of humanitarian aid management (Ministry of Social Policy, RMA), recipients and beneficiaries or their representatives (LSG, NGOs);
- lack of a mechanism identifying real needs for humanitarian aid at the local level;
- lack of skills needed for humanitarian aid management by LSGs since it is a new experience for most of them;

1 NACP Decree "On Improvement of the process of corruption risks management" December 28, 2021 (http://surl.li/efprg)

- lack of transparency and insufficient communication with citizens during humanitarian aid management.

Based on the analysis of corruption risks according to the Corruption Risk Assessment Methodology, we propose five key principles for designing anti-corruption actions in humanitarian aid management at the local level. They are legal certainty, stakeholder capacity, transparency and accessibility, impartiality and expediency. The report contains examples of LSGs, RMAs, the Ministry of Social Policy and NGOs applying these principles.

INTRODUCTION

RELEVANCE OF ASSESSMENT

The full-scale invasion of Ukraine by the Russian Federation caused a humanitarian crisis, which resulted in a significant increase in humanitarian aid volume. The number of people in need of humanitarian aid increased from nearly 3 million in January 2022 to nearly 18 million in February 2023.[2] As of September 2022, almost 900,000 tons of humanitarian aid were registered in Ukraine.[3] In monetary terms, as of February 2023, the volume of humanitarian aid from Ukraine's international partners (both provided and expected) amounted to nearly EUR 13 billion.[4] Meanwhile, there were cases of unauthorised use of humanitarian aid, including its theft.[5]

The **aim of this report** is to present the results of the corruption risk assessment and recommendations for their mitigation, considering the existing experience and prevention methods in the process of humanitarian aid provision at the local level under martial law. The analysis includes only those processes where Local Self-Government bodies are involved. Legal regulation and government procedures are analysed in a separate NACP report dated June 1, 2022.[6]

Corruption in humanitarian aid management under war conditions will have **negative short-term and strategic consequences**. First, the most vulnerable citizens of Ukraine, who have no other sources of aid or income, will not receive essential means for a "sufficient standard of living" (that includes adequate nutrition, clothing, and housing), the right to which is guaranteed by the Constitution (Article 48). Secondly, corruption will have a negative impact on social cohesion due to the aggravated sense of injustice about the distribution of public goods which is generated by corruption. And thirdly, if integrity in humanitarian aid management is neglected, donors such as foreign governments, Ukrainian and foreign companies, foreign municipalities, and private individuals may lose trust in the Ukrainian government. It, in turn, may negatively affect the amount of aid.[7] On the other hand, timely response and systematic corruption prevention will contribute to increasing trust even if corruption occurs.[8]

2 UN Office for the Coordination of Humanitarian Affairs, "UKRAINE HUMANITARIAN RESPONSE - KEY ACHIEVEMENTS IN 2022 | Situation Reports," February 10, 2023 (http://surl.li/jmxhd, http://surl.li/jmxka)

3 Office of the President of Ukraine and the Cabinet of Ministers of Ukraine, "Humanitarian Aid Website," accessed April 19, 2023, (http://surl.li/jmydm)

4 Kiel Institute For The World Economy, "Ukraine Support Tracker. A Database of Military, Financial and Humanitarian Aid to Ukraine," accessed April 19, 2023 (http://surl.li/fgkrq)

5 Interim Report of the Temporary Investigative Commission (http://surl.li/fxpsn)

6 NACP: Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law," 2022 (http://surl.li/fvfcj)

7 Video from "Novyi Chernihiv" TV Channel: Chernihiv Oblast Can Lose Humanitarian Aid Due to the RMA's PR (http://surl.li/gbmgh)

8 "European Pravda" Article: Off the Black List: How Ukraine Proved to Europe It Is Combating Corruption during the War (http://surl.li/ftwru)

CORRUPTION RISK ASSESSMENT METHODOLOGY

The corruption risk assessment was done according to ISO standards (31000, 31010, 37001) and the Corruption Risk Assessment Methodology approved by the NACP order dated 28.12.2021 No. 830/21.[9] In particular, each risk was assessed based on previous information about its occurrence (number of detected violations and the likelihood of their repetition) and the scope of negative consequences (more common risks with more significant negative consequences have a higher level). The study was conducted from August 2022 to April 2023. In October 2023, we revised the risk description to consider the latest changes in legal regulation and humanitarian aid practice at the local level. Identified risks were verified with experts with previous experience providing or monitoring humanitarian aid.

Data for the risk assessment included primary data collected through focus groups, in-depth interviews, and the analysis of secondary sources. In August and September 2022, there were four focus groups with sixteen respondents who belonged to the following categories: representatives of four regional offices of the "U-LEAD with Europe" Programme, who had a broad overview of humanitarian aid management at the local level; persons authorised to prevent and detect corruption of city and regional councils in the regions receiving and distributing humanitarian aid; executive leaders and officials of local councils from some western, central and eastern regions of Ukraine. Both rear and frontline communities were represented. Primary data were systematised into groups of risks, factors and recommendations using MAXQDA software.

The following secondary sources were monitored and analysed:

- Legal regulations to investigate processes and functions of entities involved in the provision of humanitarian aid;
- The Unified State Register of Court Decisions to analyse the detected forms of corruption in humanitarian aid management;
- open sources, including investigative journalism, publications of civil and public institutions on corruption prevention and control;
- reports and audit results (e.g., an interim report of the Temporary Investigative Commission).

LEGAL NORMS AND ORGANISATION OF HUMANITARIAN AID AT THE NATIONAL LEVEL

The LoU "On Humanitarian Aid" defines legal principles of humanitarian aid management and requirements for publicity and transparency of this process. According to paragraph 3 Part 1 Article 1 of the Law,

> "Humanitarian aid is purpose-designed addressed free aid in money or in kind as non-repayable financial aid or voluntary donations, or aid in the form of fulfilling work or services provided by foreign and compatriot donors out of humane motives to recipients of humanitarian aid in Ukraine or abroad who need it due to social insecurity, poverty, difficult financial situation, state of emergency, in particular, due to natural disasters, accidents, epidemics and epizootic, ecological, anthropogenic and other catastrophes that threaten people's life and health, or due to serious

9 Corruption Risk Assessment Methodology (http://surl.li/efprg)

disease of concrete, natural persons as well as for preparation for armed defence of the state and its defence in case of armed aggression or armed conflict."

Current legislation does not have a precise classification of types of humanitarian aid. Yet, the NACP singles out four main types of humanitarian aid:[10]

- Military assistance for humanitarian purposes (equipment, vehicles, munition, etc.);
- Medical humanitarian aid (both civil and military medicine);
- Humanitarian aid to civilian population (food assistance – food, hygiene kits, clothing and footwear, sanitation items, household items, etc.);
- Fuel (for military and civil defence needs).

This report only analyses the last three types of humanitarian aid aimed at the civilian population.

Due to the full-scale Russian invasion of Ukraine, humanitarian aid management has changed: the number of parties managing it has increased, while the importing and accounting procedures have been simplified. Firstly, until February 24, 2022, according to the LoU "On Humanitarian Aid", there were only three types of entities managing humanitarian aid, including the authorised central body (i.e. the Ministry of Social Policy of Ukraine); the Council of Ministers (Article 4 of the LoU "On Humanitarian Aid"). However, according to the conclusions of the NACP, the number of entities organising the provision of humanitarian aid has increased de facto. For example, two national-level coordination headquarters were added, and six ministries were involved in collecting, processing, and responding to needs.[11] Additional actors operate within their sectoral competencies but often take the initiative when humanitarian aid management is not their responsibility. They search for donors, deliver, and distribute humanitarian aid; the separation of duties is not always obvious.[12] It significantly complicates the monitoring of humanitarian aid management. Yet, a significant advantage of such a multiplicity of entities is the possibility of cooperating with many donors and accessing many beneficiaries through various channels. The multiplicity of decision-making entities probably increases the resilience of the entire humanitarian crisis management system.[13]

Secondly, the declarative principle of recognition of specific categories of goods, defined by the CMU, as humanitarian aid was introduced, and the requirement to obtain a decision from the Ministry of Social Policy to recognise goods as humanitarian aid for them to be exempt from customs duties when imported was abolished.[14] Thirdly,

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10 NACP: Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law," 2022, p. 23 (http://surl.li/fvfcj)

11 In addition to the mentioned entities, two Coordination Headquarters are involved in humanitarian aid management (the one at the Office of the President coordinates international aid and the one at the CMU coordinates the national aid), the Ministry of Reintegration of the Temporarily Occupied Territories of Ukraine (it is responsible for humanitarian aid together with military administrations); the Ministry of Economy of Ukraine (it implements the "10 million food kits" programme, and is responsible for attracting and distributing assistance in the form of fuel); the President of Ukraine, the Ministry of Defence of Ukraine, the Ministry of Internal Affairs, members of the CMU, the Ministry of Foreign Affairs (it is responsible for humanitarian aid for the needs of the Army); Ministry of Health (it is responsible for medical humanitarian aid both for the needs of the civilian population and the Armed Forces, the Ministry of Internal Affairs and bodies coordinated by the Ministry of Internal Affairs); the Ministry of Youth and Sports of Ukraine (it coordinates the youth volunteer movement through the platform "SpivDiia" and "SpivDiia Hubs" (NACP: Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law," 2022, p. 25, 26 (http://surl.li/fvfcj)

12 NACP: Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law," 2022, p. 26 (http://surl.li/fvfcj)

13 Fundamental works on economics indicate that when many public and non-state actors provide similar public services and goods, the quality and access to such services usually improve: Ostrom, V., Tiebout, C. M., & Warren, R. (1961). The Organization of Government in Metropolitan Areas: A Theoretical Inquiry. American Political Science Review, 55(4), 831-842 (http://surl.li/jmzng)

14 Resolution of the CMU "On Approving the List of Categories of the Goods Recognised to Be Humanitarian Aid without the Procedure for Recognising Such Goods to Be Humanitarian Aid in Each Specific Case, for the Period of Martial Law, and Amending Certain Resolutions of the Cabinet of Ministers of Ukraine on the Humanitarian Aid" dated 07.03.2022 No. 224; Resolution of the CMU "Some Issues of Humanitarian Aid Entry through the Customs Border of Ukraine under Martial Law" dated 01.03.2022 No. 174 (http://surl.li/cpcbj); Paragraph 7 Article 15 of the LoU "On Humanitarian Aid" (http://surl.li/jnabd)

there have been significant changes in the registration requirements for recipients of humanitarian aid. Thus, until December 1, 2023, the requirement for preliminary identification of humanitarian aid recipients and, accordingly, the mandatory registration of legal entities in the special Unified Register of Humanitarian Aid Recipients was temporarily cancelled during the import of humanitarian aid (requirement of Article 1 of the LoU "On Humanitarian Aid").[15] However, starting December 1, 2023, automatic registration of humanitarian aid recipients (including LSGs) in the Unified Register of Humanitarian Aid Recipients during the formation and/or submission of a declaration on the list of goods recognised as humanitarian aid for their import into Ukraine is provided for.[16]

KEY ACTORS OF THE PROCESS OF HUMANITARIAN AID PROVISION AT THE LOCAL LEVEL AND THEIR COMPETENCES

Regional Military (State) Administrations are the state bodies authorised to handle humanitarian aid issues at the regional level. In times of peace, the specially authorised state bodies for humanitarian aid management include regional state administrations and Kyiv and Sevastopol city state administrations (Paragraph 1 Article 4 of the Law). However, due to the Russian full-scale aggression and introduction of martial law, the regional and Kyiv city state administrations and their heads acquired the status of the corresponding military administrations and their heads.[17] Therefore, now RMAs collect and develop proposals on the region's humanitarian needs and control the receipt, storage, distribution and accounting of humanitarian aid in their area as provided for in paragraph 2 of Article 5 of the Law.

