

**ANALYTICAL REPORT**

# **WAYS TO ENSURE INVESTMENT SECTOR TRANSPARENCY IN CITIES**



Transparency International Ukraine is a national chapter of Transparency International, an anti-corruption NGO with over 90 national chapters; which operates in more than 100 countries.

TI Ukraine's mission is to limit the increase of corruption in Ukraine by promoting transparency, accountability, and integrity in both the public authorities and civil society.

## **Analytical report.**

# **Ways to Ensure Investment Sector Transparency in Cities**

[www.ti-ukraine.org](http://www.ti-ukraine.org)  
[transparentcities.in.ua](http://transparentcities.in.ua)

Program manager: **Kateryna Tsybenko**

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The United Nations Development Programme (UNDP) is the UN's global development network, advocating for change and connecting countries to knowledge, experience, and resources to help people build a better life. UNDP cooperates with more than 170 countries and territories, helping them find their own solutions to global and national development challenges.

# Introduction

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Following the beginning of the decentralization process, Ukrainian cities began to fiercely compete for promising professionals and investments. It is therefore unsurprising that heads of cities often claim that they facilitate the development of entrepreneurship and expect an inflow of investments. Our team has decided to help municipal officials, potential investors, entrepreneurs and NGO leaders to assess the level of transparency in the investment sector of Ukraine's 100 largest cities. While this study does not assess the cities' investment appeal or the quality of services provided to investors, we measure the potential managerial capacity of municipalities in the investment sector through researching their transparency.

Based on advice provided by the largest international financial organizations, business associations and international technical assistance projects (European Business Association (EVA), European Bank for Reconstruction and Development (EBRD), World Bank, Chamber of Commerce and Industry and other), we have defined 17 key indicators for our research. Indicators included in the research pertain to regulatory policy, work with international technical assistance programs, and investment proposals, as well as other areas. Therefore, depending on their goals, various institutions and citizens can assess the situation in their city by analyzing the score for different indicators.

This research is a key complement to Transparent Cities, which has already significantly helped to increase competition among cities and established new transparency standards for local self-government authorities.

The research shows that only 16 out of 100 communities have a geoportal on their official website. Fewer than half the cities have approved a special program for the facilitation of entrepreneurship, which is also financed; fewer than 40% of the cities have published the investment passport in English and Ukrainian, and only 4 cities out of 100 have implemented electronic auctions for sale of seasonal trade placement rights. You can find more research results in this report and on our website: [www.transparentcities.in.ua](http://www.transparentcities.in.ua). The analysis took place during July-August 2018.

What is unique about this research is that by implementing new investment sector transparency standards, cities can rise in the ranking in real time. Not only do we measure the current situation, we also aspire to assist motivated city managers and active citizens in the implementation of best practices. Our team sincerely believes that the sustainable development of cities is one of the key tools for the country's rapid economic development. However, such development is impossible without transparency, high investment capacity and an advance in entrepreneurship.

We look forward to further cooperation,

***Taras Sluchykh***

***Anatolii Kotov***

***Kateryna Tsybenko***

***Oleksandr Solontay***

***Oleksandr Pliva***

***Alina Kobenko***

## Comments of experts

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**ANNA HERASYMCHUK,**  
Chair of the UNIC Secretariat

First of all, we would like to thank Transparency International Ukraine for preparing the report “Ways to Ensure Investment Sector Transparency in Cities”. The results are highly interesting and useful, especially for the private sector. Businesses need to know whether local authorities facilitate doing business and how accessible and transparent the investment climate is at the local level. Markets and business environment in Ukraine are truly different depending on the region. The report is absolutely useful for companies that are planning to conduct business activity or start production in new areas. UNIC participants will be interested in the ranking results, too, since they include Ukrainian and international companies that especially value transparency and compliance of business. I believe that the examples of best practices of investment sector transparency represented in the report will help the local authorities to improve the mechanisms and formats through which they engage investors. This, in its turn, will help them to upgrade their existing methods for working with business.



**ALGIRDAS SHEMETA,**  
business ombudsman in Ukraine

We believe that Investment Transparency Ranking of Biggest Ukrainian Cities will be useful for analyzed municipalities through encouraging them to work transparently and meet all the criteria of successful cities.



**OLHA SYVAK,**

Representative in Western Ukraine. UkraineInvest

Cities interested in engaging investors must present information on themselves and their projects very clearly. The most «advanced» cities have special websites for this: Invest\_in\_CityName (in English, of course). Investors are extremely busy people, who do not have enough time to scroll through countless pages of statistics or senseless texts. What is provided is usually a 1-2 page teaser of the project. For instance, a city is looking for an investor for an industrial park: the teaser must contain a map of the territory, its area, access roads. Most importantly, the

investor is interested in utility networks connected to the land. The map must show connection points for power, gas, water, optic fiber. Does the city have documentation for these networks? Is it ready to co-finance the utility networks that are absent?

Presentation of information on the website is only the first step towards finding an investor, but it must be done right.



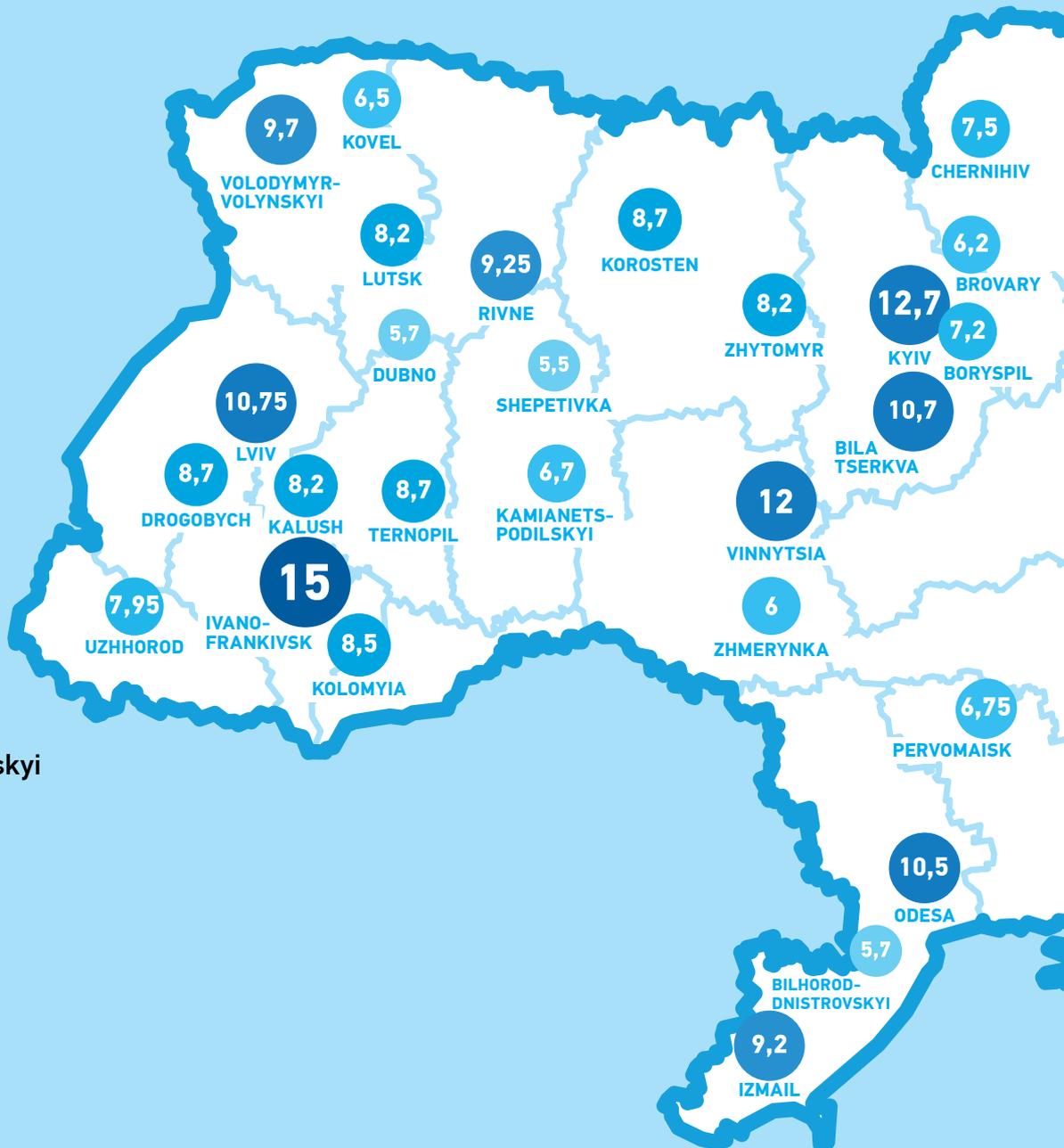
**OLEKSII DOVHAN,**

COO BRDO

We are glad that the Transparent Cities ranking recognizes cities connecting to our public information service [StartBusinessChallenge](#) to be one of the key steps towards the transparent investment sector in the city.

