

Dear Partners,

Welcome to the **Open Society Foundation** Monthly Newsletter!

It is our pleasure to present our activities during last month. You are welcome to forward this or recommend others to subscribe. To subscribe to the OSF Newsletter, please send a message to info@osf.org.ua

Sincerely,

The staff of the **Open Society Foundation**

For more news please visit OSF website: osf.org.ua

OSF President proceeded with her duties in the committee, dealing with the selection of the senior management of the National Agency for Corruption Prevention (NACP)



Lesya Shevchenko took part in two December meetings on selection of the candidates for NACP members. Lesya stressed the importance to elect digni-

fied and professional NACP managers and launch the Agency as soon as possible.

OSF presented the interim results of the 1st Ukrainian transparency, participation and integrity index monitoring. Members of the public partnership “For Transparent Local Budgets!” analyzed key financial documents for 17 Ukrainian cities based on the OSF methodology



Lesya Shevchenko and Ivan Sikora presented in UNIAN the interim results of local budgets monitoring, carried out jointly with the Odesa regional organization of the Committee of Voters of Ukraine and our partners in 15 cities of

Ukraine within public partnership «For Transparent Local Budgets!».

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Policy Paper «How to ensure proper European integration examination in the national lawmaking?» was published

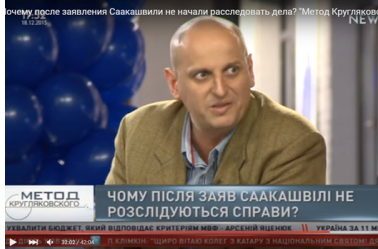


OSF experts Lesya Shevchenko and Olga Zelinska examined the problem of the approximation of national legislation to EU law for European Information

and Research Program project of USAID “RADA: accountability, responsibility, democratic parliamentary representation «.

[Read more](#)

OSF Director Ivan Sikora spoke to NEWSONE TV channel on the fight against corruption in Ukraine



Special attention was paid to Mikhail Saakashvili's statements on large-scale fraud in state-owned enterprises, including Odesa port plant. According to Sikora, the problem was caused by multiple reasons, including the lack of

the political will to combat corruption, the quota principle of the appointment of the heads of state-owned and state-controlled enterprises and lack of the anticorruption programs in these enterprises.

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OSF President Lesya Shevchenko presented Kyiv city anticorruption program concept parts on fiscal policy, municipal programs and budget procurement



At the discussion organized by the 'Reanimation Package of Reforms' initiative, independent experts analyzed the corruption risks, necessary measures

and expected results that could become part of the municipal anticorruption program.

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Kyiv: local policies and local budget

Projected 2016 budget revenues for Kyiv were underestimated. Independent experts evaluated the draft city budget of Kyiv for 2016



According to Ivan Sikora, projected revenue indicators were significantly reduced. Their real value adds up to several billions of hryvnias. Top underestimated budget categories include

the revenues from personal income tax, excise tax, land payments, developers' shares, lease of municipal property and other.

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The draft of the new municipal land program needs significant improvements



The draft program on Kyiv land use and protection for 2016-2020 includes no mechanism for efficient use of municipal land or substantial increase of the revenues to the city budget from taxes

and land sales. Meanwhile, the most significant Kyiv budget losses come from the land tax. OSF experts analyzed the draft program and provided suggestions on its improvement.

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Corruption risks in «Planning and Development» - the draft public building norms project – have to be eliminated



A group of independent urban development experts addressed the OSF regarding the violations in Public Building Norms (PBN). OSF included their expertise in the assessment and comments to the «Planning and Develop-

ment» draft of public building norms. We also prepared and distributed the open statement. The joint address focused corruption risks in the Draft PBN, and proposals to eliminate them.

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Advocacy campaigns

OSF developed the changes to the Procedure of investment competitions in Kyiv



At the meeting of Kyiv Anticorruption Council Ivan Sikora drew attention to the importance of the **regulation** on the City Council's draft decision on investment competitions. The Open Address previously initiated by the OSF on this issue was supported by a number of political groups in the Council. The draft decision

virtually monopolized the selection of investment initiatives by Kyiv Investment Agency (enterprise in municipal ownership), provided no sufficient instruments for public control and transferred the responsibility for attracting the investments in Kyiv from the KCSA to «the investment agent», a business entity.

