

FINAL 01
NATIONAL AGENCY ON CORRUPTION PREVENTION (NACP), UKRAINE

STRATEGY AND IMPLEMENTATION PLANS

APRIL 2017 – APRIL 2020

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Abbreviations

API	Application programming interface (allows communication between various software components)
COE	Council of Europe
DFID	Department for International Development, UK Government
DMFA	Danish Ministry of Foreign Affairs
EU	European Union
EUAM	European Union, Advisory Mission to Ukraine
EUN	European Neighbourhood Department, DMFA
GRECO	Group of States Against Corruption
HRBA	Human rights based approach
IFES	International Foundation for Electoral Systems
mIn	Million
MoU	Memorandum of Understanding
NABU	National Anti-Corruption Bureau
NACP/National Agency	National Agency on Corruption Prevention
NATO	North Atlantic Treaty Organization
OECD	Organisation for Economic Co-operation and Development
OSCE	Organisation for Security and Co-operation in Europe
SWOT	Strengths, weaknesses, opportunities, threats
TI	Transparency International
UN	United Nations
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development

1 INTRODUCTION

Corruption remains a key challenge for the social and economic development of Ukraine. It undermines the rule of law and erodes democratic institutions. According to various studies, corruption is rampant in Ukraine and permeates all levels of the public administration and private sector. A November 2015 national survey showed that for 94% of the Ukrainian respondents, corruption remained a serious problem, only slightly behind the military actions in the East of Ukraine and the high cost of living. More than 65% of the citizens experienced corruption at least once a year.¹ According to another survey from May 2016, respondents considered corruption as the number one internal threat for the national security.² Ukraine's rating in Transparency International's Corruption Perception Index has improved only marginally during the past 10 years.³ According to TI's report *Global Corruption Barometer – Europe and Central Asia* (November 2016), citizens in Ukraine are among the most critical of their governments' efforts to fight corruption with four out of five saying that the government is doing badly. Around two in five households who had accessed public services paid a bribe (38%).⁴

According to the Law of Ukraine on the Anti-Corruption Strategy (2014-2017), adopted by the parliament in October 2014, preventing corruption is a key priority for state building in Ukraine.⁵

Ukraine has committed to fight corruption by adhering to the main international instruments: the UN Convention against Corruption and Council of Europe anti-corruption conventions. International anti-corruption monitoring mechanisms (Council of Europe's GRECO, OECD Anti-Corruption Network for Eastern Europe and Central Asia, UNCAC Review Mechanism) have issued recommendations to Ukraine on anti-corruption.⁶ Ukraine committed to regularly update and implement national action plans under the Open Government Partnership Initiative.⁷ Measures to prevent and combat corruption have been key conditions for Ukraine's cooperation with the International Monetary Fund, the European Union (notably under the Visa Liberalisation Action Plan), the United States and other international partners.

In 2014-2015, following the Revolution of Dignity instigated by the systemic corruption at the highest government levels and human rights violations, the Ukrainian parliament passed a new anti-corruption policy, as well as a series of new laws and amendments. This included Corruption Prevention Law, Anti-Corruption Strategy (2014-2017), Law on National Anti-Corruption Bureau (NABU) (that started conducting investigations in December 2015), amendments to establish the Specialised Anti-Corruption Prosecution Office, new wording on illicit enrichment crime, amendments on transparency of beneficial ownership of legal entities and free access to public registers, Law on Open Data, Law on Transparency of Political Finances, Law on Budgetary Transparency, Law on public procurement and other important acts and initiatives. These laws introduced a new institutional set-up and instruments to prevent, detect and prosecute corruption in Ukraine. Also, the June 2016 Law on the Judiciary includes provisions for setting-up a specialised anti-corruption court.

¹ Survey of more than 10,000 respondents, the USAID-funded UNITER project, available at <https://goo.gl/GoCqj8>.

² Survey by Razumkov Centre, available at <https://goo.gl/cu8iYK>.

³ Ukraine's score in 2006 was 28, in 2008 - 25, in 2015 – 27 and in 2016 – 29 (out of 100, where 100 is the least corrupt). Source: <http://www.transparency.org/research/cpi>.

⁴ Source: <https://goo.gl/IuGjBS>.

⁵ Source: <https://goo.gl/GxQbM7>.

⁶ See GRECO reports on Ukraine at <http://www.coe.int/en/web/greco/evaluations/ukraine>; OECD monitoring reports under the Istanbul Anti-Corruption Action Plan at <http://www.oecd.org/corruption/acn/istanbulactionplancountryreports.htm>.

⁷ See <http://www.opengovpartnership.org/country/ukraine>.

The Corruption Prevention Law (enacted in April 2015) introduced a new institution tasked with corruption prevention, anti-corruption policy development, verification of assets declarations, control over financing of political parties and a number of other functions, except for criminal investigations. The National Agency on Corruption Prevention (NACP) is a central executive authority with special status and independence guarantees. It reports to Parliament and is accountable and subject to control of the Government.

Other agencies dealing with corruption are: NABU, Specialised Anti-Corruption Prosecution Office responsible for investigation and prosecution of high-level corruption criminal offences, State Bureau of Investigations responsible for investigation of corruption offences committed by public officials (not part of NABU's jurisdiction), Agency for detecting, tracing and managing corruption and other criminal proceedings, the Public Prosecution Service investigating corruption crimes (until the State Bureau of Investigations have been established), National Council on Anti-Corruption Policy (an advisory policy body under the President) and Anti-Corruption Committee in the Parliament (dealing with draft anti-corruption legislation and parliamentary control over enforcement of legal provisions).

In addition, in executive authorities of all levels there should be designated units/officers that are responsible for corruption prevention. Their status still has to be clarified and aligned with the provisions of the Law on Corruption Prevention. NACP is supposed to provide assistance to the units/officers, but has limited powers to coordinate them.

Ukraine has a vibrant civil society that has significantly contributed to the development of the new anti-corruption framework and its implementation. Leading anti-corruption NGOs such as Transparency International - Ukraine, Anti-Corruption Action Centre, Centre Eidos, Centre for Political and Legal Reforms and experts are united in the coalition "Reanimation Package of Reforms". Ukraine has numerous investigative journalists and media that actively expose corruption. The Ukrainian media are abundant with allegations of corruption and other related violations by public officials.