# INVESTMENT TRANSPARENCY RANKING OF LARGEST UKRAINIAN CITIES

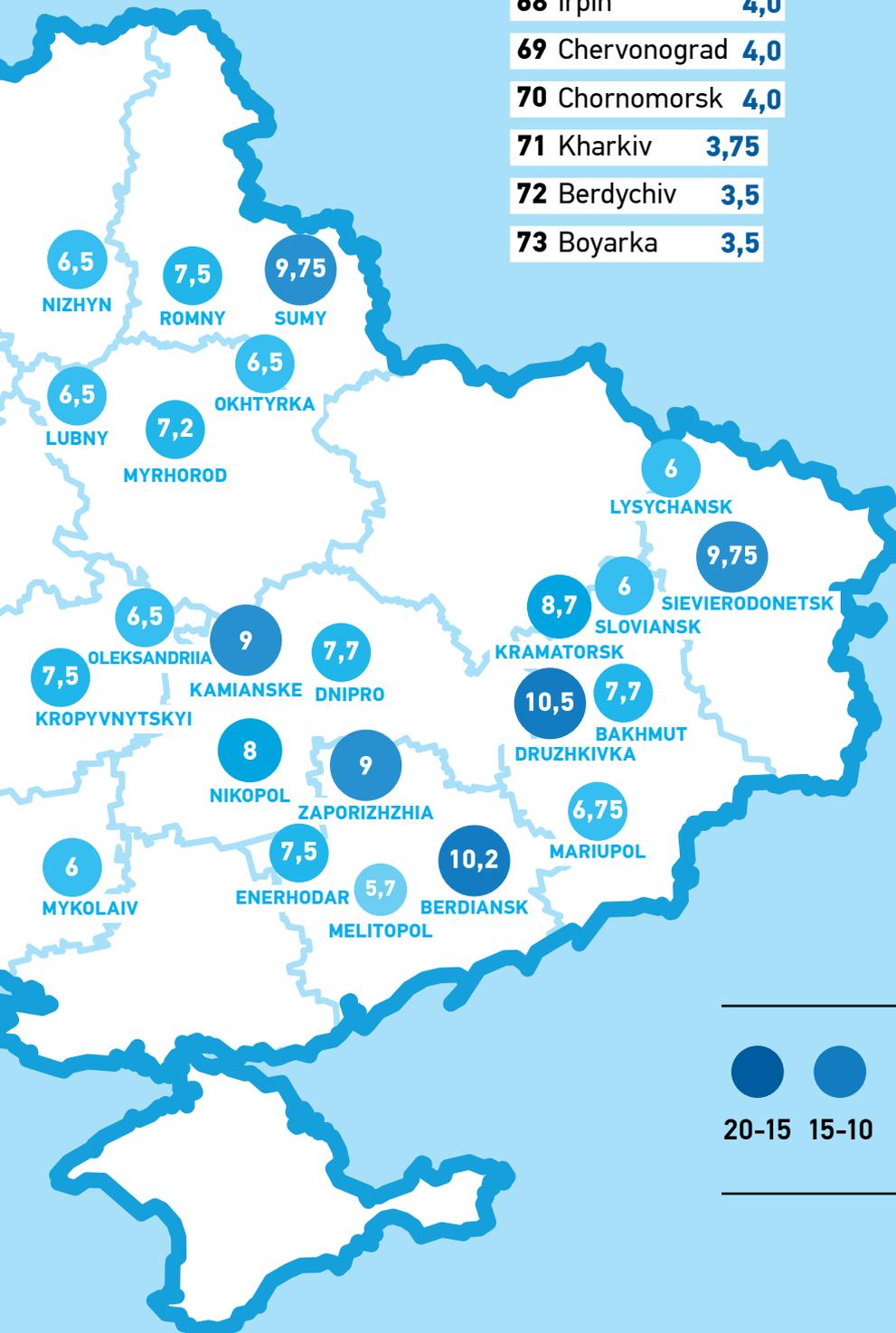
- 1 Ivano-Frankivsk
- 2 Kyiv
- 3 Vinnytsia
- 4 Lviv
- 5 Bila Tserkva
- 6 Druzhkivka
- 7 Odesa
- 8 Berdiansk
- 9 Sievierodonetsk
- 10 Sumy
- 11 Volodymyr-Volynskyi
- 12 Rivne
- 13 Izmail
- 14 Zaporizhzhia
- 15 Kamianske
- 16 Drohobych
- 17 Korosten
- 18 Kramatorsk
- 19 Ternopil
- 20 Kolomyia
- 21 Zhytomyr
- 22 Kalush
- 23 Lutsk
- 24 Nikopol
- 25 Uzhhorod
- 26 Bakhmut
- 27 Dnipro
- 28 Enerhodar
- 29 Kropyvnytskyi
- 30 Romny
- 31 Chernihiv
- 32 Boryspil
- 33 Myrohorod
- 34 Mariupol
- 35 Pervomaisk
- 36 Kamianets-Podilskyi
- 37 Kovel
- 38 Lubny
- 39 Nizhyn
- 40 Oleksandriia
- 41 Okhtyrka
- 42 Khmelnytskyi
- 43 Brovary
- 44 Zhmerynka
- 45 Lysychansk
- 46 Mykolaiv
- 47 Sloviansk
- 48 Bilhorod-Dnistrovskyi
- 49 Dubno
- 50 Melitopol



51 Shepetivka	5,5
52 Chernivtsi	5,45
53 Lyman	5,2
54 Lozova	5,2
55 Kherson	5,2
56 Kakhovka	5,0
57 Mukachevo	5,0
58 Kremenchug	4,95

59 Yuzhnoukrainsk	4,75
60 Pokrov	4,7
61 Rubizhne	4,5
62 Svetlovodsk	4,5
63 Smila	4,5
64 Fastiv	4,5
65 Netishyn	4,2
66 Podolsk	4,2
67 Gorishni Plavni	4,0
68 Irpin	4,0
69 Chervonograd	4,0
70 Chornomorsk	4,0
71 Kharkiv	3,75
72 Berdychiv	3,5
73 Boyarka	3,5

74 Slavuta	3,5
75 Starokostiantyniv	3,5
76 Zhovti Vody	3,2
77 Kostiantynivka	3,2
78 Izium	3,0
79 Myrnohrad	3,0
80 Sambir	2,45
81 Konotop	2,2
82 Novohrad-Volynskyi	2,2
83 Pavlohrad	2,2
84 Shostka	2,0
85 Vasylkiv	2,0
86 Varash	1,5
87 Marhanets	1,2
88 Poltava	1,2
89 Kupiansk	1,0
90 Nova Kakhovka	1,0
91 Novovolynsk	1,0
92 Stryi	1,0
93 Vyshneve	0,75
94 Dunaivtsi	0
95 Kryvyi Rih	0
96 Novomoskovsk	0
97 Pokrovsk	0
98 Pryluky	0
99 Uman	0
100 Cherkasy	0