The Local Self-Government (LSG) or institutions and organisations established by them can be recipients of humanitarian aid if they are legal entities (the status of recipients is determined by Paragraph 5, Article 1). In some cases, the legal entities established by LSGs can also get the status of beneficiaries (defined in Paragraph 6, Article 1). During focus groups conducted for this report, LSGs mostly referred to their role as recipients of humanitarian aid, i.e., intermediaries between donors and beneficiaries, individuals and legal entities in need of aid.

REPORTING, ACCOUNTING AND CONTROL OF HUMANITARIAN AID DISTRIBUTION AT THE LOCAL LEVEL

The basis for starting the procedure of providing and recognising humanitarian aid is a written offer from the donor (a gift letter) specifying its intended purpose and the written consent of the recipient to receive it (Article 3 of the LoU "On Humanitarian Aid").

The LoU "On Humanitarian Aid" (Article 11) determines forms and types of accounting and control over humanitarian aid receipt and intended use. State bodies specially authorised

15 Resolution of the CMU "Some Issues of Humanitarian Aid Entry through the Customs Border of Ukraine under Martial Law" dated 01.03.2022 No. 174 (cancelled by Resolution of the CMU dated 05.09.2023 No. 953)

16 Resolution of the CMU "Some Issues of Humanitarian Aid Entry and Accounting under Martial Law" dated 05.09.2023 No. 953 (http://surl.li/mldgi)

17 Decree of the President of Ukraine "On the Establishment of Military Administrations" dated 24.02.2022 No. 68/2022

for humanitarian aid management keep accounts and statistical reports on humanitarian aid. Beneficiaries (legal entities) and recipients of humanitarian aid keep

- accounts of humanitarian aid and corresponding reports according to the procedure established by the central executive body, which ensures the formation of the state financial aid policy (paragraph 4 Article 11 of the Law). Thus, the LSG is also required to keep accounts according to the requirements of the Ministry of Finance of Ukraine.[18]
- reports on the availability and distribution of humanitarian aid. According to the established procedure, humanitarian aid recipients and beneficiaries (legal entities) submit monthly reports on the availability and distribution of humanitarian aid to the relevant state body specially authorised for humanitarian aid management until all humanitarian aid received is used (Paragraph 5 Article 11 of the Law).[19] The Ministry of Social Policy approved forms for these reports[20] and instructions on how to fill them out[21]. Thus, LSGs submit reports to the RMA, and the RMA submits consolidated reports to the Ministry of Social Policy.

Additionally, starting December 1, 2023, a new resolution of the CMU "Some Issues of Humanitarian Aid Entry and Accounting under Martial Law"[22] enters into force, according to which recipients (including LSGs) shall keep records of imported humanitarian aid, which is actually received, by forming an inventory description in the e-office of the automated humanitarian aid registration system no later than 15 calendar days from the date of entering information about the customs-cleared humanitarian aid into the information system of customs authorities. Information about humanitarian aid must be entered into the automated system automatically, in parallel with customs clearance, but the recipient has 15 days to register the actual receipt. If the LSG receives aid from national donors, the requirements of this resolution do not apply to such humanitarian aid. There are no standard (officially approved or recommended) documents on establishing detailed rules about LSG's control over humanitarian aid. Therefore, taking into account the specific situation and aiming to ensure control over LSGs within their authorities, experts of the consultative working group on local budget under martial law initiated by the MinRegion recommend complying with:

- requirements of budget and other legislation in terms of control and monitoring of receiving, storing, distributing humanitarian aid, accounting and reporting, informing; identifying responsible persons, etc.;
- requirements of the Ministry of Social Policy as the central executive body that determines policy in this area (the website of the Ministry contains information on humanitarian aid issues, forms of reports on the availability and distribution of humanitarian aid approved by the decree of the Ministry of Social Policy dated 31.07.2020 No. 539);
- the LoU "On Local Self-Government" (Paragraph 4 Article 10 – author's note) in terms of relevant decisions (according to the procedure established by the Charter

18 The decree of the Ministry of Finance of Ukraine dated 14.12.1999 No. 298 defines the accounting and documenting procedure for receiving and transferring humanitarian aid (http://surl.li/gcuhd). The accounting procedure was explained in more detail by the Reform Support Team for Decentralization at the MinRegion (MinRestoration starting 02.12.2022) (http://surl.li/jncml) and a local finance analyst of the Association of Ukrainian Cities, Article 4 (http://surl.li/jncni)

19 Decentralization: How Communities Can Receive, Stock and Distribute Humanitarian Aid – Expert Explanation (http://surl.li/gbeck)

20 Report Form No. 1 "Report on the Availability and Distribution of Humanitarian Aid" and Report Form No. 2 "Consolidated Report on the Availability and Distribution of Humanitarian Aid by Humanitarian Aid Recipients" (http://surl.li/ijabr)

21 The instruction on how to fill out the reports was approved by the decree of the Ministry of Social Policy "On Approval of Report Forms on the Availability and Distribution of Humanitarian Aid and Instruction on How to Fill Them Out" dated 31.07.2020 No. 539 (http://surl.li/jnckw)

22 Resolution of the CMU "Some Issues of Humanitarian Aid Entry and Accounting under Martial Law" dated 05.09.2023 No. 953 (http://surl.li/mldgi).

of the Territorial Community) on issues related to receiving, storing and distributing humanitarian aid, its accounting and reporting, etc."[23]

LSGs mostly use informal tools for keeping records, e.g., Excel tables. However, some LSGs develop their monitoring systems of humanitarian aid distribution linked to the personal data of individual recipients (CRM platform).[24] Also, 16 LSGs use the ProZorro Infobox platform to report on receiving and using humanitarian aid.[25] Some RMAs have begun introducing systems for accounting needs and helped coordinate LSGs in their regions, including selective contacts with recipients to verify information provided by LSGs.[26]

Basically, the available reporting processes enable collecting statistics and accounting rather than facilitating decision-making at the level of the LSG to plan and distribute humanitarian aid based on needs. The available reporting forms contain generalised information on the receipt and use of humanitarian aid but do not allow comparing the used aid and stock with (projected) needs, even in an aggregated form. Even the launch of the automated humanitarian aid registration system does not fully solve the accounting problem, as this registration system covers only imported humanitarian aid and does not (yet) register the aid provided by national donors. If the management system does not focus on the needs of its participants, the risks of both management inefficiency and system abuse and vulnerabilities for personal gain increase.

Report Structure. This report covers four main stages in humanitarian aid management at the local level, which were distinguished based on the analysis and systematisation of corruption risks. Accordingly, the report includes risks (1) at the stage of identifying needs in humanitarian aid, (2) at the stage of distributing aid among recipients, (3) in the warehouse logistics system, and (4) at the stage of delivering aid to beneficiaries. Each risk's score (rating) is determined based on the probability level and the magnitude of the consequences of its occurrence, where the greater likelihood and severity mean a higher level of risk; sources, existing prevention methods and positive practices are defined. Instead of conclusions, five guiding principles of humanitarian aid management with examples of their application are offered, including legal certainty, stakeholder capacity, transparency and accessibility, equity and appropriateness.

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23 Decentralization: How Communities Can Receive, Stock and Distribute Humanitarian Aid – Expert Explanation (http://surl.li/gbeck)

24 For example, such a system using individual tax numbers was introduced in Mykolaiv (as informed by an LSG official, September 8, 2022)

25 Information resource – ProZorro Infobox: Reporting of Territorial Communities. Information on the amount of LSGs as of April 19, 2023 (http://surl.li/jndar)

26 For example, e-system "Dopomoha" in Odesa region is used to coordinate humanitarian aid distribution to low-income citizens and IDPs; it also has a call centre to collect needs and selectively contact beneficiaries to verify their receipt of assistance

1 CORRUPTION RISKS AT THE STAGE OF IDENTIFYING NEEDS IN HUMANITARIAN AID

1.1 EXAGGERATION OF HUMANITARIAN NEEDS

Level: Medium

Risk Description

To collect needs in humanitarian aid, local authorities use different methods, including Google forms,[27] applications (claims and petitions),[28] hotlines,[29] etc.

Thus, Local Self-Government officials may artificially overestimate the amount of humanitarian aid needed by residents of their community, disregarding people who moved to other regions or abroad for private benefit or sale.

Additionally, LSGs may deliberately form requests for humanitarian aid of such categories and volumes that are not needed in their regions but could cover urgent needs in areas of active hostilities or liberated areas.

Risk Sources

Lack of reliable information about persons in need of assistance, the amount and types of aid needed, and a mechanism for verifying the community's actual needs. The procedure for collecting humanitarian needs and interacting between various stakeholders who collect and process such needs is not regulated by law, particularly the LoU "On Humanitarian Aid."[30] As a result, different subjects collect information in different ways (classification, labelling, units of measurement)[31], and there is no unified methodology.

Lack of or insufficient coordination between communities and the RMA, because of which needs are collected chaotically (e.g., duplicated) and are possibly overestimated.

Lack of reliable information on the amount and categories of humanitarian aid that has already arrived in Ukraine (regions) since February 24, 2022, and the state of its distribution for communities to understand and better plan their needs.[32]

Lack of or ineffective assessment of internal resources and reserves that could be primarily mobilised to meet the humanitarian needs of the region without the involvement of humanitarian aid.

RECOMMENDATIONS

Legislative Level

Develop a unified methodology for verifying humanitarian needs, which would be based, in particular, on the support standards per person per month (as in the Resolution of the CMU dated 20.03.2022 No. 328) and would make it possible to forecast future needs.

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27 Google forms to identify humanitarian needs are posted on the official website of Burshtyn City Council (http://surl.li/fteei)

28 Decision of the executive committee of Shabiv Village Community dated 06.05.2022 No. 54/2022, according to which the assistance needed should be listed in the application and submitted to Shabiv Village Council (http://surl.li/ftejy)

29 Phone numbers for collecting needs and providing humanitarian aid on the official website of Lozuvata Village Council (http://surl.li/fteyb)

30 Interim Report of the Temporary Investigative Commission (http://surl.li/fxpsn)

31 NACP: Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law," 2022, p. 12, 60 (http://surl.li/fvfcj)

32 NACP: Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law," 2022, Appendix 2, p. 5 (http://surl.li/fvfcj)

Create a database of persons in need of humanitarian assistance as victims of military aggression at the level of the region, taking into account the international standard of personal data protection[33].

Consider the feasibility of developing an e-platform for recording the needs and use of humanitarian aid to the recipient level (CRM platform) for LSGs incapable of developing their platforms.

Clarify unified approaches to

- the channels of collecting humanitarian needs;
- cataloguing and systematising types of humanitarian aid;
- the units of measurement of types of humanitarian aid;
- forms used to collect data about humanitarian needs.

Since RMAs systematise needs collected from communities, it is also essential to provide separate recommendations for RMAs on how to develop the procedure for collecting and prioritising the needs of communities in the region with the involvement of NGOs representing vulnerable groups and Local Self-Government. Such a procedure should also contain rules on how to appeal.

Local Self-Government Level

Develop an internal procedure for collecting the community's needs with the requirement to indicate an approximate (if possible, actual) volume and significance factor for each need. The manual on assessing the needs of internally displaced persons in communities can be used to assess the needs[34].

To make collecting humanitarian needs even more transparent and open, LSGs are recommended to involve representatives of NGOs representing vulnerable groups and volunteers; and publish information about the volume of needs, the number of people and the period of assistance on the website or other resources of the Local Self-Government.

Provide the authorised person access to information/documents on collecting humanitarian needs.

