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Progress in Ukraine's Anti-Corruption Efforts

July 2025 update (current as of 26 June 2025)

Summary

New Roadmap: The Government of Ukraine has approved over five hundred future actions in the field of the rule of law as part of the European integration process. Overall, the Roadmap is comprehensive and includes a number of proposals from civil society.

Ongoing development and implementation of anti-corruption policy: The drafting of a new Anti-Corruption Strategy and State Anti-Corruption Program is underway. We call for the inclusion of important reforms not yet reflected in policy documents, such as granting the Specialized Anti-corruption Prosecution (SAPO) the authority to lead investigation mandates on current MPs, and competitive selection procedures for the Prosecutor General as well as for the heads of the State Bureau of Investigation (SBI) and the National Police.

ARMA reform: We welcome the adoption of a law launching the reform of the Asset Recovery and Management Agency. It is now essential to proceed with the next steps without delays to fully implement the reform, i.e. amend the Criminal Procedure Code of Ukraine and adopt relevant bylaws.

The mandate of the High Qualification Commission of Judges (HQCJ) selection commission, which includes international experts, has expired. We expect MPs to support the reinstatement of this selection procedure. Otherwise, it may lead to the return of political influence over judicial governance and pose challenges for other institutions whose reform required significant efforts.

HACC staff expanded: The High Anti-Corruption Court (HACC) has seen two new judges join, but 23 judicial vacancies remain open across the first and appellate instances. The HQCJ will begin accepting applications for the competition in July. It is important to ensure that the competition is conducted transparently and interviews with candidates take place within the Public Council of International Experts' mandate.

First independent NABU audit conducted: International experts carried out the first independent audit of the National Anti-Corruption Bureau, providing a series of recommendations for both the NABU and lawmakers to improve the legal framework governing its operations. The audit, for example, also supported the long-standing position of civil society that the so-called "Lozovyi's amendments" should be abolished and access of the Bureau to independent and timely forensic examination should be ensured.

Expiration of statutes of limitations: Several high-profile corruption cases adjudicated in the High Anti-Corruption Court are at risk of dismissal due to the expiration of statutes of limitations in 2026–2027. It is necessary to address this systematic problem and suspend the statute of limitations after a first-instance court verdict or during international cooperation.

Register of Corrupt Officials reform: In the case of Sytnyk v. Ukraine, the European Court of Human Rights found the indefinite inclusion of an individual in the Register of Corrupt Officials disproportionate with the right to respect for private life. The Parliament adopted a draft law introducing limits for retaining records in the Register depending on the type of legal liability of a corrupt official. We support this legislative change, but the limit on the disciplinary liability should be further introduced.

Recovery and reconstruction: A **reform of public investment management** is being implemented, covering, among other things, the financing and prioritisation of recovery projects. However, most of these projects lack secure funding in 2025. Public-private partnerships – whose preparation and implementation procedures were streamlined by the Draft Law adopted in June 2025 – are expected to cover part of this gap. The Restoration Agency's role in the procurement of restoration projects is being strengthened after the transfer of some procurement functions from its regional units to a newly-established **centralised procurement organisation (CPO).** However, **policy-level issues that facilitate overpricing in construction procurement**, including a lack of a unified approach to determining material costs and price verification, must still be addressed for these changes to be transformative.

About this report

This document is a joint publication of Transparency International Ukraine (TI Ukraine) and the Basel Institute on Governance. It analyses the measures taken to strengthen Ukraine's anti-corruption ecosystem during the period from March to the end of June 2025.

This paper supplements the previous report covering progress up until February 2025, and is published ahead of the fourth Ukraine Recovery Conference, which takes place in Rome on 10 and 11 July 2025.

Background: Anti-corruption and Ukraine's European integration

On 14 May 2025, the Cabinet of Ministers of Ukraine reviewed and **approved the final Roadmap for the Rule of Law**, developed by the Ministry of Justice of Ukraine in co-operation with other relevant government bodies.

The Roadmap includes, among other things, anti-corruption measures within the framework of the EU membership negotiation process under Chapter 23 (Judiciary and Fundamental Rights) and Chapter 24 (Justice, Freedom and Security). It contains 529 future actions and is designed for implementation by the end of 2027. While not a final or exhaustive list of reforms required for EU membership, nor a document with macro-financial components, the Roadmap is a prerequisite for launching negotiations under thematic Cluster 1 – Fundamentals. This foresees legal alignment in the areas of the judiciary and fundamental rights; justice, freedom and security; public procurement; statistics; and financial control.

According to the Ministry of Justice, European partners and experts involved in drafting the Roadmap welcomed the content. The screening took into account the conclusions and recommendations of a shadow report prepared by leading Ukrainian civil society organisations, including TI Ukraine.