During the past years, international organisations and foreign countries have increased their support to Ukraine in its anti-corruption efforts through various technical assistance programmes and grants. This include the Council of Europe, EU, NATO, OECD, OSCE, UNDP, the World Bank, Canada, the Danish Ministry of Foreign Affairs/EUN, Dutch Development Assistance, USAID.

The public anti-corruption policy is contained in the Anti-Corruption Strategy (2014-2017), adopted as a law. In April 2015, the government approved a detailed action plan to implement the Strategy in the form of a state programme. The process of its review and the formulation of a new national strategy has started in 2017, under the responsibility of NACP.

The annual State Budget Law allocated the following budget for activities related to anti-corruption in 2017: UAH 605 million for NACP, including

UAH 442 million for disbursements to political parties eligible to receive state funding. UAH 773 million, for the National Anti-Corruption Bureau. UAH 119 million for the Specialised Anti-Corruption Prosecution Office. UAH 640 million for the State Bureau of Investigations and UAH 40 million for the National Agency on detection, tracing and management of assets received from corruption or other crimes.

There is no separate state budget for the implementation of the Government's action plan.

2 NATIONAL AGENCY ON CORRUPTION PREVENTION

The Government formally set up the National Agency on Corruption Prevention in March 2015 and the recruitment of its staff began in April 2016. The agency officially launched its activities in August 2016, following the selection and appointment of the minimum number of commissioners and staff of the Agency, allocation of premises, adoption of necessary bylaws, etc.

NACP's governance structure consists of five commissioners who make decisions by majority of votes with three votes as a minimum, following its Rules of Procedures. It makes the agency to look for consensus in its decision-making. Currently NACP has four commissioners, appointed by the Government in December 2015 and March 2016. The appointments followed a competitive selection carried out by a panel, in which half of its commissioners represented the civil society. The fifth commissioner has yet to be appointed. This affects NACP's effectiveness in regards to decision-making and it is hoped that the fifth commissioner is appointed soon.

According to the Corruption Prevention Law, NACP commissioners are civil servants. However, the new Law on Civil Service enacted in May 2016 excluded NACP commissioners from its scope. This contradiction should be resolved through legislative amendments.

The commissioners are supported by a secretariat with a maximum number of 311 civil servants to be employed (the staff limit is set by the government). By the end of 2016, NACP had recruited 213 employees (68.4% out of the maximum number of staff). 51.6% of the staff are women. Men hold 56.6% of the managerial positions in the secretariat.

Education profile of the staff: 62 employees - economic; 115 - legal; 20 – technical; 23 – public administration; 30 – humanitarian. The largest age category of staff is 30 - 40 years old (99 employees).

There are five functional departments in the secretariat, corresponding to the agency's mandate, and seven support units. Each commissioner is coordinating a department corresponding to a thematic area. Currently one commissioner coordinates two departments as there is no fifth commissioner appointed. The commissioners are supported by personal advisers.

The support units report to the Chair of NACP. They include an administrative department, departments/divisions for human resources and organization, legal, accounting and financing, internal audit, unit for processing secret documents and unit for prevention and detection of corruption within NACP. NACP's secretariat is governed by the "Regulations on the NACP's Apparatus". NACP departments include units based on functions, except for the Financial Control Department and Department for Monitoring of Compliance with the Legislation on Conflict of Interests and Corruption Prevention Restrictions that includes units based on territorial divisions.

The Law allows the Government setting up territorial offices of NACP upon request of the latter. No such offices have been established so far.

NACP has a range of functions related to corruption prevention. They include developing and monitoring of implementation of the anti-corruption policy, maintaining an electronic register of financial disclosures of public officials and their verification, monitoring the lifestyle of public officials, enforcement of conflict of interests regulations, anti-corruption restrictions and requirements, control of financing of political parties and electoral candidates, disbursement of state funding to political parties, maintaining an electronic register of individuals and legal entities that committed corruption or related to corruption offences, coordination of the anti-corruption units in public authorities, approving anti-corruption

programmes of public authorities (developed based on the corruption risk assessment), development of the model anti-corruption programme of a legal entity, taking legal measures to protect persons who report about possible facts of corruption or corruption related offences, screening of legal acts and drafts for corruption-prone provisions, research and reporting on corruption, public awareness raising, promoting business integrity and information and awareness raising of the public.

NACP is an administrative body without criminal justice powers. It has the rights to:

- Demand and receive information required for its work from public or private entities.
- Access databases of public authorities.
- Drafting legal acts.
- Anti-corruption screening on its own initiative.
- Conduct verification of compliance with the anti-corruption legislation on its own initiative or based on external complaints.
- Verify accuracy of data stated in assets declarations, financial reports of political parties and electoral candidates.
- Conduct inspections of public authorities as to the organisation of their anti-corruption work.
- Issue mandatory orders in case of anti-corruption violations.
- Apply to the court for revoking legal acts or contracts, if they have been passed or concluded in violation of the anti-corruption legislation.
- Develop draft National Anti-Corruption Strategy and state programme and to monitor, coordinate and evaluate the implementation and effectiveness of the strategy and programme.
- Approve a methodology for assessing corruption risks in public authorities' activities, review anti-corruption programmes of public authorities and issue proposals that are mandatory for consideration.
- To prepare administrative protocols on administrative violations related to corruption, including filing cases with the court.
- When performing its functions, use information, statistical data, materials, including court case files, that may include restricted information.

Normative legal acts of NACP are subject to registration with the Ministry of Justice.

NACP signed memoranda of understanding/cooperation (MoU) with various public authorities, including the Ministry of Justice, State Audit Service, State Fiscal Service, State Service for Financial Monitoring, National Commission on Securities, Council of the Business Ombudsman, NABU and international partners (in particular with EUAM, IFES, EDGE project, Centre for reducing corruption risks in the defence sector, the State Audit Office of Georgia and the Italian National Anti-Corruption Authority). NACP has

started negotiations on concluding MoUs with anti-corruption institutions in Poland, Romania, Latvia, Slovenia, France, Croatia and others.