Civil society

To monitor how the community's humanitarian needs are collected and assessed, local residents and NGOs are recommended to monitor the availability of forms or channels on the official LSG resources for systematically collecting information on humanitarian needs.

Community members can offer (or even demand) that the LSG publishes and updates information on the needs and distribution of humanitarian aid.

Available Prevention Methods and Positive Practices

According to Article 5 of the LoU "On Humanitarian Aid", the central executive body controls the receiving, distributing, intended use and accounting of humanitarian aid.

Humanitarian aid must be directed based on the circumstances, objective needs, and consent of its recipients (Article 1 of the LoU "On Humanitarian Aid").

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33 General Data Protection Regulation GDPR (http://surl.li/ftgau)

34 Kharkiv Institute for Social Research: Publication "Manual on Assessing the Needs of IDPs in Communities," 2020 (http://surl.li/ftgiy)

The list and amount of food products used for free distribution to the population are given in the Resolution of the CMU "Some Issues of Providing the Population with Long-Term Storage Food Products and Sanitary and Hygiene Products under Martial Law" dated 20.03.2022 No. 328.

There is a list of all online platforms launched with the government's support aimed at collecting information about humanitarian needs.[35]

If the community collects the needs to cover them independently (without sending the list to the administrations), it is reasonable to use the advice of the charitable fund on which products and in what quantity should be put in the humanitarian aid basket.[36]

There is an analytical report on the projected needs of IDPs for the winter of 2022-2023 in western regions of Ukraine, which includes preparation measures for different scenarios.[37]

35 Annex 1 of the NACP Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law," p. 74 (http://surl.li/jqnze)

36 "Our Kyiv" Community and CF Pan Fund: How to Pack a Humanitarian Aid Basket: Tips from Volunteers (http://surl.li/jqoek)

37 Ukrainian Helsinki Human Rights Union: Forecast of needs of IDPs for the winter of 2022-2023 in the western regions of Ukraine. Analytics (http://surl.li/mbsha)

2 КОРУПЦІЙНІ РИЗИКИ НА ЕТАПІ РОЗПОДІЛЕННЯ ГУМАНІТАРНОЇ ДОПОМОГИ

2.1 COLLUSION BETWEEN OFFICIALS OF LOCAL SELF-GOVERNMENT AND MILITARY ADMINISTRATIONS (NON-TRANSPARENT COOPERATION)

Level: Critical

Risk Description

In practice, the Local Self-Government submits applications for receiving humanitarian aid, sends them to the regional or district military administration (humanitarian headquarters of these administrations), and the latter distributes the goods among the recipient communities based on these needs.[38] At this stage, there is a possibility of conspiracy between officials of military administrations and trusted LSG officials, especially if there is a conflict of interests. Thus, officials can agree on transferring a smaller amount of humanitarian aid than stated in the documents, and the undelivered goods can be distributed among the participants of the corruption scheme or bought for a small fee. Under such "cooperation," humanitarian aid can be embezzled in extremely large volumes.[39] Another type of conspiracy includes preferences for particular LSGs on behalf of military administrations (unreasonably greater quantity or better quality) to further appropriate such aid.

Risk Sources

When writing this report, **the procedure for distributing humanitarian aid is not legally regulated**. In practice, the Local Self-Government submits applications for receiving humanitarian aid, sends them to the regional or district military administration (humanitarian headquarters of these administrations), and the latter distributes the goods among the recipient communities based on these needs.[40]

Lack of procedure for the interaction between RMAs and LSGs in issues covering the provision, distribution and transportation of humanitarian aid. Yes, there are situations when RMAs use correspondence or verbal instructions to coordinate the actions of LSGs regarding humanitarian aid management. However, this coordination is not legally regulated.

It is difficult to verify the distribution of humanitarian aid, especially in areas under shelling or where hostilities occur.

Lack of the reporting practice transparent and accessible for an average user. Citizens find it challenging to control the distribution of humanitarian aid because of the complicated reporting procedure or lack of information about it.

Multilevel delivery of humanitarian aid. Actors' roles (duties) in humanitarian aid management could be more straightforward to ordinary citizens.

38 Data from the focus group

39 SSU: The SSU and NACP are investigating the possible misappropriation of humanitarian aid by top officials in Zaporizhzhia region (http://surl.li/fwddh)

40 Data from the focus group

RECOMMENDATIONS

Legislative Level

Development of a separate procedure or initiation of amendments to the existing laws regarding

- defining the boundaries of interaction between military administrations and Local Self-Government during the receipt, storage, stocking and distribution of humanitarian aid;
- defining general (main) principles and criteria for the distribution of humanitarian aid (relevant in situations where the donor did not specify the criteria).
- regulating the powers of LSG in humanitarian aid management.

Local Self-Government Level

In practice, the RMA coordinates the work of the LSG in the organisation of humanitarian work (not legally regulated), so it is suggested to have consultations with LSGs and define the procedure of their interaction, particularly regarding the receipt and distribution of humanitarian aid.

Also, it is suggested that information on the official RMA/LSG website[41] the authorised person of the LSG/RMA can systematically check the contracting parties to be approved for the shipment of "non-addressed" humanitarian aid for a conflict of interest or connection with higher officials within the LSG/RMA.

Civil Society

Communities should control military administrations and Local Self-Governments submitting requests for information.

Communities should demand that military administrations and Local Self-Governments post updated information about humanitarian aid received and distributed, considering the law on personal data protection (if it is not available on official resources).

Available Prevention Methods and Positive Practices

Easy-to-understand information reports by Zhytomyr[42] and Kharkiv[43] Regional Military Administrations on humanitarian aid distributed between their communities. Such reports let the communities and their citizens check the receipt of such aid and can be used for appeals and asking questions.

There is a public appeal[44] to the Mayor of Irpin demanding that information on received humanitarian aid and reports on its distribution be published. The author of the appeal explained that it was needed "so that the community and other charitable foundations did not have fears about the unjustified distribution of humanitarian aid and its possible theft."

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41 U-LEAD Experts Explain How Martial Law Impacts Access to Public Information (http://surl.li/gafpe)

42 Zhytomyr RMA: Zhytomyr Communities Received Humanitarian Aid from UNICEF (http://surl.li/ggodt)

43 Kharkiv RMA: Another Batch of Humanitarian Aid Sent to Kharkiv Communities (http://surl.li/ggoec)

44 Yevheniia Rostolopa (managing partner of the law firm "Pravo Zakhystu": Irpin receives humanitarian aid on a daily basis, however, there is no information about its distribution (http://surl.li/jqoyp)

2.2 THE ABILITY OF LOCAL SELF-GOVERNMENT OFFICIALS TO MANIPULATE NGOS' ACCESS TO WAREHOUSES FOR TEMPORARY STORAGE OF HUMANITARIAN AID

Level: Low

Risk Description

As of the end of 2022, there were 700 humanitarian organisations operating in Ukraine, including international agencies, local NGOs and charitable foundations.[45] NGOs have assumed one of the key roles in humanitarian response because they understand and adapt to the humanitarian situation, and, moreover, they are well known and trusted by people in need of assistance. Many non-governmental initiatives create their own hubs, contact points, material and technical facilities.[46] However, NGOs often do not own warehouses or premises for temporary storage of humanitarian aid. Therefore, they may face difficulties in interacting with local authorities when using warehouses in respective communities. Thus, there is a risk of LSG officials receiving certain benefits (also illegal) from humanitarian organisations for the right to ship, store and distribute humanitarian aid from warehouses controlled by the municipal authorities. Illegal benefits can reach up to 3,000 USD.[47]

Risk Sources

Lack of rules and principles of interaction between Local Self-Governments and humanitarian organisations in providing, distributing, transporting and storing humanitarian aid, and no understanding of their roles and rights.

Lack of transparent rules for accessing humanitarian aid warehouses controlled by LSGs or their humanitarian headquarters, as well as no rules for distributing humanitarian aid stored in such warehouses.

Low level of cooperation and communication between LSGs and NGOs, which prevents them from achieving their common goal – transparent and open humanitarian aid management, and its delivery to beneficiaries. Yet, if there is **no accountability to the community on such cooperation**, too close cooperation can create other corruption risks (for example, 3.1 "Theft (Embezzlement) of Humanitarian Aid").

RECOMMENDATIONS

Legislative Level

Establishing or providing recommendations on the rules and conditions of interaction between LSGs and NGOs engaged in humanitarian aid management.

45 OCHA Situation Report "Ukraine Humanitarian Response 2022" (http://surl.li/gkxnx)

46 NGORC, InfoSapiens, HAG, ICVA: A Humanitarian Localization Baseline for Ukraine (http://surl.li/mbzke)

47 Annex 2 to the Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law" (as of 01.06.22), p.33 (http://surl.li/gcyam)

Local Self-Government Level

Development of an internal procedure for interaction with NGOs, especially on the provision, transportation, storage (including the use of warehouses) and distribution of humanitarian aid.

Ensuring proper cooperation and communication with NGOs, including bilateral meetings and sharing ideas.

Establishment of transparent rules for access to humanitarian aid warehouses controlled by LSGs.

Civil Society

Recommend (or even demand) Local Self-Government representatives to post up-to-date information on humanitarian aid warehouses and their use by NGOs engaged in humanitarian aid provision.

Available Prevention Methods and Positive Practices

Zaporizhzhia City Council has determined and published a list of municipal premises where charitable and/or humanitarian aid can be stored. On the one hand, it promotes transparency and enables public control over the use of premises.[48] On the other hand, the community must take into account the security factor and consider all the pros and cons of posting such information.

Volunteers of one of Cherkasy NGOs openly stated in local mass media that they needed premises for storing humanitarian aid[49], and, as a result, received several offers, including some from individuals or private enterprises.

48 Resolution of the Executive Committee of Zaporizhzhia City Council "On Defining Places for Storing Charitable and/or Humanitarian Aid in Municipal Premises (Territories) of Zaporizhzhia City Council" dated 26.09.2023 No. 563 (http://surl.li/mcanh)

49 Suspilne Cherkasy: Cherkasy Volunteers Need Premises for Storing Humanitarian Aid and Weaving Nets (http://surl.li/mcaql)

3 CORRUPTION RISKS IN THE WAREHOUSE LOGISTICS SYSTEM

3.1 THEFT (EMBEZZLEMENT) OF HUMANITARIAN AID

Level: Critical

Risk Description

Among numerous violations in the humanitarian sphere, embezzlement of humanitarian aid remains one of the most widespread problems. According to the Minister of Internal Affairs, only as of August 31, 2022, 370 criminal proceedings related to the embezzlement of humanitarian aid and charitable donations were registered.[50] The embezzlement of humanitarian aid may be aimed at its further appropriation for oneself or other persons (for example, at the request of the manager in exchange for other benefits or at their demand/under pressure), as well as its further sale (see risk 3.2 "Sale of Humanitarian Aid").

There are many ways and methods to realise this risk, especially at the stage of storing and sorting of goods in the warehouse. Thus, as instructed by LSG leadership or for their own reasons, an employee, abusing their official powers (for example, their duties include receiving goods in the warehouse, sorting or distributing humanitarian aid), may:

- make pallets smaller by stealthily removing part of the boxes (for example, the top or side row);
- allegedly lose pallets in the warehouse during day-to-day operations;[51]
- stealthily hide valuable goods when sorters are working;
- when putting pallets together, unpack some of them without making new ones, thereby appropriating the goods that were not included in the new pallets.

This risk can also occur if false documents (or an issuance list) are made or inaccurate information is entered.[52] For example, humanitarian aid can be issued to falsely enrolled recipients, non-existent people (fictitious names and contact details), people who are abroad, etc.

Under the corruption scheme, Local Self-Government can use their position to ship humanitarian aid to private warehouses, where only related persons have access[53] without proper accounting of such goods for their further illegal use (theft or sale) or write-off (for example, intentionally store goods in warehouses for a long time).