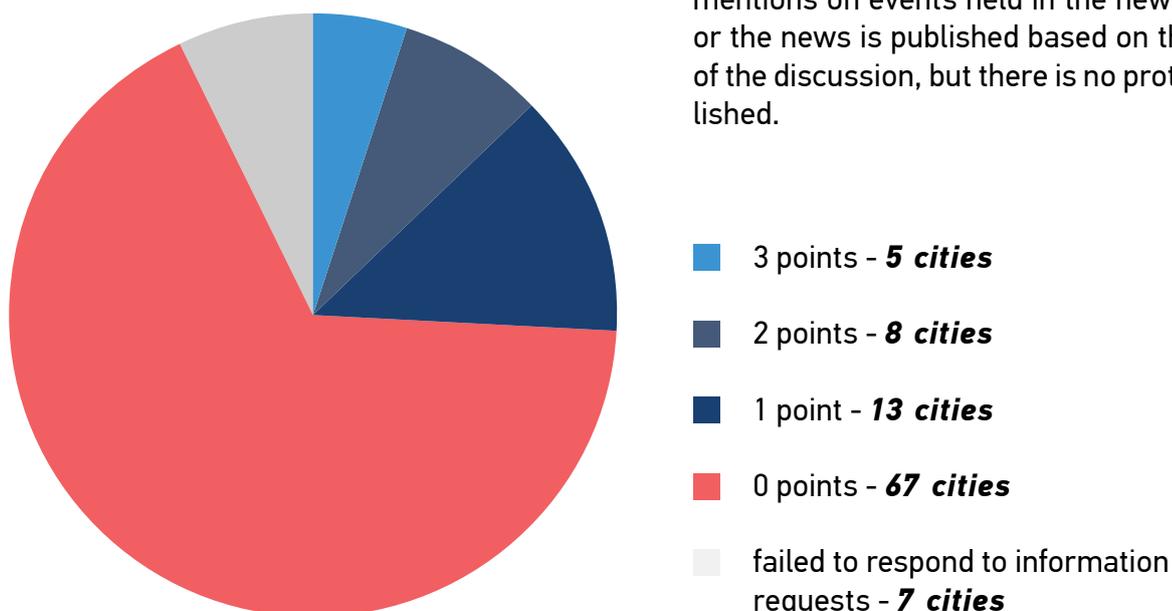
## Are open public events held to discuss draft regulatory acts and is information published following the public event regarding the inclusion or exclusion of proposals for, and comments on, draft regulatory acts?

When business representatives can submit their proposals for regulatory acts at the stage of their formation and the submission process is documented in a way that enables everyone to view the proposals and who has submitted them, as well as the results of their review, it illustrates that the municipality is willing to engage in open dialogue and increases the appeal of cities for businesses and investors. Given how important it is to establish and publish such dialogue in the process of making decisions that can potentially change the rules for business, the maximum number of points that can be awarded for this indicator is 3.

The transparency of this indicator across Ukraine constitutes 14.7%, which is an upsetting score. Only five cities have received the maximum score - Bila Tserkva, Zhytomyr, Ivano-Frankivsk, Kamianske and Kalush.

Cities could only be awarded the maximum score if they held previously announced open public events to discuss draft regulatory acts and published information on inclusion or exclusion of proposals for, and comments on, the draft regulatory acts following every such event for every regulatory act passed between 1 July 2017 and 1 July 2018. Sixty-seven cities have been awarded zero points, which means that either they do not organize such events or this information is not published.

The majority of cities either have only mentions on events held in the news section, or the news is published based on the results of the discussion, but there is no protocol published.





## Good Practices

A good example of implementation of this indicator is **Bila Tserkva city council**. On their [website](#), in the respective section “Authorities - Bila Tserkva City Council - Regulatory Policy - [Public Discussions](#)”, you can find protocols of all public discussions of regulatory acts. The protocols include such information as those present at the event (including activists), the list of those who were invited, the agenda, the list of speakers and a brief summary of their speeches, as well as the decisions made at the meeting.

**Kherson city council** holds public hearings on draft regulatory acts, and publishes documents based on their results and video recordings of the hearings themselves - they can be found in the section “Economic Sector - Regulatory Policy - [Draft Regulatory Acts](#)”.



## Bad Practices

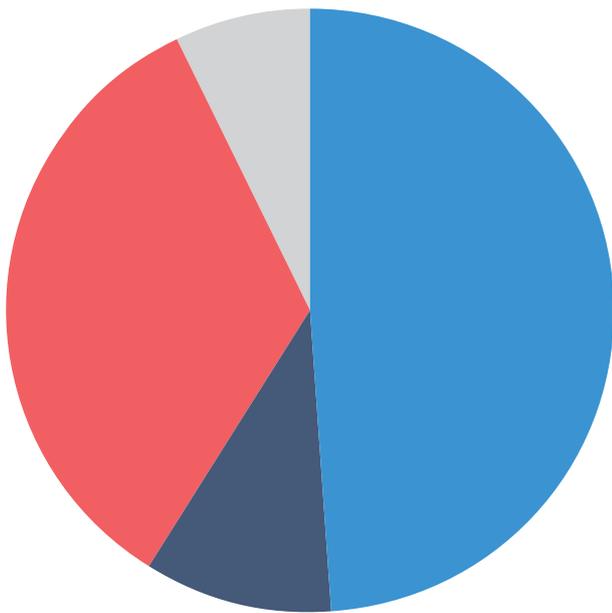
Announcements on discussions of regulatory acts are often published in the general list of announcements and are hard to identify. For instance, there is a section called [Announcements](#) on the main page of **Vyshneve city council** website.

## Are draft decisions of the city council’s regulatory acts published on the official website within the time limit prescribed by the law?

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Publication of draft decisions of regulatory acts in order to receive comments and proposals from the public is directly stipulated by the law. It provides the public and businesses, especially investors, with an opportunity to participate in better decision-making, comment on the decisions and protect their interests.

Almost half of the city councils - 49 - published all regulatory acts during the past year (1 July 2018 - 1 July 2018) a month before their review. The drafts contain the analysis of regulatory influence and other supplementary documents prescribed by the law. 34 cities published more than 50% of regulatory acts violating the deadline or without analysis of regulatory influence or other supplementary documents. In 10 cities, fewer than 50% of the acts were published with such violations. Seven cities failed to respond to queries regarding this question.



- 1 point – **49 cities**
- 0.5 points – **10 cities**
- 0 points – **34 cities**
- failed to respond to information requests – **7 cities**



## Good Practices

Cities mostly publish drafts one after another, which can make it difficult to find the act that one is interested in. There are, however, some good practices to note.

Despite receiving 0.5 points, **Zhytomyr city council** has a [table](#) in the section “For Entrepreneurs - Regulatory Activity - City Council’s Regulatory Activity” where the draft regulatory acts, the analysis of their regulatory influence, the analysis of their effectiveness and the decision itself can be found. Dates, however, are missing.

**Berdiansk city council** was awarded the maximum score for this indicator and provides a user-friendly [table](#) in the section Business - Regulatory Policy - Activity Planning.



## Bad Practices

On **Stryi city council**'s website, the section [Finance, Entrepreneurship and Regulatory Policy](#) contains documents pertaining to the regulatory policy published all-together - draft acts, effectiveness records, and information on the analysis of regulatory influence. This makes it extremely hard to find the necessary document. Such a lack of order on a website can have negative consequences, both for those who are looking for the acts and for city council staff members themselves, since, when citizens cannot find the documents, they submit information requests that city council employees are obliged to process. This is a waste of time and funding.

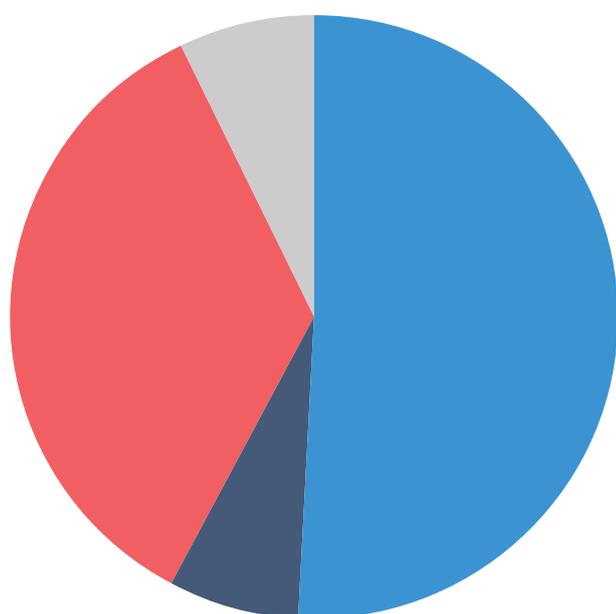
Many city councils do not provide an easy way to establish the document publication date. Verification of the publication date is unnecessarily complicated in almost all of the cities.