According to the 2016 State Budget Law, NACP was the main administrator of two budgetary programmes: Leadership and management in the area of corruption prevention (Programme no. 6331010) and Financing of the statutory activities of political parties (Programme no. 6331020). Expenses for NACP's activity were included in the programme no. 6331010 with the total amount of UAH 95,420,000, including expenditures for staff salaries (UAH 71,858,400); expenditures to procure materials, equipment and long-term use items (UAH 15,821,900); and expenditures for services (UAH 7,740,000). In total, NACP spent UAH 66,361,400 to cover the expenses for performing its functions and tasks (69.5% of the allocated amount).

Expenses for financing of the statutory activities of political parties were included in the budgetary programme no. 6331020 with the amount of UAH 391,032,300. According to the Law of Ukraine on Political Parties, political parties received the right to such funding from 1 July 2016. Due to this, UAH 195,516,200 (50% of the annual amount) were not spend under this programme. The political party "Opposition Bloc" refused to receive state funding in 2016 (UAH 21,420,000), while the political party "All-Ukrainian Union Batkivshchyna" received such right only in the IV quarter (UAH 6,448,500). Political parties that received state funding of their statutory activity in 2016 have overall spent funds in the amount of UAH 161,858,000 (41.4% of the annual budget). UAH 229,174,300 were thus returned to the state under programme no. 6331020.

According to the 2017 State Budget Law, NACP was allocated funding under two budgetary programmes: Leadership and management in the area of corruption prevention with the amount of UAH 162,888,300 (Programme no. 6331010). This includes UAH 66,200,000 for expenditures to development activities that can be spent on procurement of equipment and long-term use items that will ensure the effective functioning of NACP registers and modernisation of the e-declarations register.

Financing of the statutory activities of political parties allocated is in total UAH 442,399,400 (Programme no. 6331020).

3 PROCESS OF DRAFTING THE STRATEGY

The process of identifying challenges and opportunities for the strategy included:

- > Interviews with stakeholders in anti-corruption institutions, anti-corruption NGOs, donors, international agencies and commissioners and staff of NACP.
- > A SWOT analysis (strengths, weaknesses, opportunities and threats) carried out as a workshop with 15-20 middle level leaders and staff specialists from NACP the 1st February 2017.
- > A workshop with the presence of one commissioner and (almost) the same groups of middle level leaders and staff specialists giving input to the Strategy (3rd February 2017).
- > Drafting the Strategy.
- > A three hours session with one commissioner, middle level leaders and staff specialists responding and giving input to the first draft of the Strategy (6th February 2017).

The following appendices are attached to the Strategy:

- > Terms of References for the process of drafting the Strategy and Implementation Plans (appendix A).
- > SWOT analysis with the staff of NACP (appendix B).
- > Six implementation plans, one for each of the short-term objective of the five functional departments and the support functions (appendix C).

4 THE STRATEGY

4.1 LONG-TERM VISION

- > Ukraine free of corruption

4.2 MISSION

- > NACP prevents corruption and promotes integrity and zero-tolerance to corruption in state and society

The mission of NACP reflects the impact that NACP would like to obtain of its work.

4.3 VALUES

- > Transparency – NACP is open to public scrutiny, transparent in its decision-making and activities and explains its decisions to the public and affected persons.
- > Integrity – NACP is impartial and objective in its decisions, upholds high ethical values, principles and norms in the work of its commissioners and staff, does not allow even an appearance of impropriety and maintains a strong corruption prevention system within the institution.
- > Independence – NACP is autonomous in its decision-making and control its activities and are not subject to political or any other undue interference.
- > Rule of law and accountability – NACP is governed by the rule of law principles in its work, including legality, fairness, respect for human rights, does not abuse its authority, reports to the public and acts in the public interest.
- > Effectiveness and efficiency in the work carried out by NACP – NACP aims to achieve its objectives and delivers the intended results of its activities, it uses its resources economically, bases its work on sound strategic planning, monitoring and evaluation.

The values reflect the guiding principles of NACPs work. NACP cannot deviate from these values in any way in its policies, decisions, guidelines or practical implementation of the mandate.

4.4 LONG-TERM OBJECTIVES

Long-term objectives beyond 2020, making an impact on state and society:

- > Effective legal framework, mechanisms and practice established to prevent corruption in the public and private sectors
- > Level of corruption perception and experience reduced

- > Tolerance to corruption significantly reduced in the society
- > NACP is a key player in "Delivering as One" in close collaboration with national anti-corruption agencies and national and international stakeholders
- > NACP has a strong reputation in the public as a national anti-corruption institution

4.5 SHORT-TERM OBJECTIVES

The following identifies a number of short-term objectives that NACP should achieve in the period 2017-2020. The objectives include:

- > Three leadership focus areas that commissioners and NACP as a decision-making body should develop, decide upon and pay specific attention to. Implementation of leadership focus areas will be carried out by thematic and support departments.
- > Five objectives and related outcomes and outputs for the five functional departments, related to the core mandate and functions of NACP.
- > One objective and related outcomes and outputs for the support functions (units).

4.5.1 LEADERSHIP FOCUS AREAS

4.5.1.1 GOVERNANCE, INTERNAL INTEGRITY AND COOPERATION WITH EXTERNAL STAKEHOLDERS

Objective: To ensure that NACP delivers as one/speak with one voice internally and externally in cooperation with key anti-corruption institutions.

As a new institution, there is a need to set the direction for the governance of NACP, values and principles, consensus building, to operationalize decision-making, internal procedures and guidelines for the staff, staff capacity building and to establish close cooperation with anti-corruption institutions and key external stakeholders, delivering as one/speaking with one voice. This may include servicing the Public Council of NACP, agreeing on memorandums of understanding with key stakeholders and establishing working groups with ministries and anti-corruption agencies in order to streamline the exchange of data and participation in working groups of anti-corruption institutions in Ukraine.

4.5.1.2 COMMUNICATION STRATEGY

Objective: To ensure that information, campaigns and awareness-raising about legislation and the mandate of NACP, organization, commissioners and staff, decisions made, policies and strategies adopted, campaigns, press releases/media contact person, activities and outcomes/best practice systematically are accessible and know by staff, external stakeholders and the public.

NACP is in a process of formulating a communication strategy that should include both internal and external communication. It may include interactive "rooms" for asking questions and dialogue on particular issues. One way of doing this may be to develop a Portal with two separate access points: internal and external (website). The website should be in Ukrainian and (in a shorter version) English. The design will be based on a needs assessment.