Risk Sources

Lack of effective control over storage, sorting and distribution of humanitarian aid.

Lack of rules, recommendations or clarifications for LSGs on issues of storing and sorting humanitarian aid in warehouses. Local Self-Government officials often do not know or do not understand how to document all processes related to humanitarian aid properly.

Lack of internal procedures within LSGs on the organisation of a humanitarian aid warehouse and its operations (shipment, sorting, box splitting of humanitarian aid in warehouses).

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50 Forbes Article: "National Police Chief Ihor Klymenko Now Heads the Ministry of Internal Affairs. What Kind of Manager Is He? Big Interview" (http://surl.li/fvfxs)

51 Ukrainian News Article: For the First Time, Zlata Nekrasova Revealed Who Is Actually Involved in the Embezzlement of Humanitarian Aid in Zaporizhzhia(http://surl.li/gatwp)

52 12 Channel, Web Page "Volyn-Nova: Scandal in Volyn: Authorities are Accused of Embezzling Humanitarian Aid (video) (http://surl.li/gxcuu, http://surl.li/gxccj)

53 Unian Article: "The Stolen Humanitarian Aid is Rotting in Kyiv Warehouses" (http://surl.li/fcgae)

RECOMMENDATIONS

Legislative Level

Initiating the development of clarifications regarding the issues of receipt, analytical, inventory, and book-keeping accounting of humanitarian aid, its distribution and reporting to provide a unified approach for all LSGs.

Local Self-Government Level

The head of the village, settlement, or city should demonstrate a leadership position regarding the intolerance of corruption and other violations in the Local Self-Government, and during meetings, s/he should constantly emphasise strict compliance with the law.

Cooperation with the MinRestoration, the Ministry of Social Policy, the NACP, NGOs, etc., to integrate the principles of integrity and openness into the processes of humanitarian aid management; assessment of corruption risks in the humanitarian sphere; organisation of the work of authorised persons or persons responsible for the prevention of corruption (Article 61 of the LoU "On Prevention of Corruption"), hold anti-corruption activities and exercise control over this area.

In local procedures, provide detailed description of the processes related to the receipt, analytical, inventory, and book-keeping accounting of humanitarian aid, its distribution and reporting. If there are none, it is recommended to develop and approve them.

In case of box splitting and sorting, tightly pack each pallet or box in the warehouse (room) to reduce the likelihood of its damage and subsequent theft of goods.

Development of a separate procedure for handling valuable items of humanitarian aid when sorting pallets, including the norms for monitoring and control of such items.

Monitoring the sorting area, for example, installing a surveillance camera or photographing pallets with valuable goods.

Distribution of roles between persons responsible for the organisation of work with humanitarian aid in warehouses.

Publication of information on the receipt of humanitarian aid (for example, from whom the aid comes, its amount, types, etc.) on the official website of the Local Self-Government.

Civil Society

Control and monitor humanitarian aid management in the Local Self-Government and municipal enterprises by checking relevant information and reports on the Local Self-Government's website and tracking the amount and quality of the humanitarian aid received. If there is no such information, ask for its publication (by sending requests, speaking at public hearings, etc.).

International organisations, NGOs, and associations should systematically conduct information campaigns for Local Self-Governments on the issues of receipt, analysis, inventory, and book-keeping accounting of humanitarian aid, its distribution, and reporting.

Available Prevention Methods and Positive Practices

The requirements of Paragraph 4 Article 11 of the LoU "On Humanitarian Aid," according to which the accounting of humanitarian aid and relevant reporting is done by recipients and beneficiaries (legal entities) of humanitarian aid following the procedure established by the central executive body, which ensures the formation and implementation of na-

tional financial policy. If there is no accounting for the receipt and intended use of humanitarian aid, it is considered to have been used not for its intended purpose.

According to Paragraph 2 Article 11 of the LoU "On Humanitarian Aid," state bodies authorised for humanitarian aid management and tax authorities exercise control over the use of humanitarian aid for its intended purpose.

The decree of the Ministry of Social Policy dated 31.07.2020 No. 539 approved the forms[54] of reports on the availability and distribution of humanitarian aid and instructions[55] on how to fill them out.

An advisory working group[56] on local budgets under martial law was created at the initiative of the MinRegion.[57] Territorial communities can send their questions, also on humanitarian aid management to the "Decentralisation" website.

"U-LEAD with Europe" experts held an information session for community representatives on the correct documentation and processing of humanitarian aid.[58]

A humanitarian aid accounting system has been developed in Lviv RMA.[59] This system tracks what kind of aid was received and from whom, what was sent and where, and what remained in the warehouses. The system controls all strategic warehouses operated by the RMA.

Fastiv City Territorial Community[60] has a procedure for humanitarian aid management which contains a clause on the mandatory accounting of all humanitarian aid received by the community, and also defines the unit responsible for such accounting.

54 Forms of the reports approved by the decree of the Ministry of Social Policy dated 31.07.2020 No. 539 (http://surl.li/jqozq)

55 Instructions on how to fill Report Form No. 1 "Report on the Availability and Distribution of Humanitarian Aid" and Report Form No. 2 "Consolidated Report on the Availability and Distribution of Humanitarian Aid by Humanitarian Aid Recipients" (http://surl.li/jnckw)

56 Decentralisation: Communities Receive Expert Clarifications on Local Finances (http://surl.li/jqpfh)

57 Decentralisation: Communities Can Get Clarifications from Local Finance Experts: A Special Advisory Group Was Created (http://surl.li/fwtzw)

58 Ukrinform: Experts of the "U-LEAD with Europe" Programme Prepared an Information Session on the Correct Documentation and Processing of Humanitarian Aid (http://surl.li/fwtwf)

59 Maksym Kozytskyi: Lviv RMA Developed a Humanitarian Aid Accounting System (http://surl.li/fwuhc)

60 Official Website of Fastiv City Territorial Community: On the Procedure of Humanitarian Aid Management in Fastiv City Territorial Community (http://surl.li/fwvhe)

3.2 SALE OF HUMANITARIAN AID

Level: High

Risk Description

The sale of humanitarian aid is closely related to embezzlement (see risk 3.1 "Theft (Embezzlement) of Humanitarian Aid"). It is difficult for LSG leadership or officials to sell the goods received as humanitarian aid on their own. However, having agreed on the sale with persons who are not Local Self-Government officials, it is much easier to do this. Thus, risk realisation is possible in a conspiracy with:

- entrepreneurs;[61]
- volunteers;[62]
- collaborators (relevant for regions along the demarcation line);
- persons with no real desire to help and who act for personal gain (pseudo-volunteers).[63]

The funds received from the sale are distributed among the participants of the corruption scheme. Also, open sources contain information about selling humanitarian aid to volunteers, which should be provided for free.[64,65]

Such goods can be identified by appropriate labelling (e.g., "not for sale") or, on the contrary, by the absence of customs clearance notes, which indicates that they belong to humanitarian aid.[66]

Risk Sources

Underdevelopment and ambiguity of national policy on the role of the LSG in humanitarian aid management, especially its distribution, although the Local Self-Government actually manages humanitarian aid, including its distribution.

Lack of or ineffectiveness of control over volunteers, non-governmental, charitable, and religious organisations involved in the distribution and delivery (shipment) of humanitarian aid.

The lack of transparent reporting on the distribution and use of humanitarian aid makes it difficult for the community to control these processes.

Lack of control (inspection) of retail stores for humanitarian aid goods' availability (sale).

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61 Espreso Article: "Embezzlement of Humanitarian Aid in Zaporizhzhia: Investigation of Possible Misappropriation by Top Officials of the City Council and MRA" (http://surl.li/fwvrt)

62 Video of M-Studio TV Company: "The SSU Uncovered a Scheme of Sale of Humanitarian Aid" (http://surl.li/fwvtf)

63 SBI: The SBI Blocked the Sale by Officials of Humanitarian Aid to Residents of the Villages in Dnipropetrovsk Oblast (http://surl.li/fwvot)

64 The Unified State Register of Court Decisions: The decision of the Shevchenkivskyi District Court of Chernivtsi (http://surl.li/fwvvz)

65 Prosecutor's Office of Lviv Region: Sale of Humanitarian Aid: Acting Mayor Detained in Lviv Region (http://surl.li/fxmji)

66 The Unified State Register of Court Decisions: Decision of the Bilhorod-Dnistrovskyi Municipal and District Court (http://surl.li/ibmdf)

RECOMMENDATIONS

Legislative Level

Defining the powers of Local Self-Government in the organisation of the distribution of humanitarian aid received from donors through state mechanisms (including providing clarifications on these issues).

Enabling electronic submission of reports through the automated humanitarian aid registration system.

Local Self-Government Level

Developing and approving internal regulations on the organisation and distribution of humanitarian aid, providing detailed descriptions of the processes related to the receipt, analytical, inventory, and book-keeping accounting of humanitarian aid, its distribution and reporting.

Defining a person responsible for organising and distributing humanitarian aid, regulating their operating procedures.

Introducing quality labelling "Humanitarian Aid" or "Not for Sale" of the goods (if not available).

Enabling reporting on possible facts of corruption, also in the field of organisation and provision of humanitarian aid on the official website (convenient "on-the-spot" submission form).[67]

Civil Society

If a person witnessed a sale of humanitarian aid, they should contact the store administration to report a possible violation of the law on humanitarian aid. As a consumer, the person has the right to ask for certificates or other accompanying documents for the relevant product to confirm the legality of its sale.[68]

Non-governmental organisations should have regular information campaigns for communities and participate in the development of materials on the prevention of embezzling of humanitarian aid (e.g., the Ukrainian Volunteer Service has developed recommendations "What to Do if You Have Witnessed a Sale of Humanitarian Aid"[69]).

Available Prevention Methods and Positive Practices

The requirements of Paragraph 4 Article 11 of the LoU "On Humanitarian Aid," according to which the accounting of humanitarian aid and relevant reporting is done by recipients and beneficiaries (legal entities) of humanitarian aid according to the procedure established by the central executive body, which ensures the formation and implementation of national financial policy. If there is no accounting for the receipt and intended use of humanitarian aid, it is considered to have been used not for its intended purpose.

According to Paragraph 2 Article 11 of the LoU "On Humanitarian Aid," state bodies authorised for humanitarian aid management and tax authorities exercise control over the use of humanitarian aid for its intended purpose.

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67 Enabling reporting on possible facts of corruption or corruption-related offences is a requirement of Article 53-1 of the LoU "On Prevention of Corruption." It is also suggested to enable reporting of violations in the humanitarian sphere by community members (using the same channels or creating new ones for this sphere only).

68 Ukrainian Volunteer Service: Algorithm of Actions if You Have Witnessed a Theft of Humanitarian Aid (http://surl.li/fxnte)

69 Ukrainian Volunteer Service: Infographics of the recommendation "What to Do if You Have Witnessed a Sale of Humanitarian Aid" (http://surl.li/fxnte)

The decree of the Ministry of Social Policy dated 31.07.2020 No. 539 approved the forms of reports on the availability and distribution of humanitarian aid and instructions on how to fill them out.

The official website of Volodymyr City Council has an algorithm of actions on what to do if you have witnessed a sale of humanitarian aid developed by the Ukrainian Volunteer Service.[70]

Mensk City Territorial Community has a procedure for providing humanitarian aid under martial law,[71] which says that "accounting, distribution and issuance of aid are done by the working group created by the mayor, a structural unit of the city council or one of the municipal institutions of the city council. To increase efficiency and promote the openness and transparency of aid distribution, representatives of charitable, volunteer and other non-governmental organisations may be involved; relevant information is posted on the official website of the city council, in mass media, social networks, etc."