# Are draft decisions of executive committee's regulatory acts published on the official website within the time limit prescribed by law?

The law stipulates that draft decisions of regulatory acts must be published before the drafts are submitted to the council's respective executive agency for review. This ensures that businesses and investors can comment on them and provide their proposals as well as protect their own interests.

51 out of the 100 city councils published all such acts during the past year (1 July 2017 - 1 July 2018) one month before their review. The drafts contained analyses of regulatory influence and other supplementary

documents prescribed by the law. In 7 other city councils, less than 50% of the acts were published in violation of the deadline or without an analysis of regulatory influence and other supplementary documents. In 35 cities, more than 50% of the acts were published in violation of the deadline or without an analysis of regulatory influence and other supplementary documents. Seven cities failed to respond to question.



- 1 point – **51 cities**
- 0.5 points – **7 cities**
- 0 points – **35 cities**
- failed to respond to information requests – **7 cities**



## Good Practices

An observed good practice is the division of draft regulatory acts on the website into two categories - those of the city council and those of the executive committee. On the other hand, if interested individuals do not have sufficient knowledge on the difference between the powers of the city council and the executive committee in regulatory policy, it will be difficult for them to figure it out if those are the only two categories available.



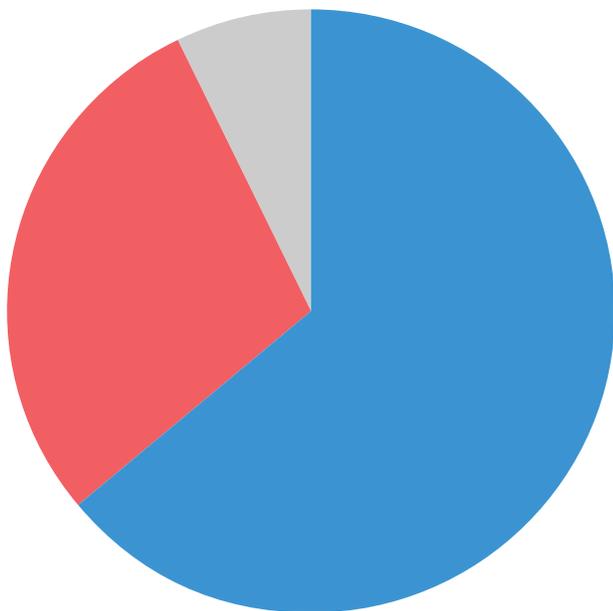
## Bad Practices

Numerous city councils make it difficult or impossible to find the document publication date on their website. A lot of cities that have been awarded zero points do not have a date specified at all. Overall, verification of the publication date is unnecessarily complicated in almost every city.

The website of **Khmelnyskyi city council** only contains the texts of [executive committee's draft](#) regulatory acts in the section "Main - Documents - Regulatory Acts - Drafts to Discuss" and has no supplementary documents or dates.

## Is there an option to find all regulatory acts of local self-government in effect on the official website in a dedicated section, or is the city connected to the nationwide system of publication and filing of regulatory acts (Effective Regulation Platform)?

Investors, entrepreneurs and those who are planning to start a business need to have convenient access to decisions which regulate business in the city in order to make informed managerial decisions. The publication of such acts on the “Effective Regulation Platform” is convenient for entrepreneurs and investors, as this platform thus contains all the necessary information.



Analysing the research results, 64 out of 100 city councils were found to have a dedicated section or page on their website with details regarding all the regulatory acts in effect - or the city was found to be connected to the nationwide system with updates made during the past year. Meanwhile, 29 cities do not use either of these options.

- 1 point – **64 cities**
- 0 points – **29 cities**
- failed to respond to information requests - **7 cities**



### Good Practices

This indicator is quite transparent. In most cases, the register of regulatory acts is published on the city council website. If the information administrator is registered on the Effective Regulation Platform, the city council website does not contain any regulatory acts. Good practices include this [table](#) made by **Boryspil city council** with the title of the regulatory act, the author, the date of approval and the date of inclusion to the regulatory acts register. The



### Bad Practices

**Khmelnyskyi city council** only publishes the list of regulatory acts (link <http://bit.ly/2E-QlnQK>), without their full text, in the section “Register of Regulatory Acts of City Council and Executive Committee.” **Ternopil city council**'s website is very similar to this - there are no links to the acts' full [texts](#).

table is easy to find on the website: “Main - Regulatory Policy - Regulatory Acts Register - Register of Own Regulatory Acts of Boryspil City Council and Executive Committee.”

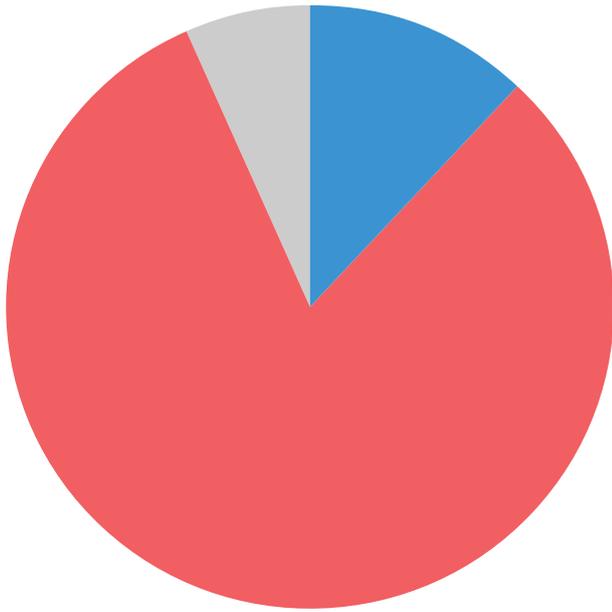
**Chornomorsk city council** publishes “[document status](#)” in the regulatory acts register along with key words that facilitate the search. It takes three clicks to find the register: “Transparent Authorities - Regulatory Policy - List of Regulatory Acts.”

## Is the list of effective regulatory acts published on the Unified State Open Data Portal with the date on which they came into effect, information on the place of their publication and a timeline of basic, repeated and regular tracking of their effectiveness available?

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According to CMU Directive No. 1100 of 20 December 2017, which came into effect on 20 December 2017, the list of effective regulatory acts must be published in open data format. The respective open data set enables entrepreneurs and investors to receive meaningful information on the condition of local regulations and to get involved with measures on tracking the effectiveness of current decisions for their further review. This helps to reduce administrative workloads, eliminate corruption risks and facilitate economic activity.

The total transparency of this indicator across Ukraine is low: when research was carried out, only 13 out of the 100 cities had published the list of effective regulatory acts with the date on which they came into effect, information on the place of their publication and a timeline of basic, repeated and regular tracking of their effectiveness on the Unified State Open Data Portal. These cities were: Berdiansk, Boryspil, Vinnytsia, Zhytomyr, Kramatorsk, Kropyvnytskyi, Lutsk, Ternopil, Uzghorod, Nikopol, Druzhkivka, Lysychansk and Sloviansk. Meanwhile, 87 cities had failed to complete this activity.



- 1 point – **13 cities**
- 0 points – **87 cities**
- failed to respond to information requests – **7 cities**



## Good practices

**Vinnitsia city council** was among the first to publish the respective [data set](#).

Understanding the difficulties that information administrators experience when publishing this open data set, recommendations for a standard publication of this set have been developed at the initiative of the Regulatory Map of Ukraine project, with the support of the project [Transparency and Accountability in Public Administration and Services](#), and with the help of the [State Regulatory Service of Ukraine](#) and the [National Agency of Ukraine on Electronic Governance](#).