4.5.1.3 IT STRATEGY

Objective: To develop an IT infrastructure that effectively underpins the implementation of NACP's mandate.

NACP should develop an IT strategy based on a thorough needs assessment, including:

- A Portal for internal and external website communications.
- IT systems for e-assets declarations register, register of e-reporting by political parties and candidates, register of persons who committed corruption offences, whistle-blowers, lodging of complaints, and storing of declarations and other information received on paper.
- Internal case management system.
- A cockpit for accounting.
- Access and electronic data exchange with needed registers in Ukraine and abroad, relevant for verification of assets declarations and lifestyle monitoring, declarations from political parties and supporting enforcement of the law on conflicts of interests and other anti-corruption requirements.
- Modern hardware and software to implement the mandate of NACP at national and local level.
- On-going maintenance of the IT platform.
- Regular testing of performance and functionality, and monitor that the data security lives up to Ukrainian legislation.

The IT system must comply with relevant Ukrainian legislation for data protection and security.

The design of the IT system should follow specifications of the functional requirements to the system.

See further [chapter 4.5.2.6](#) on support functions.

4.5.2 CORE FUNCTIONS

4.5.2.1 PREVENTION OF POLITICAL CORRUPTION

Objective: Political parties and election candidates comply with legislative requirements on political party financing and financial reporting.

Outcome 1: Implementation of legislation governing political party financing assessed and proposals for amendments formulated to strengthen enforcement mechanisms and eliminate gaps.

Outputs:

- Results of the study of implementation of regulations on party finances and their impact published

- Report(s) on gaps and short-comings in existing legal framework published
- Amendments to legislation proposed after a comprehensive and open process involving relevant stakeholders.

Outcome 2: Political parties and election candidates submit on time quality financial reports in electronic form, NACP conducts effective verification of the reports, imposes fair sanctions for violations and make the reports accessible to the public.

Outputs:

- E-platform for submission of financial reports by political parties and electoral candidates operational.
- Operational internal processes, regulations and division of work for handling issues on political party financing.
- Procedures for receiving information and reporting on unlawful political financing implemented and coordinated with a whistle-blower mechanism.
- Procedures for coordination with other state agencies in assessing and enforcing failure to comply with legal requirements implemented.
- Financial reports of political parties and electoral candidates submitted on time, published on the NACP website, including in machine-readable form.
- In-depth verification of financial reports by political parties and electoral candidates conducted and results published on-line.
- Reports and analysis of submitted data regularly published in a user-friendly format on the website.

Outcome 3: Political parties and election candidates as well as the general public and legal entities are aware about the principles and legal requirements for political party financing.

Outputs:

- Training seminar(s) for political parties and electoral candidates.
- Regular meetings with the leadership of political parties.
- Information material disseminated in line with NACP's communication strategy.

4.5.2.2 FINANCIAL CONTROL AND LIFESTYLE MONITORING OF PUBLIC OFFICIALS

Objective: Financial control requirements are effectively enforced enhancing the prevention and detection of illicit enrichment and conflicts of interests of public officials.

Outcome 1: E-declarations register contains the required data, functions without interruptions and is easily accessible to the public and authorized anti-corruption agencies.

Outputs:

- Provision of timely and relevant input to the IT strategy and IT support functions to achieve that the e-declaration register is operational and includes modules for automated verification and analysis of e-declarations.
- Stakeholder based needs assessment conducted to ensure that the register efficiently provides stakeholders with relevant and required data. The public has user-friendly access to information in the e-declaration registry on NACP's website, including in machine-readable format through a public API.
- NABU have full access to the e-declarations registry, including in machine-readable format through a private API.
- User surveys conducted annually and format for information sharing adjusted, if required to improve performance.

Outcome 2: Verification of e-declarations and lifestyle monitoring of persons authorized to perform the functions of the state or local self-governments effectively and efficiently conducted.

Outputs:

- NACP adopted rules for logical and arithmetic control of declarations and rules for automated verification and weight ratios for the verification rules.
- All declarations subject to mandatory verification are timely verified and the results of verification open to the public.
- At least 80% of the information from public authorities received in e-form.
- At least 50% of the information from declarants received in e-form through secure channels in 2017, 60 % in 2018, 70 % in 2019 and 80% in 2020.
- MoU's with relevant law enforcement, anti-corruption and other public agencies on how to exchange data, cooperate and coordinate as well as solve disputes amicably.
- NACP has direct access to all registers, databases and information systems required for effective verification of asset declarations, including through automated electronic exchange of data.
- NACP's internal model for handling issues on assets declarations is operational, including clear internal processes, division of work and competences, criteria for assessment and verification and processes for the use of external experts described.
- Annual audit of the processes for handling assets declarations by independent auditors to determine if NACP is handling assets declarations efficiently and if targets are realistic.

Outcome 3: Legislation provides an efficient basis for asset disclosure and verification and monitoring of lifestyle.

Outputs:

- Assessment of the implementation of existing legislation published (2017).
- Amendments to the law to strengthen the financial control system proposed (2017 and 2018).

Outcome 4: Public awareness about asset declarants' rights and obligations.

Outputs:

- Guidelines on the most frequently asked questions, related to declarant's duty to comply with requirements in the legislation, issued, regularly updated, published on the website and disseminated to declarants and other stakeholders.
- A hotline telephone and online chat to provide advice to declarants.
- Training and awareness raising programme target declarants, watchdog NGOs, investigative journalists and other relevant stakeholders implemented.
- Effects of training and awareness methodology evaluated systematically.

4.5.2.3 ANTI-CORRUPTION POLICY

Objective: Systematic review of national anti-corruption policies and strategies. Their implementation facilitated, monitored and reported in order to ensure that corruption challenges are adequately addressed in legislation as well as in practice.

Outcome 1: NACP develops the new National Anti-Corruption Strategy (2017-2020) according to the Law on Prevention of Corruption and regularly provides anti-corruption agencies and stakeholders with evaluations of, and recommendations on, its implementation and results.