Aidmonitor[72] is a platform developed to monitor the provision, receipt and distribution of humanitarian aid. It ensures transparency and verification of the process of providing humanitarian aid to Ukraine by international donor organisations as well as its distribution.

There is an e-system "Dopomoha" in Odesa oblast for transparent and effective distribution of humanitarian aid to low-income citizens and IDPs. Territorial communities also use this database.[73]

70 Official Website of Volodymyr City Community: What to Do if You Witnessed a Theft of Humanitarian Aid "(http://surl.li/fxofn)

71 The Procedure for Providing Humanitarian Aid in Mensk City Territorial Community under Martial Law, approved by the Decision of the Executive Committee of Mensk City Council dated April 20, 2022 No. 64(http://surl.li/jqqax)

72 Platform aidmonitor.org (http://surl.li/jqpuu)

73 Online media resource of the Ministry of Defence of Ukraine ArmyINFORM: E-system "Dopomoha" Launched in Odesa Oblast Today (http://surl.li/garxd)

3.3 MANIPULATIONS WITH THE EXPIRATION DATES OF HUMANITARIAN GOODS

Level: Medium

Risk Description

For further appropriation or sale of humanitarian aid, the responsible person can back-date the expiration dates of the goods. Deliberate long-term storage or damage of the pallet to write it off and then sell is also possible.[74]

Identifying this risk is quite difficult, as it is common to receive expired or damaged goods, and write-off and subsequent disposal of such goods is a standard procedure. In the process of sorting or storage, humanitarian aid can be damaged, spoiled or lost. In the actual absence of commercialized humanitarian aid or when it ceases to meet the recognition criteria, assets are subject to write-off from the balance sheet.[75]

To avoid additional costs for transportation to the places of disposal or for the disposal itself (for example, medicines), the person responsible for the organisation of humanitarian aid (independently or as instructed by the LSG leader) can deliberately indicate inappropriate expiration dates when registering the goods, change their expiration date to a later one or just distribute expired goods.[76]

Risk Sources

Imperfect procedure for writing off humanitarian aid or its simplified mechanism, also under martial law or emergency. Resolution of the CMU "On Approval of the Procedure for Writing off Humanitarian Goods (Items) That Have a Certain Expiration Date" dated 03.16.2000 No. 514[77] is outdated and does not meet the requirements of the current situation as it was last updated in 2013. Additionally, this resolution needs to be expanded to more situations with detailed descriptions as it currently has four short paragraphs on writing off humanitarian aid).

Different approaches to accounting humanitarian aid due to a possible misinterpretation of the provisions of the CMU Resolution dated 05.03.2022 No. 202, which was in force at the time of writing the report.[78] The resolution states that under martial law the legal requirements regarding the receipt, use, accounting and reporting of charitable aid from legal entities and individuals (residents and non-residents) do not apply. According to Article 1 of the LoU "On Humanitarian Aid," humanitarian aid is a type of charity, so persons responsible for managing humanitarian aid warehouses may refer to the Resolution of the CMU No. 202 not to keep accounts of the received humanitarian aid, regardless of whether there are conditions for such accounting.

Lack of accompanying documents for humanitarian cargo (invoices) with detailed descriptions, which prevents control over the writing off of humanitarian aid. However, due

74 Suspilne News Article: Overdue Humanitarian Aid in Chernihiv: The Police Have Opened Criminal Proceedings (http://surl.li/gatry)

75 Ukrainian Center for Independent Political Research: Humanitarian Aid: Documenting, Accounting and Reporting. Guidelines for NGOs (http://surl.li/fxpaq)

76 Interim report of the Temporary Investigative Commission, section IV: During their visit to the communal facility "Tourism Centre" of Zaporizhzhia Regional Council, members of the Temporary Investigative Commission discovered "Me Milk Latte" yoghurt, intended for children, including IDPs, whose expiration date was more than four months ago (http://surl.li/fxpsn)

77 Resolution of the CMU dated 03.16.2000 No. 514 http://surl.li/mmqqg

78 As of December 1, 2023, the Resolution of the CMU dated 5.03.2022 No. 202 shall cease to be valid. Cause: http://surl.li/mmqsy

to the approval of Resolution of the CMU dated 05.09.2023 No. 953, starting December 1, 2023, information about all goods that are to be imported to Ukraine as humanitarian aid must be entered into the automated humanitarian aid registration system, and an inventory description of goods must also be compiled.

For keeping records, LSG warehouses usually use informal methods (e.g. Excel tables, written entries in notebooks) instead of special electronic accounting systems. Thus, it is possible to correct (fake) the data.[79]

Lack of standard (officially approved or recommended) documents establishing the rules for LSG control over humanitarian aid, as a result, it is either chaotic or absent at all.

RECOMMENDATIONS

Legislative Level

Develop a relevant procedure for writing off humanitarian aid or its simplified mechanism, which will also include the procedure for handling damaged, spoiled or lost humanitarian aid.

Local Self-Government Level

Develop and approve a separate procedure for officials on writing off humanitarian aid, given that such activities are actually carried out by the LSG (without legal recognition).

It is recommended that the persons responsible for the warehouse sign the documents, take photos and include a reason for writing goods off.

When registering goods, it is recommended to indicate their expiration dates on the pallet, for example.

The authorised person responsible for the prevention and detection of corruption in the Local Self-Government should be engaged in the work of the commission writing off humanitarian goods under martial law to prevent unreasonable write-off of humanitarian aid (without the right to vote).

Civil Society

Beneficiaries of humanitarian aid are recommended to check the expiration dates of the goods received.

International, non-governmental organisations should systematically conduct training for community members on complex topics (e.g., the "U-LEAD with Europe" Programme held about ten information sessions aimed at training Local Self-Government officials from all regions of Ukraine on the procedure for receiving and accounting for charitable and humanitarian aid under martial law and shared relevant methodological developments with the communities;[80] DECIDE held a webinar on accounting of humanitarian aid in the Local Self-Government[81]).

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79 Data from the focus group

80 Experts of the "U-LEAD with Europe" Programme Prepared an Information Session on the Correct Documentation and Processing of Humanitarian Aid (http://surl.li/fwtwf)

81 Article by the All-Ukrainian Association of Amalgamated Territorial Communities: Accounting for Humanitarian Aid in the Local Self-Government and Special Aspects of the Budgetary Process in Education under Martial Law (http://surl.li/gawfk)

Available Prevention Methods and Positive Practices

Paragraph 4 Article 11 of the LoU "On Humanitarian Aid," according to which the accounting of humanitarian aid and relevant reporting is done by recipients and beneficiaries (legal entities) of humanitarian aid according to the procedure established by the central executive body, which ensures the formation and implementation of national financial policy. If there is no accounting for the receipt and intended use of humanitarian aid, it is considered to have been used not for its intended purpose.

Inventory makes it possible to determine shortages and balances of assets by comparing their actual availability with accounting data; and identify assets that have partially lost their original quality and consumer properties, expired, as well as assets that do not meet the recognition criteria (paragraph 5 section I of the Decree of the Ministry of Finance of Ukraine "On the Approval of the Regulation on the Inventory of Assets and Liabilities") dated 02.09.2014 No. 879. The State Audit Service of Ukraine can carry out external inventory; for example, in 2022, employees of one of the regional offices of this body discovered the illegal write-off of humanitarian aid for one million hryvnias.[82]

Paragraph 7, Section I of Regulation No 879 requires having the amount of humanitarian aid received and its source, considering the security situation, be placed on a mandatory inventory when a fact of goods damage was found as of the date of such finding in the amount determined by the leader. Inventory is done by the commission as instructed by the leader. Considering the large volume of humanitarian aid and the availability of several places for its storage and sorting, it is recommended to create working inventory commissions (Paragraph 2 Section II of Regulation No. 879).

If humanitarian aid is received in the form of goods, works or services of the Local Self-Government, it is also necessary to prepare a certificate of receipt in kind and submit it to the State Treasury Service. The certificate form is given in Appendix 25 to Procedure dated 23.08.2012 No. 938.

The order of the Ostroh City mayor dated 06.04.2022 No 65-p establishes the obligation to inform the Department of Economic Development and Trade of the Regional State Administration about the accounting of humanitarian aid by completing a daily online form.

By order of the mayor of Sumy dated 05.04.2022 No. 199-P, a working group for issuing food products and a commission for writing off individual kits (goods) in case of their damage and loss were formed.

In Mykolaiv, a CRM (Customer Relationship Management) system for the unified registration of beneficiaries was developed.[83]

82 State Audit Service of Ukraine: Poltava auditors discovered an illegal write-off of humanitarian aid for 1 mln hryvnias in a municipal medical institution (http://surl.li/goquu)

83 Civic Space Platform: Minimising "Humanitarian Tourism: Mykolaiv Volunteer Headquarters Create a Unified System for Accounting and Issuing Humanitarian Aid (http://surl.li/gauqh)

3.4 SUBSTITUTION OF EXPENSIVE HUMANITARIAN AID GOODS WITH LESS EXPENSIVE/LOWER QUALITY GOODS FOR THEIR FURTHER APPROPRIATION

Level: Medium

Risk Description

As instructed by their leadership or on personal grounds, Local Self-Government officials responsible for humanitarian aid management in warehouses (storage facilities) or employees of municipal enterprises may substitute humanitarian aid with cheaper or poorer quality goods for further sale/appropriation (see Risk 3.1 "Theft (Embezzlement) of Humanitarian Aid"). There is also a possibility of replacing goods with fakes.[84] Such risks increase when large volumes of humanitarian aid are received simultaneously.[85]

Additionally, the risk can be realised where there is:

- a failure to account for the entire quantity of goods/pallets with their subsequent removal from the warehouse;
- intentionally improper packaging of pallets for further removal of goods from the warehouse;
- deliberate understatement of the value of the goods by incorrect description during the entry registration (e.g., a pallet of diapers is recorded as a pallet of wet wipes with subsequent removal of diapers and formation of a pallet of wet wipes from the remains).

Risk Sources

Lack of effective control over the following processes: unloading and registration; cargo identification and pallet description; and data entry into the accounting system.

Receipt of large unstructured (ungrouped) volumes of humanitarian aid makes it impossible to sort them properly and ensure prompt and reliable accounting and efficient distribution.

The lack of unified regulatory rules or recommendations on the organisation of humanitarian aid warehouses results in different approaches to the placement, storage, sorting and accounting of humanitarian aid in warehouses.

Lack of internal procedures within the LSG for storage, sorting, accounting and reporting of humanitarian aid, given that the LSG actually carries out such activities.

Lack of control over the organisation of the warehouse operations, for example, failure to install surveillance cameras or have periodic inventories (relevant if goods are stored in the warehouse for a certain period due to various circumstances).

84 State Bureau of Investigation: SBI exposed the chief manager of Kyiv customs on embezzlement of smartphones and household goods worth UAH 40 million (http://surl.li/nfwfd)

85 Data from the focus group

RECOMMENDATIONS

Legislative Level

The Ministry of Social Policy should develop clarifications for Local Self-Governments on receiving, analysing, inventory, and book-keeping accounting of humanitarian aid, its placement, storage, sorting, distribution, and reporting.

Local Self-Government Level

Development and approval of internal procedures for LSGs on unloading, storing, sorting, accounting and reporting of humanitarian aid.

Accounting of each valuable pallet (or other package) with information on the pallet number, number of boxes in the pallet, gross weight, net weight, weight of an empty pallet, etc.

Introduction of a separate accounting procedure for particularly valuable goods and their photo recording.

Monitoring by installing surveillance cameras in the warehouse.

Asking donors (especially domestic ones) to generate primary documents for the cargo (documents with information about the business transaction).