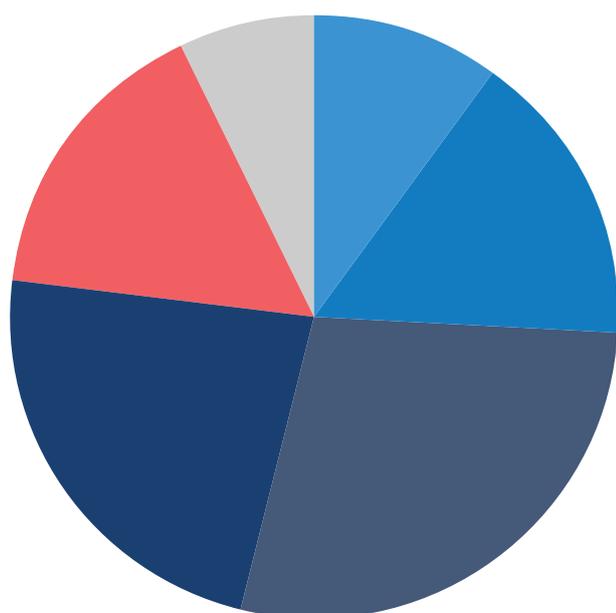
## Bad Practices

Information administrators that refuse to publish the list of effective regulatory acts in the open data format violate the Law of Ukraine “On Public Information.” Individuals responsible for such violations can be brought to administrative responsibility.

## Is there a separate section on the website in Ukrainian and in English for work with investors, and is the community's investment passport published in both languages?

The section for work with investors or a dedicated website for investors essentially creates a brand identity for the city in the context of business relations. It contains information on objects proposed by the city for investment, the investment passport, general information on the city, and the specific advantages of the city - among other things. It is important that this section is also available in English if the city hopes to engage foreign, as well as domestic, investors.

Out of the 100 cities researched, 10 have a dedicated section on their official website or a separate website in English and Ukrainian, as well as the community's investment passport in both English and Ukrainian. Sixteen cities do not have a website version or the passport is in just one of the two languages (usually English). Twenty-eight cities have either a website section in both languages but not a published investment passport (or vice versa), or they have both the section and the passport, but only in one language. Twenty-three cities have only one of these elements in one language, but not the other. Sixteen cities have neither the website section nor the investment passport.



- 1 point – **10 cities**
- 0,7 points – **16 cities**
- 0,5 points – **28 cities**
- 0,2 points – **23 cities**
- 0 points – **16 cities**
- failed to respond to information requests - **7 cities**



### Good Practices

**Vinnitsia city council's** website has a section [Investment Policy](#) which contains a wide variety of information: statutory documents, a list of investment proposals and projects, information on Vinnitsia Industrial Park and Vinnitskyi Cluster of Refrigerator Engineering, the city's investment passport, the ranking of



### Bad Practices

The worst practice is when there is no section or website for investors at all. This was noted in the following cities: Horishni Plavni, Kamianske, Kahkovka, Kupiansk, Mukachevo, Chornomorsk, Nova Kakhovka, Nikopol, Novovolynsk, Vyshneve, Vasylkiv, Lyshychansk, Myrnohrad, Sloviansk and Stryi.

Vinnitsia's investment appeal and the city's investment profile.

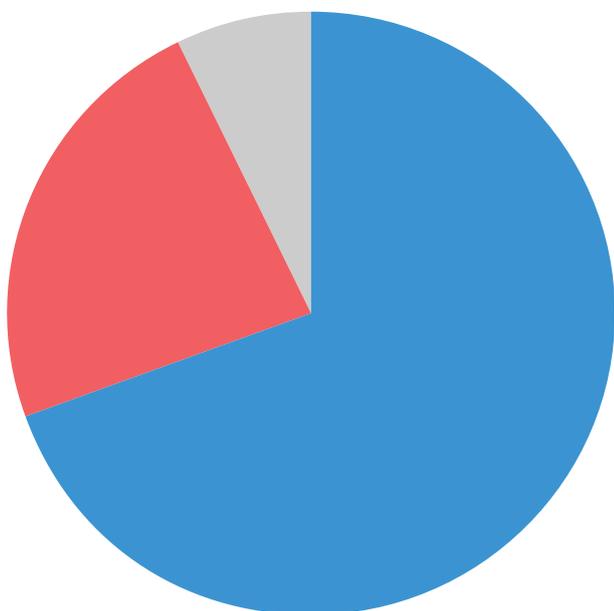
The city council of **Korosten** in Zhytomyr oblast has an investment section on its website that does not look very appealing, but it does have the city's investment [passport](#) in English. **Druzhkivka** in Donetsk oblast has a very detailed investment [passport](#) published - unfortunately, only in Ukrainian. **Berdychiv**, Zhytomyr oblast, has developed an attractive investment portal. While it does not contain the city's investment passport, it is very easy to use and contains a lot of necessary information on the city, a list of objects for investment, proposals etc.

There are also other shortcomings. The [Investment Policy](#) section on **Vinnitsia city council's** website was, as of the time of research, in a location that was hard to find and not intuitively understandable: "For Citizens - City Sectors - Finance, Business and Investments."

## Is information on investment objects/projects suggested by municipal authorities published on the official website regardless of the form of ownership?

Information on objects proposed for investment is essential for those who wish to invest in the city. Investors need to be able to assess the land plots or facilities without having to physically travel to the city. It is the most effective "advertising." The Investment engagement office, [Ukraine Invest](#), provides advice to city councils on how to format information on investable objects in a way that would make it appealing to businesses.

Of all indicators, this was the most transparent: 69 cities have published information on objects for investment, while 23 have not published any information, including two oblast centers - Poltava and Sumy.



■ 1 point – **69 cities**

■ 0 points – **23 cities**

■ failed to respond to information requests – **7 cities**



## Good Practices

The city council is supposed to publish as much information on investment objects as possible. On the city council [website](#) of **Kolomyia**, Ivano-Frankivsk oblast, there is general information on the object (for instance, if it is a land plot, the distance to rayon or oblast centers, the area, the kind of terrain, what buildings there are, if there is a risk of flooding, etc.), its legal status, transport infrastructure and utility networks, and communication networks. It is essential to provide contact information for investors wishing to find out more about the object.

The website [Invest in Mykolaiv](#) by **Mykolaiv city council** also showcases the objects well. Along with detailed characteristics, there are pictures and information is translated into English.



## Bad Practices

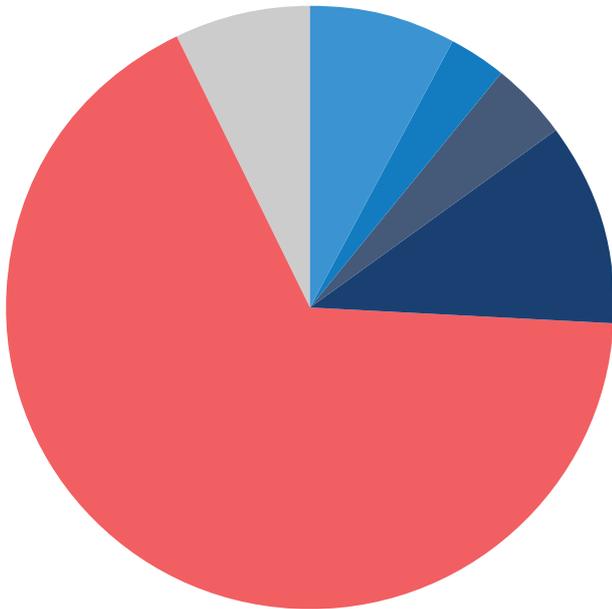
An unsuccessful example of the content in the section on investment objects is when announcements on necessary repair works on roads, parks and schools are published. For instance, what **Druzhkivka city council** [called](#) “investment projects” were actually repair works in schools, dormitories, parks or hospitals. The expected outcomes stated on the website are improved conditions for the patients, housing supply for IDPs, development of the park’s landscape, etc. While these are all evidently highly needed, they would be considered rather more as “charity” than “investments.” There is no information, for instance, that after spending money on the repair works, the entrepreneur will be able to use part of the facilities for free or make use of them in some other way. It defies the very idea of investing - putting funds into a project to receive a return.

## Are there members of the executive committee who are entrepreneurs and representatives of the commercial sector, and is their contact information published on the website<sup>1</sup>?