Some of TI Ukraine's proposals for the draft Roadmap were considered during the public consultations, which positively influenced the document's quality. However, some recommendations were either not included or then only partially. A noteworthy concern is that several key initiatives are scheduled for implementation in 2027 only, leaving little room for the inevitable technical and political delays if Ukraine is to meet the 2027 deadline.

Another key effort for Ukraine's anti-corruption reforms is the **EU's financial support programme for Ukraine** (EUR 50 billion for 2024–2027). The Ukraine Facility Plan outlines

69 reforms accompanied by 151 quarterly performance indicators, which will serve as the basis for the disbursement of funding. The envisioned reforms, including anti-corruption measures, will lay the groundwork for Ukraine's further recovery, economic development and integration into the EU.

Considerations and recommendations

Status of implementation of "homework" by Ukraine's anti-corruption and other institutions

State Anti-Corruption Policy

TI Ukraine and the Basel Institute on Governance continue to work closely with the National Agency on Corruption Prevention (NACP) on the development of a new national Anti-Corruption Strategy. Therefore this report does not provide an assessment of the ongoing preparatory process. At present, the NACP is also cooperating with the Basel Institute on Governance on a parallel study of corruption risks in the areas of construction, reconstruction and major repair of civilian infrastructure, and with TI Ukraine in the area of public procurement.

The new Anti-Corruption Strategy will focus **on two main objectives:**

- Further development of the overall systemic response to corruption.
- Mitigation of corruption risks in 17 priority areas: the judiciary and administration of justice; prosecution; legal profession and legal aid; law enforcement and crime prevention; defence; construction; recovery; energy; public procurement; state regulation and oversight of the economy; taxation; customs; subsoil use; land management; agriculture; healthcare; education; and science.

At the same time, we call for the inclusion of **important reforms** not yet reflected in international and national policy documents, such as competitive selection procedures for the Prosecutor General as well as for the heads of the SBI and the National Police. Equally important is granting the head of the SAPO the authority to initiate criminal proceedings and investigative actions against Members of Parliament.

The Roadmap and the Ukraine Facility Plan both provide for the **adoption** of the new Anti-Corruption Strategy and State Anti-Corruption Program **in the second quarter of 2026**. The Roadmap also emphasises the importance of ensuring a high degree of implementation, including through effective incentives and oversight mechanisms for the officials in charge.

ARMA reform

Under the Ukraine Facility Plan, the Ukrainian authorities were expected to establish the legislative foundations for the reform of Ukraine's Asset Recovery and Management Agency (ARMA) by the end of the first quarter of 2025. However, **Parliament passed Draft Law No. 12374-d in its entirety with significant delays, finally doing so on 18 June 2025**. If signed into law by the President of Ukraine, the next steps will involve amending the Criminal Procedure Code of Ukraine and adopting secondary legislation to enable the operation of the revised system for managing seized assets.

The adopted law addresses key shortcomings in ARMA's operations. For example, it introduces open and professional competitive selection of the Agency's head, the possibility of external audits of the Agency's performance and the formalisation of proce-

dures for selecting asset managers through open competitions.

It should be noted that ARMA itself has been actively and publicly resisting these reforms.

The need for ARMA reform is further confirmed by the Agency's annual report published in April 2025. A closer look at the report reveals that only a small percentage of identified assets are actually assigned to managers and managed effectively, signalling systemic weaknesses. These weaknesses need to be addressed through **systemic change, without which the Agency will struggle to fulfil its potential.** Therefore, it is essential to finalise the adoption of Draft Law No. 12374-d urgently, in order to resolve issues related to transparent asset manager selection and enhance the Agency's effectiveness.

The approved Roadmap for the Rule of Law outlines a significantly broader framework for reform in the areas of confiscation, asset freezing and financial sanctions. Beyond the reform of ARMA, this also includes improvements to the asset registration system for seized and confiscated property, and the alignment of the confiscation framework with the requirements of EU Directive 2024/1260.

Risks related to the new HQCJ competition

On 1 June 2025, the **mandate of the Selection Commission involving international experts**, which was responsible for selecting members of the High Qualification Commission of Judges (HQCJ), **expired.**

The quality and transparency of the future selection process for members of the HQCJ will directly impact the completion of several ongoing assessment and selection procedures in the judicial career system that have been initiated or continued by the current HQCJ. This includes:

1) the qualification assessment of over 1,300 sitting judges;

2) the selection of 1,800 judges for local courts; and

3) a potential competition for the Supreme Court vacancies.

To ensure a high-quality and independent composition of the HQCJ, multiple selection rounds involving international experts are recommended. Curtailing their participation could undermine the progress already achieved and risk the return of political influence over judicial governance.