Outputs:

- Analysis of the implementation of the National Anti-Corruption Strategy (2014-2017) published.
- New National Anti-Corruption Strategy (2017-2020) developed in close dialogue with anti-corruption stakeholders, civil society and international partners, and submitted to the Government for endorsement.
- Permanent working group established at NACP as a platform for monitoring and analyzing anti-corruption challenges and developing policy proposals to include public authorities, civil society and international experts.
- Evaluation of the level of corruption in Ukraine conducted annually according to an approved methodology. The evaluation will measure levels of trust to anti-corruption and other public institutions, spread of corruption, prevalent types of corruption and measure it through qualitative and quantitative indicators. It will be commissioned by NACP and conducted by a non-governmental polling/research institution. Results will be disseminated on the NACP website and through other available information channels.

Outcome 2: Professional competence building and enhancement of legal knowledge of public officials within state and local self-government authorities in issues of the prevention of corruption.

Outputs:

- NACP training capacity developed, technical equipment provided and presentations prepared.
- Implementation of training-of-trainers programme for 200-250 trainers within state and local self-government authorities.
- Training of trainers within NACP on each functional direction of NACP activities.
- Preparation of training material with support of external experts, guidelines for trainers, develop training course materials and conducting training.
- Effects of training programmes systematically evaluated.

Outcome 3: Relevant legislation or draft legislation are screened and analyzed to detect corruption-prone provisions in accordance with the law.

Outputs:

- New methodology for anti-corruption screening implemented.
- Staff regularly trained on the application of the screening methodology.
- Staff of identified public authorities trained according to NACP's methodology for training of public officials.
- Watchdog and anti-corruption NGOs encouraged to conduct analysis of legislation and their drafts for corruption-prone provisions and the results of the analysis used by NACP.

Outcome 4: Stakeholders are aware about the work of NACP as well as anti-corruption principles and requirements and have equal access to relevant and timely information covered by NACP's mandate.

Outputs:

- NACP's Communication Strategy (2017-2020) implemented.
- Information on corruption threats and anti-corruption instruments disseminated to relevant anti-corruption agencies and stakeholders through relevant means (e.g. video clips, billboards, posters, audio messages, public service announcements on TV, Facebook and Twitter).
- Regular dialogue with international stakeholders.
- Website in English with key information on NACP, including: anti-corruption legislation, the mandate of NACP, annual reports from 2016 and on, key cooperation partners and MoU's, the Strategy, organization, commissioners and staff, campaigns conducted and results of the activities.
- The Public Council receives the required information about the priorities and work of NACP, enabling the Council to carry out its mandate. NACP provides feedback to the Public Council's inquiries and recommendations.

4.5.2.4 MONITORING OF COMPLIANCE WITH THE LAW ON CONFLICTS OF INTERESTS AND OTHER RESTRICTIONS WITH REGARD TO CORRUPTION PREVENTION

Objective: Public officials comply with conflict of interest regulations and other anti-corruption restrictions and requirements. Non-compliance is efficiently detected and reacted upon.

Outcome 1: A robust infrastructure for preventing, detecting and reacting to conflicts of interests and violations of other anti-corruption restrictions implemented.

Outputs:

- Policy and procedures on how to react to instances of potential and actual conflict of interests implemented.
- Methodology and guidelines for risk-based preventing, detecting and reacting to conflicts of interests published.
- IT is provided with the required information to establish and maintain a case management system to process information, automate analytical data required for monitoring, control of violations and identification of systemic challenges and corruption risks.
- Direct access to databases and information systems of public authorities is established and maintained.

Outcome 2: Public officials and stakeholders aware about conflict of interest regulations and other anti-corruption restrictions and requirements.

Outputs:

- Methodology for training of anti-corruption units/officers within state and local self-government authorities implemented.
- NACP staff conducts training and seminars.
- Awareness campaign(s) - speaking with one voice with other anti-corruption agencies and possible also NGOs and based on a needs assessment - carried out covering the entire country.
- Leadership programme for 20-30 public opinion leaders implemented.

4.5.2.5 ORGANIZATION OF PREVENTION AND DETECTION OF CORRUPTION

Objective: A robust system enabling the prevention and detection of corruption in the public and private sector and protection of whistle-blowers.

Outcome 1: Public authorities implemented anti-corruption programmes developed, based on corruption risk assessments and containing measures to eliminate corruption risks, reasons and conditions for corruption. The implementation of anti-corruption programmes is closely monitored, resulting in their continuous improvement.

Outputs:

- Legislation related to the anti-corruption units/officers in public authorities proposed, in order to strengthen their role and ensure their effective coordination by NACP.
- Methodology for corruption risk assessment, as well as guidelines for the development of anti-corruption programmes in public authorities published and disseminated among public authorities.
- NACP approves anti-corruption programmes of public authorities.
- Mechanisms for monitoring anti-corruption programmes operational, including regular on-site inspections, questionnaires, issuing of recommendations and proposals.
- Staff trained in application of the corruption risk assessment methodology and guidelines for development of anti-corruption programmes (training programme for public officials in 150 public agencies implemented by 2020); training programme regularly up-dated based on need assessment with integration of international best practice.
- The requirement that all public authorities must have anti-corruption units/officers (overall about 500 units in Ukraine) monitored and enforced by NACP.
- NACP implements its methodology and effectively coordinates, provides advice and assistance, monitors anti-corruption units/officers in public authorities, including reports and replies to questionnaires and conducting inspections of public authorities' work in the corruption prevention area.
- Model anti-corruption programme of private sector legal entities published and disseminated, risk assessment methodology implemented, relevant training conducted and monitoring of the implementation of anti-corruption programmes of public authorities conducted.

Outcome 2: Whistleblowers rely on an effective system for protection.

Outputs:

- Improved legislative framework on whistle-blowers proposed, including robust protection mechanisms, instruments to control enforcement, alignment with other legislation and personal liability of employers for harassment of whistle-blowers.
- Procedures for receiving, verifying and following up on reports on corruption published and implemented.
- The general public and whistle-blowers informed about channels for reporting corruption.
- Awareness-raising campaign promoting positive images of and encouraging whistle-blowing implemented and its results evaluated.
- The efficiency of corruption reporting mechanism assessed annually, e.g. if awareness-raising campaigns generate an increase in reports, the quality of reports and efficiency of NACP to handle complaints, including follow-up on other agencies' handling of the matter.

Outcome 3: The Unified State Register of natural and legal persons who committed corruption or corruption related offences maintained and is credible and reliable.