The executive committee is a collegiate agency, the members of which are approved by the council at the initiative of the head of the community. When it comes to the economic aspects of community management and entrepreneurship, the executive committee has vast decision-making powers. In addition to this, executive committees usually review issues before they are reviewed by the city council. However, the majority of members of the executive committee are usually civil servants, heads of law enforcement agencies and representatives of political parties represented in the local council. Pro bono engagement of successful local entrepreneurs and managers from the commercial sector in the work of the

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<sup>1</sup> telephone number, email, photo, address



executive committee would ensure committees are more balanced in terms of membership and ensure participation of those who fund the local budget in the decision-making. However, when commercial sector representatives are engaged, information on them should be made public in order to minimize potential conflicts of interest.

- 1 point – **8 cities**
- 0,75 points – **3 cities**
- 0,5 points – **4 cities**
- 0,25 points – **11 cities**
- 0 points – **67 cities**
- failed to respond to information requests - **7 cities**



## Good Practices

[Zaporizhzhia city council](#) publish a picture of every executive committee member on their websites, accompanied by a detailed biography and a contact number.



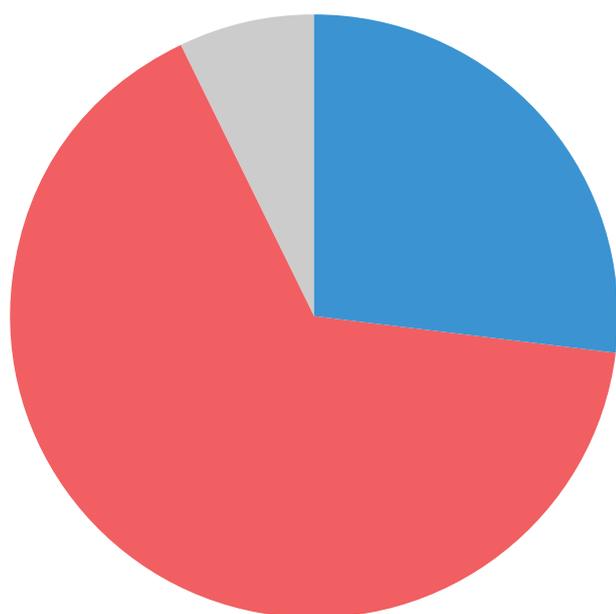
## Bad Practices

Most city councils do not engage commercial sector representatives on the executive committee, or there is no information published on pro bono members of the executive committee. [Ivano-Frankivsk city council](#) and [Kherson city council](#), for example, only include the full names of the executive committee members.

## Is the conflict of interest of executive committee members regulated by a legal act of the local self-government authorities?

The executive committee has vast powers pertaining to entrepreneurship; for instance, it can approve outdoor seating in cafes, restaurants and diners; it issues permits for placement of signs and advertising spaces; it can relieve construction companies from equity participation in the develop-

ment of social and engineering infrastructure, etc. However, the current version of the Law of Ukraine “On Corruption Prevention” does not apply the standards on potential or real conflict of interest to pro bono members of executive committees. Still, local self-government authorities can regulate the issue by making a respective decision at a city council session or in the regulation on the executive committee.



■ 1 point – **27 cities**

■ 0 points – **66 cities**

■ failed to respond to information requests - **7 cities**



### Good Practices

In **Mukachevo**, the Procedure of Prevention and Regulation of the Conflict of Interest in Mukachevo City Council and Its Executive Agencies regulates the issue of conflict of interest for pro bono members of the executive committee. Similarly, in **Kherson** it is regulated by section 8-1 On the Work Procedure of Executive Agencies of Kherson City Council.

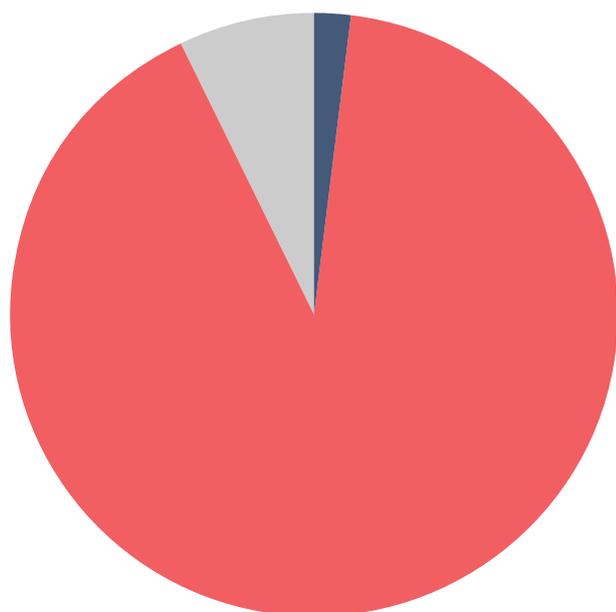


### Bad Practices

Some of the cities, despite having approved Executive Committee Regulations, do not include standards regulating the issue of the conflict of interest of pro bono committee members. Such examples can be found in [Ivano-Frankivsk](#) and [Ternopil](#).

## Is the city connected to an official platform helping individuals to start their own business?

The [Effective Regulation Platform](#) helps entrepreneurs to receive a step-by-step online instruction and a list of permits required to start a specific business in the city, such as a restaurant, bakery, hotel or car repair shop. The city authorities can connect to the web portal, organize information for aspiring entrepreneurs detailing how to start certain type of business in the city and turn it into an algorithm, and then work on simplification of procedures in each specific sector.



- 2 points – **0 cities**
- 1 point – **2 cities**
- 0 points – **91 cities**
- failed to respond to information requests – **7 cities**



### Good Practices

**Vinnysia** and **Mykolaiv** actively develop and upload lists of documents and algorithms for starting a business in various sectors with regards to the local regulatory field.



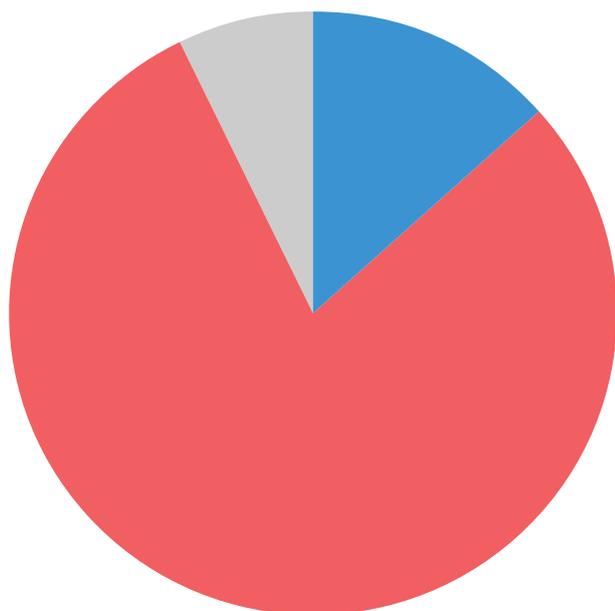
### Bad Practices

Some of the executive agencies under local councils register on the web portal yet do not submit a full algorithm to start a business in a particular sector or submit information on just one sector. Procedures established by the local self-government authorities often fail to include the time required to receive a decision, and the exhaustive list of documents required from the entrepreneur is also absent. Local regulatory acts sometimes contradict each other or do not contain clear criteria for the denial of permits, enabling officials to make arbitrary decisions.

## Does the city have a geoportal?

A geoportal is a type of publication of geospatial information on the city through an online geoinformation system in a convenient and accessible format. The geoportal may contain city planning documentation, a list of advertising spaces, a list of municipal facilities available for lease,

a list of buildings to be renovated, facilities or land for investment etc. Thus, entrepreneurs can access detailed official information about the city without having to approach city officials or having to send formal information requests. Since information on geoportals is usually published in machine readable formats and the portals themselves enable API, entrepreneurs can use official information to create their own IT services.