Civil Society

Control and monitor humanitarian aid management in the Local Self-Government and municipal enterprises by checking relevant information and reports on the Local Self-Government's website. If there is no such information, ask for its publication (by sending requests, speaking at public hearings, etc.).

International organisations, NGOs, and associations should systematically conduct information campaigns for Local Self-Governments on receiving, analysing, inventorying, and book-keeping accounting of humanitarian aid, its distribution, and reporting.

Available Prevention Methods and Positive Practices

The requirements of Paragraph 4 Article 11 of the LoU “On Humanitarian Aid”, according to which the accounting for humanitarian aid and relevant reporting is done by recipients and beneficiaries (legal entities) of humanitarian aid by the procedure established by the central executive body, which ensures the formation and implementation of national financial policy. If there is no accounting for the receipt and intended use of humanitarian aid, it is considered to have been used not for its intended purpose.

Explanation by the experts of the advisory working group on local budgets under martial law, established at the initiative of the Ministry of Recovery on the Decentralisation portal: how a community can accept, account for and distribute humanitarian aid.[86]

There was a summit of volunteer and humanitarian initiatives with the participation of Local Self-Government representatives, where participants shared their “success stories” in ensuring transparent humanitarian aid management, including its accounting and reporting (e.g., the rule to take photos of the incoming humanitarian aid).[87]

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86 Decentralisation: How Communities Can Receive, Stock and Distribute Humanitarian Aid (http://surl.li/gbeck)

87 The summit of volunteer and humanitarian initiatives took place in Lviv region from June 30 to July 1, 2022 (http://surl.li/mmrvm)

4 CORRUPTION RISKS AT THE STAGE OF DISTRIBUTING HUMANITARIAN AID

4.1 BIAS IN THE DISTRIBUTION OF HUMANITARIAN AID TO BENEFICIARIES

Level: High

Risk Description

In practice, LSGs distribute humanitarian aid based on the needs, through social security agencies or humanitarian headquarters and do not have separate procedures for regulating the process.[88] However, there is a possibility for LSG officials responsible for the distribution and issuance of humanitarian aid (coupons or certificates) to repeatedly issue humanitarian aid to the same persons in uncontrolled amounts. At the same time, illegal benefits may be demanded for a positive decision on the issuance/shipment of humanitarian aid. Additionally, individuals/organisations may be unreasonably denied for not providing documents that are not required by law,[89] for example, for not including a taxpayer ID in the application or not submitting an income declaration.[90]

Risk Sources

The procedure for distributing humanitarian aid remains unregulated. Resolution of the CMU "Some Issues of Humanitarian Aid Entry and Accounting under Martial Law" dated 05.09.2023 No. 953, which comes into force on 01.12.2023 and should address some problematic issues, including the distribution, accounting and reporting of humanitarian aid, contains corruption enablers and needs to be finalised taking into account the NACP recommendations.[91]

In practice, LSGs distribute humanitarian aid based on the needs of social security agencies or humanitarian headquarters and **do not have separate procedures for regulating the process.**[92]

There is a lack of information available to community residents about humanitarian aid distribution points, distribution criteria, and conditions for receiving it, and a weak information campaign by the state and local authorities.

Lack of information on the channels for reporting facts of abuse, as well as in the distribution and delivery of humanitarian aid.

Difficulty in verifying the distribution of humanitarian aid, especially in areas that are under shelling or where hostilities are taking place.

The lack of a reporting procedure is transparent and understandable for every community member, which makes it difficult to control these processes.

88 Data from the focus group

89 Ukrainian Parliament Commissioner for Human Rights: Results of the on-site inspection of the Humanitarian Centre of Fastiv City Council at the request of IDPs (http://surl.li/gbvnr)

90 Procedure for the provision of humanitarian aid to IDPs and residents of Serhiivska territorial community at humanitarian aid distribution points under martial law, which provides for the submission of income declarations to receive humanitarian aid (http://surl.li/gccdf)

91 NACP: Conclusion of the anti-corruption expertise of the draft resolution of the Cabinet of Ministers of Ukraine "Some issues of receiving and accounting for humanitarian aid under martial law" (http://surl.li/gbuge)

92 Data from the focus group

RECOMMENDATIONS

Legislative Level

Initiate the development of regulatory requirements for LSGs to distribute humanitarian aid (criteria and priority of distribution, reporting, etc.).

Local Self-Government Level

Implement the principle of equal distribution by developing a procedure that will contain distribution and prioritisation criteria without discriminatory requirements.

Post information accessible to community members on humanitarian aid distribution points (taking into account the security situation), distribution criteria, and conditions for receiving it on the official LSG website.

Keep records of the number of people who have received humanitarian aid.

Provide a procedure for citizens to appeal against violations of their right to receive humanitarian aid.

Enable reporting on possible facts of corruption, also in the field of organisation and provision of humanitarian aid on the official website (convenient submission form) (following the example of the organisation of channels for reporting corruption according to Article 53 of the LoU "On Prevention of Corruption").

To strengthen anti-corruption measures, the authorised person of the Local Self-Government may check (independently or as part of a commission) the placement of information materials, contacts and information on the procedure for reporting corruption in municipal warehouses involved in providing humanitarian aid to the population, and on official LSG websites.

Civil Society

Participation of the society (NGO representatives, volunteers) in controlling the targeted use and distribution of humanitarian aid.

Review of the application form for humanitarian aid to make sure that conditions for receiving humanitarian aid are reasonable.

Available Prevention Methods and Positive Practices

The LoU "On Humanitarian Aid" includes a clear and exclusive list of persons eligible to receive humanitarian aid.

Humanitarian aid must be directed based on the circumstances, objective needs, and consent of its recipients and according to the requirements of Article 3 of the LoU "On Charitable Activities and Charitable Organizations" (Article 1 of the LoU "On Humanitarian Aid").

According to Paragraph 3, Article 6 of the LoU "On Personal Data Protection," the composition and content of personal data must be appropriate, adequate and not excessive in relation to the purpose of their processing.

Zdolbuniv Territorial Community took part in the project of open reporting on humanitarian and charitable aid of communities and signed a Memorandum on the establishment and functioning of the Coalition of Integrity Communities.[93] The project enables open and

93 Zdolbuniv Territorial Community: Zdolbuniv Community joined the Coalition of Integrity Communities (http://surl.li/gccpb)

transparent reporting on the humanitarian aid received and distributed on the Prozorro platform. Later, the community received humanitarian aid for IDPs obtained using the new tool for covering urgent needs Prozorro+.[94]

Order of the Director of the Department for Social Security of Sumy City Council dated 05.05.2022 No. 39-o appointed persons responsible for keeping records and distributing food to certain groups of citizens. Responsible persons are obliged to keep the distribution register of certain types of goods in a Google spreadsheet and report daily on the number of beneficiaries and packages distributed.

94 Zdolbuniv Territorial Community: Cooperation of Zdolbuniv Community within the Coalition of Integrity Communities Brings Benefits (http://surl.li/gccrc)

4.2 DISTRIBUTION OF HUMANITARIAN AID BY COLLUSION/FOR A KICKBACK (ILLEGAL DISTRIBUTION OF HUMANITARIAN AID TO PERSONS WHO DO NOT NEED AND ARE NOT ENTITLED TO SUCH AID)

Level: High

Risk Description

Persons involved in the distribution and delivery of humanitarian aid may illegally distribute it to persons who do not actually need it and are not entitled to it according to the legal definition of humanitarian aid (Article 1 of the LoU "On Humanitarian Aid"). Such beneficiaries may be family members or other persons to whom humanitarian aid may be given for an illegal benefit.

To restrict access for people who are entitled to receive humanitarian aid, information about the date, time or place is not fully disclosed; it is difficult to find (for example, an announcement on the website about the distribution of humanitarian aid is posted in a section that has nothing to do with humanitarian aid) or is posted late. There are also situations when local authorities "instruct" starostas, heads of condominiums or management companies to distribute humanitarian aid, but do not control them.[95]

Additionally, when implementing such a scheme, false information may be entered into documents (for example, it is written that 100% of humanitarian aid has been distributed, but in fact, it has been less). Or, when reporting to the RMA, the column "Beneficiaries" does not include verifiable information (e.g., saying "Residents of the territorial community" without surnames, names, phone numbers, etc.).[96]

Risk Sources

Lack of a unified methodology for verifying humanitarian needs, which would be based, in particular, on the support standards per person per month, and would make it possible to forecast future needs.[97]

Lack of requirements to publish information on the date, time or place of humanitarian aid distribution.

Communities have different approaches to reporting to the population (photo reports, posting information and tables).

Lack of proper control over activities of humanitarian aid distribution points (especially in villages and towns) that receive humanitarian aid to meet the needs of IDPs or socially vulnerable persons.

Lack of reliable information about persons in need of assistance, and the amount and types of aid needed, which makes it impossible to effectively cover humanitarian needs.

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95 Post on the Facebook page of Kherson City Council (http://surl.li/gbrzj)

96 Post on the Facebook page of Sumy RMA: Over 70kg per each family member: Do community members really get that much humanitarian aid? (http://surl.li/geemp)

97 Annex 2 to the Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law" (as of 01.06.22), p. 5 (http://surl.li/gcyam)

RECOMMENDATIONS

Legislative Level

Develop a unified methodology for verifying humanitarian aid needs, based, in particular, on the standards (needs of one person per month) and allowing for forecasting future needs[98] (for example, a certain amount of certain goods (water, food, hygiene products, clothing, etc.) should be available in the warehouse for a certain amount of population of a territorial unit).

Create a database of persons in need of humanitarian assistance as victims of military aggression, taking into account the international standard of personal data protection.[99]

Local Self-Government Level

Implement the principle of equal distribution through the development of a procedure that will contain distribution and prioritisation criteria.

Ensure the publication of an announcement on the official LSG website about the humanitarian aid distribution (indicating the category of beneficiaries, date, time, place, etc.) and reporting information or documents confirming the distribution of humanitarian aid.

It is advisable to publish information about the start of humanitarian aid distribution on different sources at the same time (website, social media, announcements, radio messages, etc.).

Involve community members in the control over the distribution and delivery of humanitarian aid and communicate with them on a regular basis.

Enable reporting on possible facts of corruption, also in the field of organisation and provision of humanitarian aid, on the official website (convenient submission form).

Civil Society

Monitor announcements on the start of humanitarian aid distribution for their completeness, timeliness and ease of access.

Demand that the LSG reports to the community members on the distributed aid in a pre-agreed manner.

Available Prevention Methods and Positive Practices

The form of the report on the availability and distribution of humanitarian aid is established by the decree of the Ministry of Social Policy of 31.07.2020 No. 539, which makes it possible to compare the received and issued humanitarian aid.

According to Article 5 of the LoU "On Humanitarian Aid," the central executive body that implements the state policy in the field of social protection of the population controls the receipt, distribution, use for the intended purpose, preparation of statistical reports, and accounting of humanitarian aid recognised as such by a decision of specially authorised state bodies on humanitarian aid.

Humanitarian aid must be directed based on the circumstances, objective needs, and consent of its recipients and according to the requirements of Article 3 of the LoU "On Charitable Activities and Charitable Organizations" (Article 1 of the LoU "On Humanitarian Aid").

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98 Annex 2 to the Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law" (as of 01.06.22), p. 57 (http://surl.li/fvfcj)

99 General Data Protection Regulation (http://surl.li/ftgau)

The dashboard of the provided aid, where you can view the number of cargoes and the total weight of aid by a community can be found on the humanitarian aid portal help.gov.ua. [100]

There are answers and clarifications from Kostiantynivka City Military Administration, which explain in plain language how humanitarian aid is distributed, what the priority of its provision is, how lists are formed, where it can be received as well as contacts of persons to consult with, etc.[101]

By the order of the mayor of Uzhhorod dated 16.05.2022 No. 246, the composition of the commission for the receipt, use, accounting and reporting of charitable/humanitarian aid provided in wartime as well as the Procedure for the transfer of humanitarian aid provided by donors under martial law in the territory of Uzhhorod city territorial community were approved. Such aid is transferred based on written applications (in any form), invoices, and acts of acceptance. To receive humanitarian aid, an identity document should be presented.

