LOCAL GOVERNMENT ANTI-CORRUPTION INITIATIVES IN POST-SOVIET GEORGIA AND UKRAINE

Another tale of two cities

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Introduction

When the Soviet Union collapsed in 1991, the former republics faced a future both filled with hope and overshadowed by deep concern. One of the greatest difficulties to have confronted the newly emerging democracies since achieving independence is the continuing presence of corruption. The numerous systemic and pervasive forms of corruption in the region have impeded attempts to create stable and efficient economies and have also given rise to widespread feelings of injustice and cynicism. A further complication is that the same characteristics that make corruption problematic also often negatively affect attempts to address it (Nasuti 2015). One formidable obstacle to efforts to reduce the level of corruption in any society is the interests of powerful and well-connected elite groups who feel personally threatened by such reform efforts. Their immediate reaction is typically to mobilise to prevent changes from occurring. This is even more problematic when, as potential leaders come up through the ranks during their careers, they tend to either become socialised into the norms of the system or completely excluded from power. The result is that those who ultimately hold positions from which they can actively influence policy formulation and implementation are often so compromised they are no longer willing or able to act on reforms. Given these factors, corruption can become remarkably resistant to any reform efforts (Nasuti 2015).

The region of Eastern Europe and the former Soviet Union provide a rich environment in which to study corruption. In large part, common experiences throughout the twentieth century have shaped common experiences since the collapse of the Soviet Union. This has led to the ability to discuss many political, economic, and social issues using a comparative approach that can be supported. This discussion compares efforts at the local level in Georgia and Ukraine to address their respective problems with corruption.
A brief overview of corruption

It would be difficult to examine anti-corruption initiatives across countries without first understanding what corruption is and how it affects governance. Transparency International (TI), a non-governmental organisation promoting transparency and accountability in international development, asserts that transparency is ensured by shedding light on everything government does (see www.transparency.org). It guarantees that public officials in any capacity, together with those in the business community, act visibly and understandably, and report openly and regularly on their activities so that the public can hold them accountable. Such transparency is claimed to be the best way of preventing corruption and helps increase trust in both the institutions and those who work and serve in them.

In the early 1990s, corruption was not something that many were willing to openly discuss, largely because it was so prevalent in the everyday lives of leaders, corporations, other organisations and citizens. For example, globally, many major companies regularly wrote off bribes as business expenses to take advantage of tax breaks; corrupt acts committed by some longstanding heads of state were widely publicised; and many international agencies were resigned to the fact that corruption would steal funding from development projects throughout the world. Despite the magnitude of the problem, prior to the early 1990s, there was no global organisation with a goal to curb corruption, and, perhaps even more importantly, no way to accurately measure corruption at the global level.

Corruption can be defined most simply as ‘the abuse of entrusted power for private gain’ (from www.transparency.org). To take it further, it often involves allocation of resources and opportunities unfairly and inefficiently. It is usually discussed within the context of specific actions taken by those labelled as being corrupt. Corruption comes in many forms including embezzlement, fraud, collusion, extortion, abuses of discretion, favouritism, gift-giving, clientele, financing networks of cronyism and patronage, and improper political contributions.

Corruption can be classified in a variety of different ways, where the distinction is most often a function of how much money is lost and where the corruption occurs. Corruption has been around for a very long time and will undoubtedly continue well into the future unless governments can develop effective ways to combat it. It affects virtually every aspect of the relationship between citizens and their governments. It comes with a very high cost and affects societies in many ways. At its worst, corruption can cost lives, as in cases where substantial bribes become the only way to receive health care in an emergency. In other cases, corruption can cost people their freedom.

The effects of corruption can be felt in political, economic, and social matters. From a political perspective, corruption is an obstacle to democracy and the rule of law. As noted by Stockemer et al. (2013), ‘There is evidence that corruption is especially disruptive in democracies because it undermines the basic principles of a free state.’ Corruption delegitimises the political and institutional systems where it takes root (Rock 2009; Sung 2004). Further, corruption also discourages citizen participation in democratic elections, because lower participation may exacerbate legitimacy problems. This is harmful in established democracies but is even more problematic in newly emerging ones or those in transition where democracy is not fully consolidated. Developing accountable political leadership in a corrupt climate is extremely challenging; understanding political corruption can be even more so.