If Parliament abolishes the involvement of independent experts, it would set a **dangerous precedent. It could negatively influence future parliamentary decisions regarding the inclusion of independent experts** in other commissions. It could, for example, affect the work of the Public Council of International Experts (PCIE), which evaluates candidates for the High Anti-Corruption Court (HACC) against integrity and professional ethics criteria. Notably, the PCIE's mandate is expected to expire in May 2026.

In response to the call by nearly 90 civil society organisations to preserve and continue international experts' participation in selection commissions, MPs registered **Draft Law** No. 13382 on 18 June 2025. **The draft proposes extending the involvement of international experts in the HQCJ selection process.**

Development of the anti-corruption segment of criminal justice

Despite the appointment of two new judges to the HACC following a lengthy selection

process, the **HACC still requires 23 additional judges to operate at full capacity.** This shortage is particularly critical in light of Ukraine's commitments to international partners under the Ukraine Facility and the approaching expiration of the mandate of the Public Council of International Experts in May 2026. Parliament has adopted amendments to the selection procedure that allow candidates to reapply and streamline the overall process. The HQCJ has announced a **new competition for 23 judicial positions** starting from July 2025, using a single exam for both the first and appellate instances to simplify selection.

NABU has undergone its first independent audit, which confirmed several systemic challenges previously mentioned in this series of reports. A commission of three international experts completed the first-ever external review of NABU's performance, rating it as "moderately effective" with a score of 1.4 out of 3. The Bureau received its highest scores in detecting and investigating high-level corruption and in international cooperation (rated "sufficiently effective"), while other operational areas require improvement.

Among the 26 recommendations issued by the auditors, key proposals include granting the NABU independent authority to conduct wiretapping, ensuring access to independent and timely forensic examination and abolishing the so-called "Lozovyi's amendments". These amendments to the Criminal Procedure Code on the mandatory requirement for courts to close criminal proceedings due to the expiration of the pre-trial investigation period significantly weakened adjudication efforts. The audit recommendations align with the positions of civil society on the structural constraints limiting the effectiveness of anti-corruption institutions.

Several high-profile corruption **cases are at risk of dismissal due to the expiration of statutes of limitations** in 2026–2027. These include the "gas case" involving the former head of the State Fiscal Service, the "titanium case" involving the leadership of the United Mining and Chemical Company, an energy case involving a former MP, and the first episode of the "Rotterdam+ case", involving tens of billions of Ukrainian hryvnias.

The current system for calculating statutes of limitations fails to account for deliberate actions by defendants and their legal teams to delay proceedings, as well as the complexity of investigating sophisticated financial schemes. Despite proposals to suspend the statute of limitations after a first-instance court verdict or during international cooperation, Parliament has not addressed this systemic problem, putting both justice and billions in public assets at risk.

The Roadmap includes some measures aimed at addressing the issues outlined above. Given the broad language used in some parts of the Roadmap, it will be important to closely monitor how specifically the government implements the planned measures.

State Register of Corrupt Officials reform

In the case of **Sytnyk v. Ukraine**, on 24 April 2025 the European Court of Human Rights sided with the applicant and recognised that the indefinite inclusion of an individual in the Ukrainian Register of Corrupt Officials was disproportionate and violated the right to respect for private life. The judgment thus highlighted systemic shortcomings in the operational framework of the Register.

In view of this, on 17 June 2025 the Parliament adopted Draft Law No. 13271-1 in its entirety. This law introduces a **one-year limit** for retaining information in the Register in cases of civil or administrative liability for corruption-related offences (but with no limit of disciplinary liability which we recommend should be introduced), and – until the criminal record is cleared or expunged – in cases of criminal liability for corruption offences. The draft law has yet to be signed by the President.

Recovery and reconstruction

Balancing priorities

According to the report prepared by the Government of Ukraine, the World Bank, the EU and the UN in cooperation with partners, as of the end of 2024, the direct damage to Ukraine's infrastructure amounted to approximately USD 176 billion. Given that needs far exceed available financial resources, the **transparent and accountable prioritisation of recovery projects remains a key factor in the recovery process.**

The Ukrainian Government's first attempt to introduce prioritisation of recovery projects did not deliver the expected results. The prioritisation methodology, developed jointly with the World Bank and approved by the Ministry for Communities, Territories and Infrastructure Development of Ukraine in October 2023, was advisory in nature, which limited its practical application.

In 2024, as part of the implementation of the Ukraine Facility Plan, the Cabinet of Ministers of Ukraine **launched a public investment management reform, which also covers the financing of recovery projects.** Within the framework of the transitional model for 2025, main spending units (central executive authorities and regional military administrations) submit investment project concepts through the Public Investment Management (PIM) System, which is based on the Digital Restoration Ecosystem for Accountable Management (DREAM).

These concepts are assessed and prioritised by the Ministry of Economy, the Ministry of Finance and the Ministry of Infrastructure, according to their mandates and using the prioritisation criteria and weighting coefficients approved by the Government. Priority investment projects approved by the Strategic Investment Council, chaired by the Prime Minister, form the Single Public Investment Projects Portfolio.