Drohobych City Council published a consolidated annual report on the aid received, with details by category (clothing, food, hygiene products, etc.). The information is presented in a table clear and easy to understand.[102]

Davydivka Rural Territorial Community regularly publishes reports on the receipt and distribution of humanitarian aid on its Facebook page,[103] including interesting video clips,[104] so community members can keep track of the sources and kinds of aid received as well as its distribution processes. It obviously ensures transparency and openness and promotes trust among local residents and donors.

100 Aid Dashboard (http://surl.li/jqqmf)

101 Kostiantynivka City Military Administration: Humanitarian Aid in Kostiantynivka Community: Questions, answers, and clarifications (http://surl.li/ggntj)

102 Drohobych City Council: Humanitarian Aid Distribution Criteria: Support for the Military Forces of Ukraine Is the Priority (http://surl.li/ehjwv)

103 Facebook page of Davydivka Rural Territorial Community (http://surl.li/jqqph)

104 A video clip of the Facebook page of Davydivka Rural Territorial Community: Davydivka Village Council Keeps Receiving Humanitarian Aid (http://surl.li/jqqtn)

4.3 TRANSFER OF HUMANITARIAN AID WITH DIVERGENT PURPOSES TO MUNICIPAL AGENCIES AND ENTERPRISES FOR PROFIT

Level: Low

Risk Description

Ignoring the intended purpose of use of humanitarian aid according to the requirements of Article 3 of the LoU "On Charity and Charitable Organisations,"[105] Local Self-Government officials may decide to illegally transfer funds and goods received as humanitarian aid by prior agreement with the management of subordinate municipal institutions (illegal benefit or family relations) (e.g., instead of distributing aid to IDPs, it is distributed among several institutions to benefit them).[106] In this way, municipal institutions can make a profit by using humanitarian aid.[107]

Risk Sources

Ineffective operational control by the Local Self-Government over the targeted distribution of humanitarian aid and failure to LSG officials for conflicts of interest with the heads of municipal institutions subordinate to LSGs.

Lack of knowledge and/or misunderstanding of the requirements of anti-corruption legislation by the LSG leadership resulting in weak control over humanitarian aid distribution.

Beneficiaries lack information from the donor or authorised state body for humanitarian aid about the aid they are entitled to, which makes it impossible to control the process of its distribution.

RECOMMENDATIONS

Legislative Level

The Ministry of Social Policy and the Ministry of Digital Transformation should develop and implement IT solutions for tracking the status of needs satisfaction; adjusting requests for assistance; accounting for humanitarian aid; and distributing humanitarian aid.

The Ministry of Social Policy should issue comprehensive explanations about the population's rights to receive humanitarian aid as well as conditions and procedures for receiving it.

Local Self-Government Level

Introduce appropriate amendments to the statutory documents of municipal institutions and enterprises to prevent such practices.

Ensure mandatory preliminary review and approval of draft administrative documents by an authorised person.

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105 Paragraph 3 Article 1 of the LoU "On Humanitarian Aid" (http://surl.li/ekoyb)
106 State Audit Service: Illegal and Ineffective Use of Humanitarian Aid Detected in Kirovohrad Region (http://surl.li/gcwra)
107 State Audit Service: Illegal and Ineffective Use of Humanitarian Aid Detected in Kirovohrad Region (http://surl.li/gcwra)

Establish a special targeted fund for the accumulation of humanitarian aid, approve its regulations and a programme which will comprehensively cover the receipt of humanitarian aid, its distribution, categories of beneficiaries, delivery, accounting, deadlines, reporting, and persons responsible for these activities.

Civil Society

NGOs should conduct regular information campaigns for communities and Local Self-Government officials on the issues of humanitarian aid accounting, distribution, and reporting.

Available Prevention Methods and Positive Practices

The decree of the Ministry of Finance of Ukraine dated 14.12.1999 No. 298 defines the accounting and documentation procedure for the receipt and transfer of humanitarian aid, as well as cash, goods and materials used to support the beneficiary's statutory activities.

Order of the Department of Social Policy of Kherson City Council dated 09.03.2022 No. 11/1 approved the procedure for receiving, accounting for, and issuing humanitarian aid by the Department of Social Policy under martial law. According to paragraph 6 of the Procedure, humanitarian aid is issued based on letters from institutions, enterprises, and organisations addressed to the mayor. The documentary evidence of humanitarian aid issued by the department is an act of acceptance signed by representatives of the humanitarian aid provider and the recipient of this aid.

4.4 MISUSE OF HUMANITARIAN AID FOR POLITICAL CAMPAIGNING

Level: Medium

Risk Description

The LSG leaders or deputies can "save" their funds and resources for PR activities[108] and political campaigning by adding leaflets or packages and sticking labels to humanitarian aid provided by foreign and domestic donors.[109] This requires an agreement (for a reward or by using one's position) with employees responsible for sorting, distributing and issuing humanitarian aid.

Situations where political campaign stickers or leaflets are attached to humanitarian aid goods do not gain much resonance, because (1) the aid still reaches its beneficiaries; and (2) beneficiaries may not even realise that this is dishonest and prohibited. Additionally, the LoU "On Humanitarian Aid" does not include provisions prohibiting the use of humanitarian aid received from other donors as hidden campaigning but such actions can significantly damage the reputation of the community (e.g., exclusion of a region from the international humanitarian aid programme[110]).

Risk Sources

Sorting, distribution and delivery of humanitarian aid are carried out by Local Self-Government officials who are subordinate to the leader and financially and organisationally dependent on them. Dishonest leaders influence their subordinates for their benefit.

There is a lack of any national requirements for the packaging and distribution of humanitarian aid, so there are no unified approaches (standards) to these processes and control over their compliance.

Lack of effective external control over the sorting, distribution and delivery of humanitarian aid. In practice, the RMA may exercise formal control (e.g., through e-mails, verbal recommendations or even instructions), although such interaction is regulated by law.

Lack of knowledge of 1) employees involved in the sorting, distributing and delivering humanitarian aid; 2) beneficiaries about the prohibition of hidden campaigning on humanitarian aid. The primary reason for this may be the absence of provisions in the relevant law (the LoU "On Humanitarian Aid") prohibiting the use of humanitarian aid received from other donors for hidden campaigning.

RECOMMENDATIONS

Legislative Level

Initiate amendments to the LoU "On Humanitarian Aid" to prohibit the use of humanitarian aid for hidden political campaigning.

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108 Internet Resource "Poltavshchyna": A Poltava Deputy Accused of Using the Red Cross Aid for his PR – the Latter Called It "Hype" (http://surl.li/gbnfk)

109 Data from the focus group

110 Video from "Novyi Chernihiv" TV Channel: Chernihiv Oblast Can Lose Humanitarian Aid Due to the RMA's PR (http://surl.li/gbmgh)

Local Self-Government Level

Amend (develop if absent) local regulations governing humanitarian aid management to prohibit the use of humanitarian aid received from other donors for hidden campaigning.

Install surveillance cameras in the area of humanitarian aid sorting/packaging to monitor the process.

Introduce additional random checks of the humanitarian aid packed and ready to be shipped to beneficiaries.

Cooperate with the community to involve external actors (volunteers, NGO representatives) in the sorting/packing process.

Civil Society

NGOs should systematically conduct information campaigns for communities on receiving humanitarian aid and monitoring compliance with legislation and international requirements.

Available Prevention Methods and Positive Practices

According to Paragraph 5 Article 51 of the Election Code of Ukraine, hidden political campaigning as well as placing or distributing election campaign materials not marked by the requirements of this Code, are prohibited.

The Core Humanitarian Standard on Quality and Accountability[111] describes the principle of independence: humanitarian action must be autonomous from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented.

111 CHS Alliance, Groupe URD and the Sphere Project: Core Humanitarian Standard on Quality and Accountability (http://surl.li/gbock)

5 MOVING FORWARD: FIVE GUIDING PRINCIPLES FOR CORRUPTION RISK MITIGATION IN HUMANITARIAN AID MANAGEMENT

This report presents the results of the corruption risk assessment in the process of providing humanitarian aid at the local level. Because of the full-scale invasion of Ukraine by the Russian Federation, the demand for humanitarian aid has increased dramatically. At the same time, the role of Local Self-Governments as recipients and coordinators of humanitarian aid has increased since officials of this level directly interact with millions of internally displaced persons and people in difficult situations due to the war. These new challenges for Ukraine and Local Self-Governments, in particular, reinforce the need to consider anti-corruption measures as part of a systemic effort to streamline humanitarian aid governance.

Instead of conclusions, we offer five guiding principles for reducing corruption risks and increasing efficiency in humanitarian aid management,[112] as well as examples of stakeholders' relevant actions and existing solutions.

1. LEGAL CERTAINTY.

This key principle of the rule of law means that the procedures for receiving, analysing, inventorying, and book-keeping accounting of humanitarian aid, its distribution and reporting at the national and local levels should be clear, precise, and unambiguous. In addition, to avoid arbitrariness of authorities, such regulations should provide for appeal procedures.

EXAMPLES OF ENSURING LEGAL CERTAINTY

Hromada's Self-Government

- In Uzhhorod, the Procedure for the transfer of humanitarian aid provided by donors under martial law and the composition of the commission for the receipt, use, accounting and reporting of charitable/humanitarian aid provided in wartime was approved (order of Uzhhorod mayor dated 16.05.2022 No. 246). Such aid is transferred based on written applications (in any form), invoices, and acts of acceptance. To receive humanitarian aid, an identity document should be presented.
- The Procedure for the provision of humanitarian aid to IDPs and residents of Serhiivka territorial community at humanitarian aid distribution points under martial law, which provides for the submission of income declarations to receive humanitarian aid was approved.[113]

Higher levels of government

- The Decree of the Ministry of Social Policy dated 31.07.2020 No. 539 approved the forms of reports[114] on the availability and distribution of humanitarian aid and instructions[115] on how to fill them out.
- Odesa Regional Military Administration has explained where LSGs should apply for humanitarian aid by developing Recommendations on the procedure for collecting needs, distributing, issuing and accounting for humanitarian aid,[116] and has acted as a coordinator in these matters and provided assistance to LSGs in the region through correspondence or verbal explanations.

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112 These principles are adapted on the basis of The Strategic Corruption Risk Assessment in Pre-School and General Secondary School. 2022. NACP (http://surl.li/fhreu), p. 101-103

113 Procedure for the provision of humanitarian aid to IDPs and residents of Serhiivka territorial community at humanitarian aid distribution points under martial law (http://surl.li/gccdf)

114 Report Form No. 1 "Report on the Availability and Distribution of Humanitarian Aid" and Report Form No. 2 "Consolidated Report on the Availability and Distribution of Humanitarian Aid by Humanitarian Aid Recipients" (http://surl.li/ijabr)

115 Instruction on how to fill out reports approved by the decree of the Ministry of Social Policy "On Approval of Report Forms on the Availability and Distribution of Humanitarian Aid and Instruction on How to Fill Them Out" dated 31.07.2020 No. 539 (http://surl.li/jnckw)

116 Liubashivka Territorial Community has used these recommendations (http://surl.li/jslcp)

2. STAKEHOLDER AGENCY.

This principle means recognising and creating opportunities for stakeholders to exercise their right to participate in humanitarian aid management (Article 38 of the Constitution of Ukraine grants citizens the right to participate in the management of state affairs). The aim of strengthening stakeholder capacity is to balance the discretion of humanitarian aid management entities with the participation of other stakeholders, particularly Local Self-Governments, NGOs and civil initiatives. This will create the basis for partnerships in solving complex problems in crisis conditions and increase confidence in the humanitarian aid system as a whole. The agency is strengthened by raising awareness and uniting stakeholders with less power in coalitions of integrity to represent their interests.