Perhaps the area most negatively affected by corruption is a country’s economy. Mauro (1997) investigated some of the root causes of public corruption, and found that much of it could be traced to ‘Government intervention in the economy, where policies aimed at liberalisation, stabilisation, deregulation, and privatisation can sharply reduce the opportunities for rent-seeking behavior and corruption’ (Mauro 1997: 8).
Where pervasive government regulations are combined with significant levels of discretion by government officials in applying them, many individuals will offer bribes to officials to circumvent the rules and officials will often accept them. Numerous policy-related sources for corruption have been identified such as trade restrictions, government subsidies, price controls, multiple exchange rate practices and foreign exchange allocation schemes, and low wages in the civil service (Mauro 1997).

Early scholars (Leff 1964; Nye 1967; Huntington 1968) held firmly that corruption could benefit social modernisation in countries with slow or inefficient bureaucracies. More recent research has identified numerous detrimental effects of corruption (North 1990; Ades and Di Tella 1996; Mauro 1997; Gupta, Davoodi, and Alonso-Terme 2002; Fisman and Svensson 1999; Podobnik et al. 2008). Corruption undermines people’s trust in the overall political system, and, more specifically, in its institutions and its leadership. When the public becomes distrustful or apathetic, those sentiments can then become yet another hurdle to challenging corruption.

**Corruption as an ethical violation**

In order for good governance to be practised, there must first be good public servants. In general, corrupt acts by public servants raise serious ethical concerns about the capability of a democratic government to serve all citizens. It is common among contemporary, democratic market-oriented countries to hold public servants to higher ethical standards than other professions. Despite being an obvious double standard, it can be argued that from the standpoint of political and legal philosophy, it seems entirely justifiable, as ethical accountability is essential in keeping the corrupt and opportunistic behaviour of public servants in check.

Successful engagement of corruption requires first knowing its source and cause. Every country seems to have some level of corruption that citizens will tolerate and even expect. Very often, the ‘bad apple’ explanation serves in identifying the most common source of corruption. But trying to attack corruption by eliminating one bad public servant at a time is usually ineffective since another will take his or her place and the problem simply resurfaces. Experience has shown that unless accountability and transparency policies are implemented in all levels of an operation, corruption continues to be a problem.

Accountability makes public servants answerable through a system of values, actors, expectations, actions, means, and relationships. Anti-corruption initiatives often consist of measures that provide direction, are linked to performance measurement, or establish procedures. But, in fact, accountability in the public sector must go much further to include both external standards that pressure the moral development of public servants and internal virtues that support good administrative judgment (Erakovich et al. undated). There is simply no replacement for individual judgment. Ethical behaviour cannot be guaranteed by creating rules and formulas followed in a mechanical way. In order to behave ethically, public administrators must have their own set of core values and democratic ideals that stand up to changes in their official working environment. An administrator having these qualities has the integrity to take responsibility for their words and actions, even in the face of politics.

What must happen in order to hold officials accountable is that an ethical climate must be established. Central to creating such an environment is developing a means for ensuring transparency. Transparency implies openness, communication, and accountability. In public services, it means that public servants should be as open as possible about all the decisions and actions they take. They should justify their decisions and restrict information only when the wider public interest demands it (Chapman 1993). Extreme transparency in management...
requires that all decision making should be carried out publicly. Further, it requires that the public have access to information that contributed to the decisions so that they may assess the decisions for themselves.

Transparency and corruption

Corruption most often occurs when there is insufficient openness in state processes and weak administrative controls over the practices and behaviour of government officials. US Supreme Court Justice Louis Brandeis, in 1913, wrote concerning the problems associated with corruption that ‘Publicity is justly commended as a remedy for social and industrial diseases. Sunlight is said to be the best of disinfectants; electric light the most efficient policeman’ (cited at Brandeis University undated). Brandeis was not speaking of any specific form of corruption, but rather of abuse of power in general. However, his view reflects an important underlying truth – that public knowledge of such behaviour reduces it.

This has led to the assertion by some that transparency can be a solution to corruption (Rose-Ackerman 2004). Transparency can make political institutions more transparent thereby making citizens more aware of which officials may be engaged in corruption. Citizens can then make rational choices about whom to vote for. They will also know who may be taking bribes and be able to assess whether poor performance is due to the taking of bribes or simply indicative of general incompetence.