Outputs:

- Unified State Register of natural and legal persons who committed corruption or corruption related offences created and functions properly.
- Existing data from the registry of the Ministry of Justice transferred to NACP's registry.
- The IT support function has the required information in order to ensure that the unified register is technically and legally operational, its data up-dated without delay, and deleted, when required by law.
- Data analysis from the registry regularly conducted and included in the annual reports and other NACP publications.
- NACP implements and published its guidelines for access to information and deletion of information in the register, when required by law.

4.5.2.6 SUPPORT FUNCTIONS

Objective: A professional and sustainable institution with strong capacity and staff competences.

Outcome 1: An effective organizational structure with the necessary human, technical, logistical, financial and legal resources to implement its mandate.

Outputs:

Staff competences and support:

- Assessment of the competences needed.
- Application to the government for approval of an increase in the number of staff positions based on an assessment of the competences needed (currently there is no funding for financing territorial units or additional staff in the 2017 budget).
- Programme for building staff competences for all groups of staff, including in-service training, exchange of experience and study tours adopted and implemented.⁸
- Satisfactory working conditions.
- System for staff performance evaluation implemented.
- The annual staff turn-over should not be more than 15%.⁹

Regional NACP offices:

⁸ According to the law, public employees shall receive competence building every second year.

⁹ <http://smallbusiness.chron.com/healthy-employee-turnover-rate-12145.html>;
<http://www.halogensoftware.com/blog/does-your-organization-have-healthy-employee-turnover>

- Minimum five NACP regional offices established and operational, providing access to information and facilitating work for the Secretariat.
- The needs for access to information from the HQ is based on an assessment that includes input from the departments.

Internal control and audits:

- Robust system of internal control and audits, including a system for external auditing of funding received from international donors.
- Internal channels for whistle blowing and reports of corruption established and functioning effectively.

IT:

- Input to the development of a solid IT strategy (approved and monitored by the commissioners/leading body).
- IT infrastructure efficient and serves the purposes of NACP and anti-corruption agencies depending on NACP's IT-system.
- IT system for e-declaration register, register of e-reporting by political parties and candidates, and register of natural and legal persons who committed corruption offences operational. The IT system includes modules for automated verification and analysis of data, integration with external information systems, exchange of secure electronic messages between NACP and declarants/parties, based on implementation and maintenance plans, as well as regular tests for performance, functionality and security of data.
- A case management system to process information, automate analytical data required for monitoring, control of violations and identification of systemic challenges and corruption risks, operational based on an implementation and maintenance plan.
- Unified State Register of natural and legal persons who committed corruption offences transferred from Ministry of Justice to NACP's database/registry and operational.
- NACP access to the registers and information systems of the Ministry of Justice, Pension Fund, Ministry of Social Policy, Ministry of Internal Affairs, State Fiscal Service and other institutions that hold necessary data negotiated and implemented.
- Public authorities authorized by law have direct access to NACP databases and information systems.
- Regular testing of performance and functionality, monitoring of that data security lives up to Ukrainian legislation.

Legal:

- Analysis of anti-corruption legislation, normative needs, legal practice and interpretation.

- Legal support services, e.g. hiring and laying off, procurement contracts, maintaining of IT systems, etc., provided when required.
- Staff of the legal support unit receive in-service training in intellectual property rights, procurement and other specific technical tasks.

5 IMPLEMENTATION PLANS

Implementation plans for short-term objectives are related to the functional departments and support functions (see appendix C). The implementation plans draw on the "Approved Resolution of the National Agency on Corruption Prevention 2017 N", adopted by NACP on 19 December 2016. The implementation plans include the following: short-term objectives, outcomes and outputs (defined in the main document), activities, indicators¹⁰ and sources of financing (the state or donor).

6 FOLLOW-UP ON THE STRATEGY

The commissioners/leading body are overall responsible for the follow-up and implementation of the Strategy, supported by the departments and support functions. This will include monitoring and annual external evaluation of its implementation, possibly commissioned by the key donors funding activities under the Strategy. In addition, NACP will facilitate the Public Council to monitor the implementation of the Strategy.

7 COSTS/BUDGET FOR IMPLEMENTING THE STRATEGY

Funding for implementation of the NACP Strategy for 2017-2020 is provided from the State Budget of Ukraine, as well as by donor financing in accordance with international treaties ratified by the parliament or international technical assistance projects.

¹⁰ Drawing on the indicators in the Development Engagement document (DED) for EUACI support to NACP (in final draft, March 2017) and key performance indicators (KPI) developed by the Council of Europe (if drafted before the Strategy has been agreed upon). http://www.coe.int/en/web/kyiv/fight-against-corruption-in-ukraine/-/asset_publisher/Hw55xg9tZiU0/content/the-national-agency-on-corruption-prevention-begins-developing-key-performance-indicators?inheritRedirect=false, February 2017

APPENDIX A TERMS OF REFERENCES

Process Consultant for the formulation of NACP's Strategic Plan under the Danida/EU Anti-Corruption Initiative (ACI)

1. Background

Corruption remains endemic in Ukraine and is an impediment for democratic development in the country, the latter being one of the major objectives of the Danish Neighbourhood strategy. Thus, support to anti-corruption efforts in Ukraine is a high political priority for Denmark, and the rest of the EU. By combatting corruption Denmark and EU will contribute to the future economic growth and trade between Ukraine, Denmark and the rest of the EU.

Based on the substantial experience Denmark has with governance and civil society in Ukraine and solid experience with the implementation of large programmes in this field, the EU has decided to award the implementation of the EUR 15 million "EU Anti-Corruption Initiative in Ukraine (ACI)" 2017-2019 to Denmark using the indirect implementation modality.

To combat widespread corruption, Ukraine adopted an extensive legislation package in 2014, and deployed it in 2015. The new legislation establishes a range of new institutions across the anti-corruption work chain within prevention, investigation, prosecution, asset search and recovery, and specialised courts. Key to this new policy is the establishment of the National Agency on Corruption Prevention (NACP).