EXAMPLES OF STRENGTHENING CAPACITY

Hromada's Self-Government

- Sixteen LGSs took part in the project of open reporting on humanitarian and charitable aid of communities and signed a Memorandum on the establishment and functioning of the Coalition of Integrity Communities.[117]

Higher levels of government

- There is an opportunity for communities to send questions to the advisory working group on local budgets under martial law established at the initiative of the MinRegion.[118] The group published an explanation on the Decentralization website: how a community can accept, account for and distribute humanitarian aid.[119]
- The e-system "Dopomoha" in Odesa region has a call centre to collect needs and selectively contact beneficiaries to verify their receipt of assistance.[120]

Donors

- "U-LEAD with Europe" experts held an information session for community representatives on the correct documentation and processing of humanitarian aid.[121]

3. TRANSPARENCY AND ACCESSIBILITY.

Transparency means the availability of information on the types, accessibility and use of humanitarian aid. Transparency implies that information meets the specific needs of stakeholders and is accurate, complete, and up-to-date; it is provided, among other things, as open data (Article 10-1 of the LoU "On Access to Public Information"). Accessibility, in addition to transparency, also means that information is presented in a format understandable to users (explaining complex legal concepts in plain language). It may be useful for LSGs to publish information on their website and social media about the criteria for distributing and receiving humanitarian aid, as well as forms for filing complaints, also about alleged abuses. However, security risks should be taken into account when posting such information.

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117 Zdolbuniv Territorial Community: Zdolbuniv Community joined the Coalition of Integrity Communities (http://surl.li/gccpb)

118 Decentralization: Communities Can Get Clarifications from Local Finance Experts: A §Special Advisory Group Was Created (http://surl.li/fwtzw)

119 Decentralization: How Communities Can Receive, Stock and Distribute Humanitarian Aid (http://surl.li/gbeck)

120 Online media resource of the Ministry of Defence of Ukraine ArmyINFORM: E-system "Dopomoha" Launched in Odesa Oblast Today (http://surl.li/garxd)

121 Укрінформ: Експерти Програми «U-LEAD з Європою» підготували інформаційну сесію щодо правильного документування та оформлення гуманітарної допомоги (http://surl.li/fwtwf)

EXAMPLES OF ENSURING TRANSPARENCY AND ACCESSIBILITY

Hromada's Self-Government

- Prozorro+ platform supported by the state enterprise "Prozorro" enables reporting on humanitarian aid at the community level.[122]
- There are answers and clarifications from Kostiantynivka City Military Administration, which explain in plain language how humanitarian aid is distributed, what the priority of its provision is, how lists are formed, where it can be received as well as contacts of persons to consult with, etc.[123]
- Drohobych City Council published a consolidated annual report on the aid received, with details by category (clothing, food, hygiene products, etc.). The information is presented in a table is clear and easy to understand.[124]
- Davydivka Rural Territorial Community regularly publishes reports on the receipt and distribution of humanitarian aid on its Facebook page,[125] including interesting video clips.[126]

Higher levels of government

- There is a dashboard of the provided aid with the number of cargoes and the total weight of aid by a community.[127]

Donors

- The EGAP programme is currently working on modernising the automated humanitarian aid registration system.[128] The modernised system should ensure transparent display of information about all recipients of humanitarian aid and reporting on the distribution of imported goods to beneficiaries to avoid abuse, especially corruption, and other risks in the process of providing beneficiaries with humanitarian aid under martial law in Ukraine.

4. IMPARTIALITY.

This principle means avoiding subjectivity in humanitarian aid management. To ensure equity, management should be done based on actual needs, and humanitarian aid should be used at the community level. LSGs should use digital technologies to keep records of humanitarian aid distributed to beneficiaries so they have reliable data. RMAs can coordinate using the tools available in other regions. Also, according to national requirements (decree of the Ministry of Social Policy dated 31.07.2020 No. 539), RMAs are recommended to convert the accounting of needs and use of humanitarian aid into a machine-readable format to speed up reporting and data exchange for decision-making.

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122 Information resource – Prozorro Infobox: Reporting of Territorial Communities. Information on the amount of LSG as of April 19, 2023 (http://surl.li/jndar)

123 Kostiantynivka City Military Administration: Humanitarian Aid in Kostiantynivka Community: Questions, Answers, and Clarifications (http://surl.li/ggntj)

124 Drohobych City Council: Humanitarian Aid Distribution Criteria: Support for the Military Forces of Ukraine Is the Priority (http://surl.li/ehjwv)

125 Facebook page of Davydivka Rural Territorial Community (http://surl.li/jqqph)

126 A video clip of the Facebook page of Davydivka Rural Territorial Community: Davydivka Village Council Keeps Receiving Humanitarian Aid (http://surl.li/jqqtn)

127 Aid Dashboard (http://surl.li/jqqmf)

128 EGAP: Modernisation of the automated humanitarian aid registration system (http://surl.li/jqoik)

EXAMPLES OF REDUCING BIAS

Hromada's Self-Government

- The customer relationship management (CRM) system in Mykolaiv[129] contains a database of beneficiaries, including their individual tax number enabling the registration of aid received and preventing receiving it twice or by another person.

Higher levels of government

- Prepare recommendations for calculating the amount of food products per person; see the appendix to the Resolution of the CMU "Some Issues of Providing the Population with Long-Term Storage Food Products and Sanitary and Hygiene Products under Martial Law" dated 20.03.2022 No. 328.
- There is an e-system "Dopomoha" in Odesa oblast for the coordination of the transparency of humanitarian aid distributed to low-income citizens and IDPs[130]
- Lviv RMA has developed a system keeping track of what kind of aid was received and from whom, what was sent and where, and what remained in the warehouses. The system controls all strategic warehouses operated by the RMA.[131]
- There are online platforms implemented with state support and designed to centrally collect information on the needs for assistance included in Annex 1 of the NACP Analytical Report "Mechanisms of the Provision of Humanitarian Aid by the State under Martial Law".

Donors

- There are recommendations of the charitable fund Pan Fund on how to pack a humanitarian aid basket, what to put there and in what amount.[132]

5. EXPEDIENCY.

Any activities on corruption prevention may have unforeseen consequences and require significant resources, so anti-corruption measures should be checked against the following criteria to assess potential consequences:

- How will the proposed actions allow us to provide the maximum number of people with the humanitarian aid they need?
- Are the costs of anti-corruption activities justified considering the potential benefits of their implementation?

For example, anti-corruption activities are often implemented by introducing an additional layer of supervision and control. Such measures usually require additional time and human resources, resulting in increased bureaucracy and a culture of hierarchy and vertical accountability. It, in turn, can slow down decision-making and delay the provision of aid, which, especially in crises, can have severe consequences for people's lives and health.[133] Thus, it is worth modelling alternative activities and systematically comparing them for

129 Civic Space Platform: Minimising "Humanitarian Tourism: Mykolaiv Volunteer Headquarters Create a Unified System for Accounting and Issuing Humanitarian Aid (http://surl.li/gauqh)

130 Online media resource of the Ministry of Defence of Ukraine ArmyINFORM: E-system "Dopomoha" Launched in Odesa Oblast Today (http://surl.li/garxd)

131 Maksym Kozytskyi: Lviv RMA Developed a Humanitarian Aid Accounting System (http://surl.li/fwuhc)

132 "Our Kyiv" Community and CF Pan Fund: How to Pack a Humanitarian Aid Basket: Tips from Volunteers (http://surl.li/jqoek)

133 National Network of Local Philanthropy Development (http://surl.li/jsldk).

appropriateness. Sometimes, a combination of supervision and engagement approaches in the form of a citizen audit[134] may be an alternative solution based on the balance of appropriateness of control and available resources. Yet, community involvement in humanitarian aid management is not always appropriate or even possible, given the significant internal migration and security factors. Other anti-corruption activities should be analysed using the same principle.

EXAMPLES OF ENSURING EXPEDIENCY

Hromada's Self-Government

- Khotyn community has its own algorithm for receiving, distributing and controlling humanitarian aid, which was developed by Sumy RMA.[135] The community enters the lists of beneficiaries into the RMA software. This way, the administration does not need any additional control saving time and human resources.

Higher levels of government

- The Government has simplified the procedure for border crossing and customs clearance by the Resolutions of the CMU dated 20.03.2022 No. 329 and 22.03.2022 No. 344.[136] Such legislative innovations have significantly accelerated the receipt of aid in Ukraine under martial law.

Donors

- The international donor ShelterBox revised its requirements and reduced bureaucratic procedures after the National Network of Local Philanthropy Development, together with community foundations, justified such simplifications at a joint conference.[137] Thus, ShelterBox has streamlined processes to speed up the distribution of humanitarian aid.

134 For example, such audit is used in the educational sector: IIP-UNESCO/ACREC. 2021. "Citizen Audit: Examples of Open Governance in Education" (https://cutt.ly/uZO2vkU). There is a project implemented in Ukraine that has launched a citizen audit of the quality of humanitarian and social services and the level of satisfaction of beneficiaries with the services they receive http://surl.li/jnfgg.

135 Newspaper of the CMU "Uriadovyi Kurier" (The Governmental Courier): How Sumy Region Organised Humanitarian Aid Distribution for It to Reach Those Who Need It the Most (http://surl.li/jneql)

136 Resolution of the CMU "On Amendments to Resolution of the Cabinet of Ministers of Ukraine dated March 1, 2022 No. 174 and Invalidation of Paragraph 1 of the Resolution of the Cabinet of Ministers of Ukraine Dated March 7, 2022 No. 224" (http://surl.li/jqmto) and Resolution of the CMU "On Amendments to Paragraph 1 of the Resolution of the Cabinet of Ministers of Ukraine Dated March 1, 2022 No. 174" dated 22.03.2022 No. 344 "(http://surl.li/jqmuu)

137 Civic Space Platform: Humanitarian Project with the British Organisation ShelterBox. Sharing Experience (http://surl.li/jneyj)

APPLYING PRINCIPLES IN THE DEVELOPMENT OF ANTI-CORRUPTION PROGRAMMES

The development of measures by these principles should take place after a systematic assessment of corruption risks in the community and their factors in the local context. The authorised person in charge of anti-corruption activities should coordinate the process.[138] Methodologically, anti-corruption activities should be modelled in a working group whose members have been also involved in the assessment of corruption risks and their sources. The analysis should be consistent with the work on individual sources of corruption risks. We recommend developing a list of questions for each source aimed at ensuring that the activities for risk minimisation comply with the proposed principles. Such questions structure the next step of developing specific actions, thus ensuring analytical consistency, integration of activities and their verification for possible negative consequences. It is important to ask open-ended questions such as “how…” or “how to…” in order to have creative space for generating ideas that will fit the specific context; closed-ended questions such as “do you…” contain clear options limiting innovations.[139]

138 NACP Methodology (https://cutt.ly/EZIlhhQ)

139 The Strategic Corruption Risk Assessment in Pre-School and General Secondary School. 2022. NACP (http://surl.li/fhreu), p. 103.

U LEAD
WITH EUROPE

House of Decentralisation,
20 Velyka Zhytomyrska Street
(4th floor)
+38 (067) 345-43-53
pr.u-lead@giz.de
www.u-lead.org.ua