■ 1 point – **16 cities**

■ 0 points – **77 cities**

■ failed to respond to information requests – **7 cities**



### Good Practices

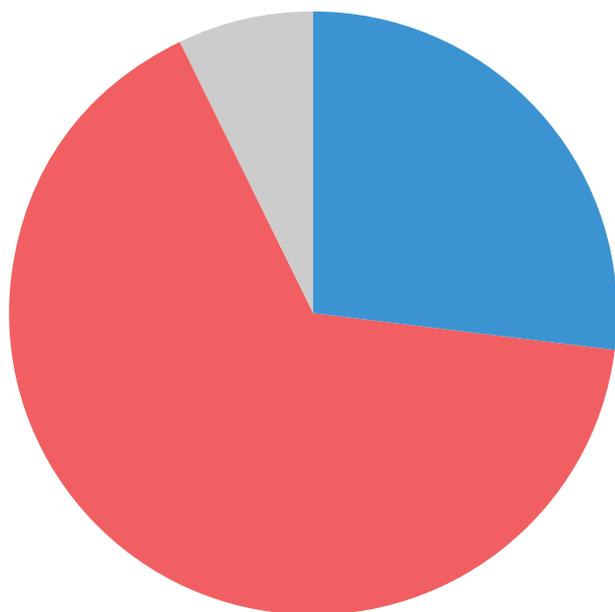
In Ukraine, we can praise the geoportals of [Lviv](#), [Chernivtsi](#) and [Rivne](#) city councils, which have published a substantial amount of data (which is regularly updated) on various city management sectors. Importantly, these geoportals have a user-friendly interface and enable users to overlay various information layers, and to undertake fast and convenient data analysis. Pokrov city council has published pictures and descriptions of every tree on the website.



### Bad Practices

Unfortunately, some local self-government authorities believe that adding pins with certain information to Google Maps or Openstreet Maps is as good as an actual geoportal. For instance, **Zaporizhzhia city council** have a map of citizens' requests as their version of a geoportal. However, the basis of a geoinformation system should be made up of a city planning cadaster and digitized city planning documentation.

## Is there a separate section on the official website with information on utility networks<sup>2</sup> in projects offered by city authorities for investment, regardless of the form of ownership?



If there is detailed information on utility networks connected to a land plot or object offered for investment, a potential investor can assess the investability of the object, prepare a business plan and make a final decision. Publication of relevant information also illustrates that city authorities pay special attention to preparation of specific proposals and projects for investors.

■ 1 point – **27 cities**

■ 0 points – **66 cities**

■ failed to respond to information requests – **7 cities**



### Good practices

A good example where information on utility networks in investment objects is successfully published is the [website](#) of **Mykolaiv city council**. On the portal, you can find out the diameters of heat supply and sewage networks, productivity of the water supply system, productivity and pressure in the gas supply system, category and capacity of the electrical grid, and information on transport infrastructure.

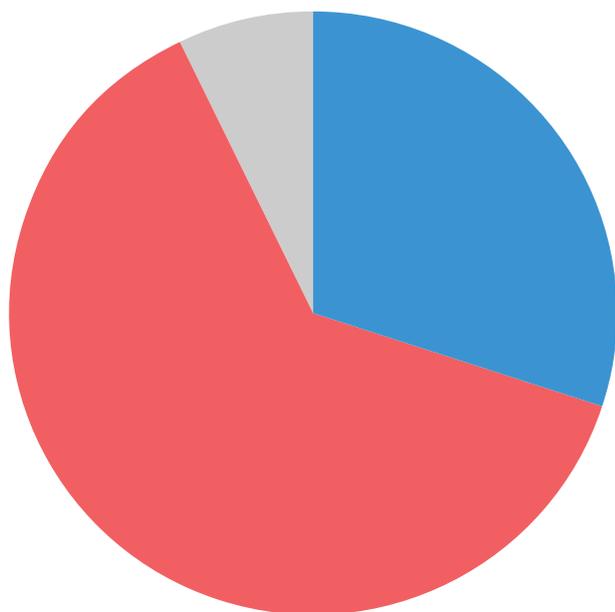


### Bad practices

Some cities believe that information on utility networks should be restricted information or simply fail to publish information on the presence and condition of utility networks in objects offered for investment. It renders the decision-making process much harder for potential investors, since they need to approach executive committee members personally or actually travel to the city to evaluate the object.

<sup>2</sup> electricity, gas, water supply, sewage, heating, and telecommunications

## Is information published regarding collaboration of local self-government authorities with international technical assistance projects and international organizations?



One of the decision-making criteria concerning investments, financing and participation in international technical assistance programs is experience in, and results of, previous international technical assistance programs that were implemented in the city. Publication of the list of programs, budgets, objectives and results on the official website of the local self-government authority can make it much easier for a donor to reach a decision.

- 1 point – **30 cities**
- 0 points – **63 cities**
- failed to respond to information requests – **7 cities**



### Good Practices

Khmelnyskyi city council (link <http://bit.ly/2P-T1oTK>) publishes a stand-alone document with a description of the international technical assistance programs which are currently functioning, or used to function, in the city. Among other things, the document contains information on the project, the donor, beneficiaries, total budget, amount of international technical assistance, amount of co-financing of the project, and project timeline. Rivne city council publishes a report “On the Progress of Rivne Investment Program for 2017-2010,” where it describes cooperation with international organizations, embassies, international technical assistance programs and events organized by the respective department in detail. [Mariupol city council](#), too, has a dedicated section on cooperation with international technical assistance programs with descriptions of program implementation results.



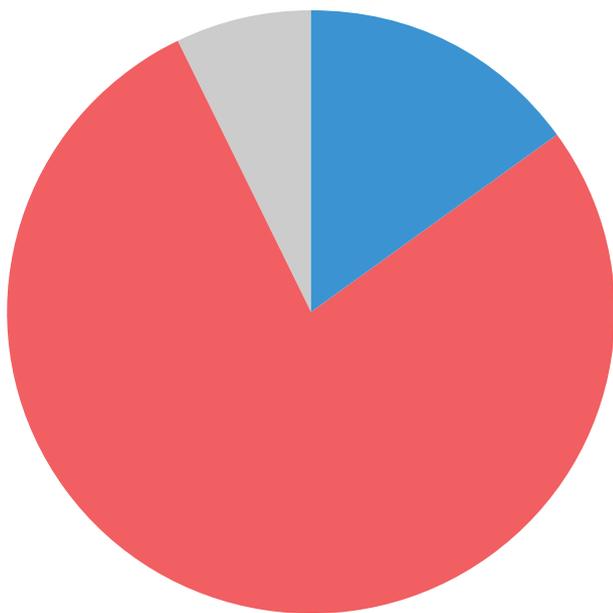
### Bad Practices

The majority of cities we studied do not have a separate section with a detailed description of the city’s collaboration with international technical assistance programs and of projects in the city. Information is usually published in the news or announcements section, which significantly complicates the search. There is also no information on who in the executive committee coordinates the program implementation, there is no detailed description of programs with which the city is already cooperating or of what sectors of cooperation are considered a priority. Most executive committees do not consolidate information on the work of international technical assistance programs and projects in the city.

## Is information published regarding the assessment of the city's credit rating?

The city's credit rating is an assessment of the city's overall credit solvency - that is, whether the city is capable of paying back its debt and interest on its debt in a timely manner as well as its capacity to pay. Assessment of the credit rating and its publication enables the borrowing party to clearly state its credit solvency to potential investors and partners and to achieve maximum transparency in the relations between the borrowing party and the investor. Numerous Ukrainian

cities have started actively engaging loans for implementation of infrastructure and transportation projects, therefore independent evaluation of the credit rating by reputable institutions is becoming a standard for the local self-government.



■ 1 point – **15 cities**

■ 0 points – **78 cities**

■ failed to respond to information requests – **7 cities**



### Good Practices

**Ternopil city council** has created a separate "[Ratings](#)" section on its official website where it publishes information on the city's credit rating and the investment ranking. Large cities engage well-known international companies for credit rating evaluation - for instance, **Kyiv** is assessed by Standard & Poor's Global Ratings while **Lviv** is assessed by Fitch Ratings.