In 2025, recovery priorities include more than 300 investment projects totalling USD 11.88 billion, over half of which are in the sectors of healthcare, social care, transport and education. At the same time, less than one third of these priority projects have secured funding. To address these and other challenges, on 19 June 2025, the **Verkhovna Rada passed Draft Law No. 7508** aimed at improving the public-private partnership (PPP) framework. The adopted law aims to streamline the preparation and implementation of PPP projects, particularly those focused on rebuilding infrastructure damaged by the war. Among the novelties of the law are:

- the simplification of certain stages of project implementation;
- digitalisation of communication with the market through the use of an electronic trading platform;
- the implementation of "small projects" without technical justification and assessment; and
- the delegation of some powers in Project Preparation Facility (PPF) to local authorities.

Simplification of PPP implementation is expected to boost business activity in the restoration sector while also requiring all parties' attention to residual corruption risks.

Strengthening the role of the Recovery Agency

The State Agency for Restoration and Infrastructure Development of Ukraine (the Recovery Agency) is one of the key actors in the recovery process, responsible for implementing nearly 500 projects across the country. However, the direct contracting enti-

ties for infrastructure recovery works are the Agency's regional units, the Recovery and Infrastructure Development Services (Recovery Services). These services are separate legal entities and apply varying procurement approaches, which creates corruption risks in their operations.

To mitigate these risks and standardise procurement procedures, the Government of Ukraine has established a **centralised procurement organisation (CPO) under the Recovery Agency as part of a pilot project.** The CPO's mission is to introduce unified approaches and ready-made solutions to improve the efficiency of recovery-related procurement. The CPO will operate as a marketplace for construction works, services and supplies, aggregating all tenders under unified rules and transparent conditions. Enhancing procurement transparency at the Recovery Agency is specifically mentioned among the measures in the Roadmap for the Rule of Law.

Under the terms of the pilot, the CPO will conduct certain procurements on behalf of the Recovery Services. For other construction clients, such as local self-government bodies, regional military administrations and state-owned enterprises, the CPO will provide assistance upon request.

As of June 2025, the **CPO has not yet commenced operations** – recruitment for the position of Executive Director is still underway and the state budget for the current year does not allocate funding for the CPO's activities. The Basel Institute anticipates working closely with the CPO on the establishment of its integrity systems. We will therefore refrain from assessing these in future iterations of this paper.

Challenges in construction pricing

Overpricing in construction procurement is often the result of issues originating at the preparatory stage, particularly during the development of design and estimate documentation. Key issues include:

- **Lack of a unified approach to pricing in design and estimate documentation.** The absence of clear and standardised methodological approaches for determining current material prices complicates the justified formation of estimated contract values. While contracting authorities are formally responsible for price estimates in the documentation, in practice, these requirements are often fulfilled superficially or ignored. In many cases, design documentation lists only general categories of goods instead of specifying material characteristics. This ambiguity makes it impossible to assess the market value of the materials. Moreover, pricing approaches for some construction cost components are outdated, which leads to a distortion of construction costs and creates a significant corruption risk.

- **Design and estimate documentation reviews do not verify pricing.** Specialised organisations conduct such documentation reviews, which include evaluating project compliance with construction standards and reviewing cost estimates. However, current legislation does not require verification of whether the listed material prices correspond to actual market levels. As a result, inflated prices embedded in the project documentation typically translate into inflated estimated procurement values, ultimately creating room for potential overpayments.

- **Limitations on state architectural and construction oversight.** Due to martial law, the State Service of Building and Architectural Control has a moratorium on inspections, which makes it difficult to verify whether restored buildings comply with design documents, state building standards and safety rules.

At the end of 2024, Parliament required procuring entities to publish material prices alongside executed contracts on the electronic public procurement system Prozorro.

However, to mitigate the risk of inflated pricing, it is also **essential to improve the process for analysing material prices during project planning and to establish liability for violations. In addition, mandatory price verification during design and estimate documentation reviews should be introduced.**

We also recommend the mandatory publication of work acceptance certificates for contracts exceeding UAH 10 million, enabling verification of the final construction cost and materials used. The price stated in the contract may be dynamic – that is, subject to change during the execution of the works. Work acceptance certificates contain information on the final cost of each resource, as well as its specifications (manufacturer, brand), which enables a reliable assessment of the market value of the materials used.

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This publication has been produced with the support of Switzerland. The contents of this publication are the sole responsibility of the Basel Institute on Governance and TI Ukraine and do not necessarily reflect the views of the development partner.

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The Basel Institute on Governance is a hands-on centre of competence dedicated to promoting good governance and countering corruption for a more peaceful, just and sustainable world.