NACP was conceived to take over from the Ministry of Justice as the key preventative institution for driving the anti-corruption reform process and becoming the core agency to shape anti-corruption policy for the state. In addition to being responsible for the policy architecture, NACP shall provide preventive and control measures, through:

- Electronic asset declaration of all civil servants working for the Government of Ukraine and accompanying tools – such as lifestyle monitoring;
- Monitoring behaviour of civil servants regarding conflict of interest, acceptance of advantages and gifts;
- Control of political party finances and vetting state allocations to the party budgets;
- Corruption risk assessment and mitigation in state institution processes;
- Handling whistle-blower reports and ensuring protection for these individuals;
- Tracking current trends in corruption-related issues, gathering and processing statistical data, and delivery of nation-wide awareness-raising initiatives (including strategic anti-corruption communications).
- Running the Unified State Register of natural and legal Persons who Committed Corruption offences.

NACP was officially launched into full-scale operations in August 2016. Up until today, four of the five commissioners have been appointed including the Head and Deputy Head of the NACP. The fifth commissioner is still to be appointed. Staffing has progressed over the last months, with the agency now employing 213 out of a planned 311 staff members. Basic IT equipment has been procured, but most IT systems are still to be assessed, procured, and deployed.

There is currently no complete institutional strategy in place for NACP medium and long-term activities, goals, and indicators nor a clear business process in place to meet NACP objectives. Similarly, NACP still needs a capacity development plan to guide the multiple development partners engaged with the institution.

The support provided under ACI to the institution by Denmark will be aligned with the NACP objectives and priorities and based on support already rendered to it from the Danish side through the UNDP Enhanced Transparency and Integrity project.

To ensure that the agency becomes more strategic in its prioritisation and work, the ACI will as a first step provide consultancy assistance to the NACP to develop the NACP institutional strategy. This process will be led by NACP, and include key donors and advisers including USAID and EUAM. Once the strategy has been developed, a more detailed support plan will be drafted as well as a capacity needs assessment.

2. Objective

- a. The objective of the assignment is to facilitate the drafting of the NACP long-term strategic plan in accordance with NACP priorities. NACP should lead this process facilitated by the process consultant. The strategic plan should include clear goals, indicators and targets and describe overall activities and initial capacity development needs anticipated to meet the goals. The strategy should be costed at an overall level.
- b. The strategy should also serve as a basis for donor alignment and coordination and must thus reflect expected contributions and inputs from donors. The consultant should thus, together with NACP, reach out to the donor community to be involved in this process. In addition, the consultant, together with NACP, should seek input from relevant state agencies active in development and implementation of anti-corruption policy in Ukraine to ensure coherence with broader security policy.
- c. The EU Advisory Mission to Ukraine (EUAM) is expected to assist with the implementation of the assignment.

3. Scope of work

The assignment is expected to be implemented in three phases:

1 Inception and planning phase. The objective of this phase will be to ensure that the strategy formulation process is aligned with NACP priorities and that all relevant stakeholders are consulted and included. Key activities include:

- Desk study of Ukraine A/C context and NACP
- Initial field mission to plan for strategy workshop
- Introductory meeting with NACP to clarify process and expected outcome
- Meeting with EUAM on process
- Meeting with Anti-Corruption donor group to discuss process
- Separate meeting with USAID on their involvement in process
- Agreement with NACP on process
- Planning of strategy workshop and follow-up.

2 Implementation phase. The objective of the implementation phase will be to facilitate the strategy development. Key activities include:

- Final agreement of workshop process and participants with NACP
- Facilitation of strategy workshop led by NACP and facilitated by consultant
- Drafting of strategy with NACP during and after workshop.

3 Validation and finalisation. The objective of the third phase is to ensure broader ownership of strategy and finalise the product.

- Assisting NACP with presenting draft to donor community and civil society
- Assisting NACP in finalising the draft
- Assisting NACP with preparing draft for publication (English and Ukrainian).

The assignment may be undertaken using either one mission for the inception phase and one for the implementation phase, or the two missions may be undertaken back-to-back following approval from NACP.

4. Timeline and Outputs

The assignment will be implemented between January and 20 March 2017.

Key outputs include:

- A Mission Preparation Note (MPN) with the proposed approach and methodology to be submitted to the Danish MFA and NACP one week before the first mission.
- A draft workshop plan to be submitted to NACP at the end of phase 1.
- A debriefing note to NACP and the Danish MFA by the end of phase 1 and phase 2.
- A draft strategy document submitted to NACP by the end of phase 2.
- A strategy consultation note and dissemination note to NACP by the beginning of phase 3.
- A final strategy document by the end of phase 3.

5. Team composition and qualifications

The COWI team included three team members:

- Birgit Lindsnæs, team leader, process, human rights and anti-corruption experts
- Thomas Trier Hansen, legal, human rights and anti-corruption expert and lawyer
- Dmytro Kotlyar, anti-corruption expert and lawyer (Ukraine)

European Neighbourhood Department (EUN)

Ministry of Foreign Affairs of Denmark

Copenhagen 30 November 2016, revised in February 2017 in regards to 4. timeline and 5. team composition

APPENDIX B SWOT ANALYSIS

The SWOT-analysis of NACP for input to its Strategy 2017-2020 was conducted by the team of COWI consultants with representatives of NACP departments and support functions at the Agency's office on 1st February 2017.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. As a new, and not re-established, institution, NACP is responsible for new areas of work that did not exist before. This is an opportunity for creating new standards. 2. Strong legal framework to carry out its duties and ensuring its independence. 3. Administrative and criminal liability for violations of anti-corruption restrictions and requirements. 4. Wide powers to control compliance with anti-corruption legislation, access to information and provide clarifications. 5. Cooperation established with other governmental and anti-corruption agencies on the level of technical cooperation and work. 6. NACP draws on previous anti-corruption work, including by the Ministry of Justice. 7. There is a public demand for NACP's work. NACP enjoys initial credit of trust and support from the public. 8. Transparency of information about its activities on the official website and social networks, publishing on-line declarations of public officials and financial reports from political parties, draft agenda of NACP meetings and decisions published on-line. 9. As a think tank (analysis of corruption practices and anti-corruption measures), NACP is the only public agency responsible for formulation of a national anti-corruption strategy. 10. E-declaration system for public officials launched. The unique experience of the first stage of the e-declaration campaign is the basis for further work and improvement. 11. State funding of political parties as well as a system for state control over political parties' finances and requirements for transparency of party finances introduced. 12. Methodological/guidance centre, providing advice and clarifications. 	<ol style="list-style-type: none"> 1. Vulnerability of status: as a part of the central executive bodies system, NACP has power to control high level officials. 2. Challenges in separating the jurisdiction between the NACP and law enforcement authorities. 3. Poor inter-agency collaboration and communication, in particular with the Ministry of Justice and NABU. 4. Suboptimal legislation: NACP's mandate and powers are not clearly outlined in all areas; inconsistency between the Law on Prevention of Corruption and the new Law on Civil Service with regard to status of NACP staff, the head of the civil service within the NACP, etc. 5. Incomplete composition of NACP, the fifth commissioner not appointed yet, undermining the efficiency. 6. Lack of clear division between political and administrative functions. 7. Lack of personnel (open vacancies) and qualifications in some areas. 8. Threat of intervention in the information systems, personnel is not prepared to address information security issues. 9. Lack of physical infrastructure, insufficient funding for IT needs. 10. Territorial branches/offices not yet established. This makes it difficult to obtain information and exercise its powers. 11. Employees simultaneously perform different roles: carry out inspections, explanatory work by phone or e-mail and organize events for explanatory work. 12. Insufficient PR-support and ineffective response to criticism (information attacks) aimed at NACP from MPs, NGOs and others. 13. Absence of institutional memory because NACP is a new institution.