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OSF has contributed to the campaign to keep the simplified tax system



Due to successful national advocacy campaign coalition members (OSF among them) managed to keep most simplified tax system elements despite the government's intention to destroy it within the initiated tax reform. According to the OSF Director Ivan Sikora «given discretionary and repressive national tax system, with numerous legal gaps, along with the existence of corrupt fis-

cal authorities and courts, simplified tax scheme is an alternative for the active members of society. These people wish not to wait for employment by the oligarchs or the state and create jobs on the open labor market for themselves.» Moreover, the simplified tax system is the key policy tool for small and medium business.

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Spreading best practices

Training community activists and journalists within public partnership «For Transparent Local Budgets!»



On December 12 OSF Director Ivan Sikora conducted the training for members of public partnership «For Transparent Local Budgets!» in Odesa. Train-

ing participants analyzed local budgets based on interim results of monitoring of the transparency, participation and integrity index.

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Winter Anticorruption School



During winter anticorruption school in Odesa Ivan Sikora spoke about the case of the community activism targeting construction in Mykilska Slobidka in Kyiv. Illegal construction in Kyiv develops with the snowball principle. The scandalous

construction in Mykilska Slobidka serves as an illustration of corruption practices and manipulation of the municipal planning documentation. What can and should local communities do to protect their rights?

[Read more](#)

The interim results of the 1st Ukrainian Transparency, Participation and Integrity Index

On December 28 in Kyiv Open Society Foundation presented the interim results of the local budgets' monitoring held in 17 cities of Ukraine based on 1st Ukrainian transparency, participation and integrity index (TPI Index). The Index was developed by OSF Director Ivan Sikora. The project is carried out by the Odesa organization of the Committee of Voters of Ukraine and the OSF together with partners from 15 cities in the framework of public partnership "For Transparent Local Budgets!".

Ivan Sikora pointed out that presented results were interim and reflected the general tendencies in publication and approval of local budgets as of December 25, 2015. The final results of the Index are expected in January 2016, following the adoption of all local budgets and clarification of the outstanding issues.

Despite the independent procedure of local budgets' adoption from the national government and clear deadlines specified in Art. 77 of the Budget Code, only 12 out of 17 local governments adopted their budgets before December 25th. Dnipropetrovsk, Mykolaiv, Cherkasy, Chernihiv and Severodonetsk still lack their key financial documents.

Despite the clear requirements on the

budget publication within 20 working days prior to consideration by the local council, only 6 cities (Odesa, Zdolbuniv, Voznesensk, Chuguyiv, Belozerka and Sumy) have complied with this norm. The study evaluated the completeness of the information on draft budget. Our analysis of all published local budgets showed problems with compliance with Article 76 of the Budget Code.

The citizens face obstacles to obtain information on the official websites regarding individual council members' voting for the budget. Only 4 cities (Kyiv, Odesa, Lviv and Chernivtsi) have personal voting available on web-site. The transcripts of the sessional meetings are maintained and published only in Kyiv. The accessibility of council members' inquiries relating the local budget was slightly better. Odesa and Lviv published council members inquiries on the webpage with no specification either these relate to the budget proposals.

Public participation in the meetings of the budget committee was noted only in 6 cities (Kyiv, Sumy, Cherkasy, Ivano-Frankivsk, Chuguyiv, Belozerka). Monitoring of the citizen participation in local council session during the adoption of the local budget showed similar results.

The study assessed various forms of

public consultations on the draft local budgets for 2016, including electronic consultations, public discussions, public expert discussions, meetings with stakeholders representing local initiatives and / or business associations. The measures to ensure the credibility of the results of the consultations and effective feedback with citizens who participated in the consultations on the draft budget remain critically insufficient. Not a single city provided complete and comprehensive information on the results of the consultations. Earlier the participants of the public partnership "For Transparent Local Budgets!" have proposed to add a separate attachment with information about the consultations results to the budget. So far no adopted budget contains such attachment. Undoubtedly, this hardly promotes confidence in the consultation. The citizens feel that their participation was manipulated to legitimize decisions.

[Learn more](#) about the public partnership "For Transparent Local Budgets!". The event was supported by the European Union and the Finnish Embassy in Ukraine. [Read more](#) on the results of the Index monitoring of local budgets.

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