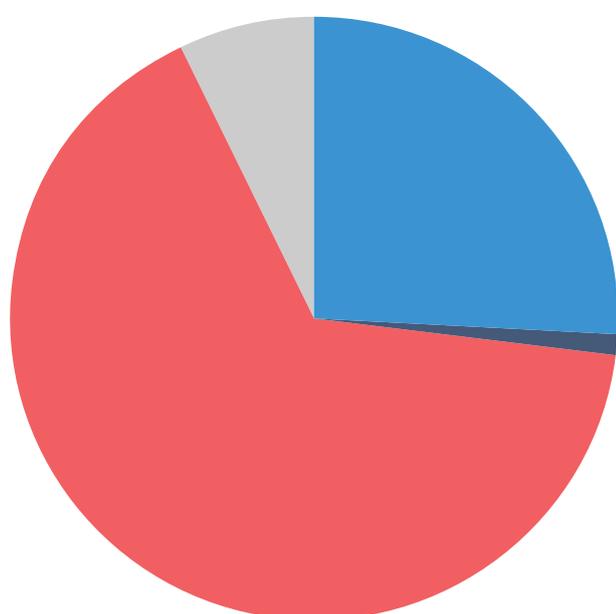


### Bad Practices

Most cities do not allocate municipal funds to engage rating agencies to assess the city's credit rating, which makes it harder for potential investors and backers to decide whether to work with the city.

## Are indicators assessing the effectiveness of the implementation of the city strategy published on the official website in a clear and understandable format?

A city strategy with a clear vision of the city's future and the priority development areas that the city is ready to support can help investors in preparing a business model and enable long-term planning. However, from an outsider's perspective, it is hard to assess whether the approved strategy is implemented and thus whether it should be taken into account in investment planning. Therefore it is a good practice to define key performance indicators which can help to monitor and understand whether the strategy is being implemented in the city. A clear strategy and the opportunity to easily verify whether it is being implemented is a useful tool for investors, backers and international technical assistance programs, as it helps them to make informed decisions on cooperation with the city.



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- 1 point – **26 cities**
- 0,5 points – **1 city**
- 0 points – **66 cities**
- failed to respond to information requests – **7 cities**



### Good Practices

One of the best practices is **Lviv's "City Panel"** which allows one to track key indicators in three priority focus areas: "level of satisfaction with healthcare services," "level of unemployment," and "assessment of sufficiency of sports infrastructure."

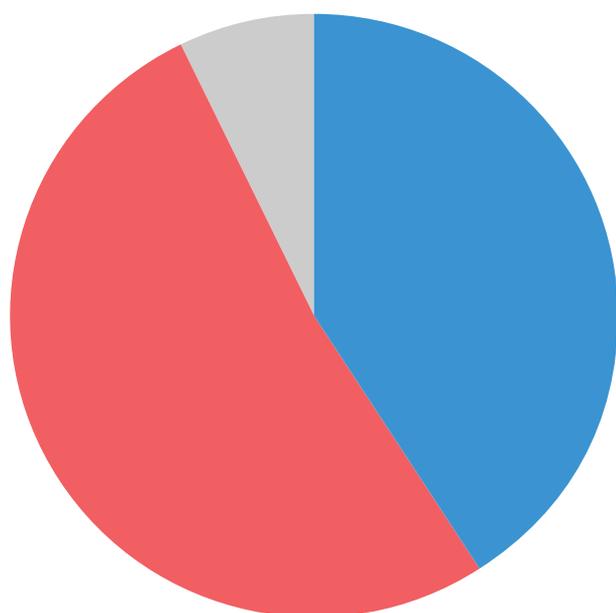


### Bad Practices

**Ivano-Frankivsk city council** has approved the City Development Strategy of Ivano-Frankivsk until 2028, but the official website of the executive committee does not contain information on the strategy's key performance indicators or results of their evaluation in a user-friendly format.

## Has the city council approved a program of support and development of entrepreneurship, and is it financed in 2018?

Local self-government authorities have practical assistance tools to develop entrepreneurship. For instance, they can refund part of the interest on loans withdrawn by entrepreneurs, co-finance startups, finance education of entrepreneurs and promote local brands. In order to do this, a target program is usually approved or a special fund established. The existence and operation of such programs and funds is a practical tool for the development of entrepreneurship, usually promised by the authorities.



- 1 point – **41 cities**
- 0 points – **52 cities**
- failed to respond to information requests – **7 cities**



### Good Practices

The executive committee of [Ivano-Frankivsk city council](#) holds a competitive selection of startups to receive financing from the municipal budget. The winning competitors can receive up to UAH 50,000 of gratuitous financial aid from the city council. [Vinnytsia city council](#) is creating the Entrepreneurship Development Center, having approved the [Program for Reinforcement of Competitive Ability of Small and Medium Entrepreneurship for 2017-2020](#).



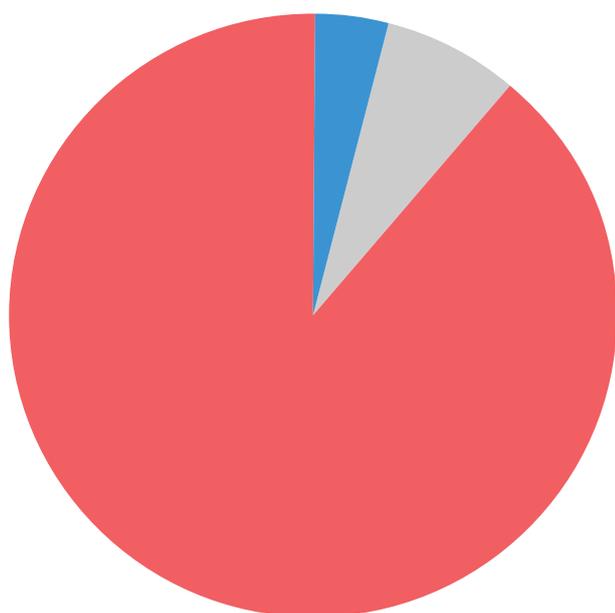
### Bad Practices

Unfortunately, local self-government authorities often approve programs but do not provide any financing from the municipal budget. That is, they support entrepreneurs formally but when it comes to financial aid, they are not ready to spend budget money on their development.

## Has the city council made the decision to introduce electronic auctions for sales of rights for placement of seasonal trade?

The ProZorro system enables communities to exercise rights for seasonal trade, street furniture, trade shows, and auctions for outdoor advertising, etc. Local self-government authorities do not need to pay any fees for the use of the system, since it has grown from the stage of a civic initiative

into an official national electronic trade system through which “small-scale privatization” operates. The system allows entrepreneurs to purchase rights for the placement of seasonal trade online through an electronic auction.



■ 1 point – **4 cities**

■ 0 points – **89 cities**

■ failed to respond to information requests – **7 cities**



### Good Practices

**Kyiv city state** administration and the executive committee of **Lviv city council** started using the national trade system not only for small-scale privatization or sale of property, but also for sales of rights for the placement of seasonal trade. As the result, they significantly increased the municipal budget revenue compared to the initial price.



### Bad Practices

Certain cities have signed Declarations to Implement the ProZorro.Sale system, but used its functionality only partly or have not used it at all. For instance, this is the situation in **Ivano-Frankivsk** and **Ternopil**.



## WHAT ARE TRANSPARENT CITIES?



They are cities where the people know how the local budget is spent, where a child can be enrolled in a kindergarten online, where people can watch city council sessions online and attend them freely, where selection criteria of local officials are clear and understandable for the general public. They are cities where the «rules of the game» are available and clear for investors and entrepreneurs. They are cities convenient and friendly to the locals. Transparent cities are cities of happy people.

Transparent Cities is a program of Transparency International Ukraine working on motivating Ukrainian cities to become more transparent, accountable and interested.

We have compiled the Transparency Ranking of 100 Biggest Ukrainian Cities using a number of indicators for comparison of municipalities - availability of information on the work of local authorities, public participation in decision-making, transparency of the investment sector, budgeting, procurement etc.

The results of the ranking serve as the basis for the cities' improvement: we deliver seminars in the regions of Ukraine to disseminate best practices, organize exchange of experience among public officials, organize trainings for local activists to empower them to monitor municipalities' activity.

We believe that local corruption can be overcome by means of publication of information that citizens need in an understandable form and by providing them with tools of real influence and participation in decision-making.