<ul style="list-style-type: none"> 13. Conducts awareness-raising campaigns (regional events, trainings, round-table discussions). 14. Strong, professional and competent staff from different backgrounds, with different experience and sets of skills (different branches of law and fields such as HR management, IT specialists), versatility and complementing each other. 15. Highly motivated staff, both interested in the process and in obtaining results, and prepared to "hit the ground running", even under intense working conditions. 16. Employees have opportunities for professional development, participation in training and seminars, including abroad. 17. The management leaves employees certain discretion and encourages them to take the initiative. 18. Organizational and internal control 19. Support from international organizations and donors. 	<ul style="list-style-type: none"> 14. An electronic platform for financial reporting of political parties not yet established. There is no amendments to the legislation. Now there is only an inefficient paper system. 15. Difficulties in obtaining information from public registers and databases, poor quality of available information in such registers and databases. 16. Lack of an efficient system for information processing within NACP, including sensitive information (personal data, restricted access to information, the challenge of information security). 17. NACP lacks examples and relevant experience, including from other countries and a-c institutions, on how to deal with numerous issues under its jurisdiction. 18. Lack of openness and inefficient communication on the activities, leading to a decline of trust in NACP. 19. Analytical functions are scattered among various departments, there is no unified analytical unit. 20. There is no procedure for settlement of disputes between departments in regards to preparing documents. 21. Failure to implement anti-corruption control mechanisms due to excessive bureaucracy, lack of procedures and resources. 22. Lack of teambuilding exercises 23. Inefficient decision-making process within NACP 24. Decision-making processes are lengthy, especially when it concern issues which should be addressed promptly. 25. Lack of mechanisms to optimize the structure of NACP. 26. Procedures for personnel performance evaluations have not been regulated. 27. Possible high turnover of highly skilled staff due to increasingly high workload. 28. Non-competitive salaries in comparison to salaries paid in the private sector. 29. Formality-driven, processes without results, work for the sake of indicators, quantity instead of quality, as a result: no changes in the corruption situation.
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Opportunities	Threats
<ol style="list-style-type: none"> 1. Creation of internal information processing/case management system, optimizing business processes. 2. Ensuring access to databases, including abroad. 3. Information awareness and training programmes for authorities and officials, including online courses to train employees on compliance with anti-corruption legislation. 4. Resources for information campaigns (video tutorials on TV, public service advertisements, etc.). 5. Professional development of staff, exchange of experience with other bodies and similar agencies abroad, internships, cooperation with experts beyond NACP, training in management and efficient operation, self-education. 6. Internal testing to measure the individual staff's abilities and skills. 7. Creation of Unified State Register of natural and legal Persons who Committed Corruption offences. 8. Development of an electronic reporting system for political parties and electoral candidates. 9. Amendments in legislation: electronic reporting platform for political parties and electoral candidates, strengthening accountability for violations of the financing of political parties requirements, strengthening the role of authorized anticorruption units/officials and independence of NACP. 10. Improving the selection procedures for the NACP staff, establishing clear selection criteria. 11. Developing criteria for performance evaluation of staff. 12. Building a network of authorized anticorruption units/officials in the public authorities and their coordination by the NACP. 13. Setting up regional branches (offices). 14. Strengthening PR opportunities, work with the media. 15. Improving the efficiency of NACP, measuring impact of the work on the 	<ol style="list-style-type: none"> 1. Weakening of NACP by means of changing the legislation, e.g. by cutting functions out or adding new, inappropriate functions. 2. Political pressure, obstruction, blocking the work that manifests itself in different forms, e.g. by limiting funding, interference by MPs not happy with the results of inspection conducted by the NACP, interference on the part of the Government or other public bodies. 3. Lack of public and state officials' awareness on anti-corruption legislation and the functions of NACP. 4. Inefficient network of authorized anti-corruption officials/units in other public authorities. 5. Defamation of NACP in the media. 6. Blocking of NACP regulatory acts by the Ministry of Justice that refused to register such acts. 7. Lack of awareness of the public about duties and powers of NACP. 8. The government or parliament ignore the opinion of NACP when making changes to anti-corruption legislation. 9. Unreliable e-declarations register work, lack of funding for its modernization, interference in the register's IT system. 10. Complaints in the Constitutional Court regarding the unconstitutionality of the law concerning the financial control.

<p>corruption situation in the country and achieving the NACP objectives.</p> <ol style="list-style-type: none"> 16. Optimization of the NACP departmental structure, separation of their functions. 17. Creation of a centralized call-centre within NACP, replacing these functions in separate departments. 18. Establishment of the Public Oversight Council of NACP. 19. Contributing to the efficient work of the National Council for Anti-Corruption Policy under the President of Ukraine. 20. Better coordination with the Ministry of Justice and other anti-corruption bodies, exchange of data and experience. 21. Protection of personal data processed by NACP in regards to granting access to personal data to other governmental bodies. 	
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APPENDIX C IMPLEMENTATION PLANS

The following six implementation plans have been adopted by NACP and will be revised annually.