Transparency, while a necessary but insufficient condition for reducing corruption, can, in fact, have the opposite effect. For example, Bac (2001) asserts that a higher level of transparency in decision-making increases the probability of detecting corruption or wrongdoing. However, he adds that increased transparency might alert outsiders to the identity of key decision-makers and thereby enhance incentives to establish connections for corruption. This can result in reducing the detection effect for generating local transparency improvement and ultimately increasing corruption by increasing opportunities for connecting with those inclined to be corrupt.

Despite the possibility of making the situation worse by increasing transparency, Cuervo-Cazzura (2014) concludes that a high level of transparency can reduce imbalances in information available to government officials and citizens such that citizens can more easily identify those officials who are engaging in corruption and avoid entering into relationships with them. This high level of transparency also keeps corrupt individuals in check for fear they will be denounced for engaging in corruption.

Anti-corruption reforms in Georgia and Ukraine

Anti-corruption reform initiatives have been widely studied. A review of them leads to the conclusion that corruption can be challenged primarily through four sources of control. First is from outside through external organisations such as the IMF, the World Bank and the donor community that have applied substantial pressure on transitioning and developing countries to fight corruption by applying political conditionalities. These organisations encourage the practice of ‘good governance’, which implies honesty, efficiency, and accountability of the bureaucratic departments, as well as specific political issues like multiparty elections, civil society enforcement and human rights. A second source of control is from above in which control comes from rulers whose reforms target speeches, campaigns, executive reporting systems, institutional reforms, degree of administrative discretion, and size of various departments and offices. Successful reform depends on political will. Third, control can come from inside through administrative and bureaucratic institutions where professionalism and defence of public over private depend
on the internal and institutional administrative controls that rely heavily on various controlling and auditing bodies within the state administration. Finally, control can come from below through the civil society, the business community, and individual citizens, and is based on the principles of democracy. It includes checks and balances, the separation of powers, rule of law, and legislative and judicial independence considered fundamental to democratic systems and necessary to ensure the political responsiveness of politicians and civil servants.

By compiling annual data for the ranking assigned to the two countries by Transparency International in its Corruption Perception Index (CPI) for 1999 through 2015, it appears that Georgia and Ukraine began essentially at the same level of perceived corruption in 1999. But by 2015, Ukraine’s ranking was significantly higher than Georgia’s (Figure 29.1). This leads to the conclusion that some anti-corruption reforms implemented in Georgia have been successful in addressing the problem. However, in the case of Ukraine, the experience has not been the same.

It might at first be tempting to conclude that Georgia could implement its reforms efficiently just because the population and the territory of Georgia is small, and therefore easier to manage and monitor. But the real reason probably goes well beyond that. In fact, much of Georgia’s success in addressing corruption can be credited to the fact that the government demonstrated a deep commitment to face the problem directly by creating a clear and transparent national anti-corruption strategy and action plan of consisting of well-defined reforms that, once implemented, resulted in sanctions against people involved in corruption, including high ranking officials. Within that plan, they reduced the overstuffed and inefficient public administration by abolishing unnecessary functions of state bodies; increased the salaries of public officials, civil servants and the police; privatised state-owned property and identified people who mismanaged state property for their own benefit; improved the custom service and treasury service by selecting competent officials to manage them; and reduced the number of face-to-face transactions in all of those services by implementing various platforms for e-governance. They improved tax administration by reducing the number of taxes, creating a transparent and simplified tax system, significantly reducing limitations and regulations for private business, and creating centres where citizens could receive all necessary information and documents at a single point.

Georgia’s approach to corruption is important as it reflects their depth of understanding of the nature of the problem itself. In contrast, changes like those occurring in Georgia after the
Rose Revolution did not take place in Ukraine after the Orange Revolution of 2004, even though that event also brought a new, avowedly reformist leadership to power. Ukrainian President Viktor Yushchenko found that he had to recruit established politicians, many of whom were more supportive of the corrupt status quo, to maintain a viable governing coalition. The Georgian administration could focus on pursuing its reform agenda, but divisions quickly arose in the Ukrainian government that led to gridlock and prevented action from being taken against corruption. Even though the Georgian government was less accountable to the public than was the case in Ukraine, the combination of its composition and its power allowed it to overcome pressures from vested interests and push against corruption in a way that was not possible in Ukraine (Nasuti 2015).

Creating transparency and openness with a new online portal at Tbilisi City Hall

In the years immediately following Georgia’s independence from the Soviet Union, citizens questioned the accountability and transparency of the Tbilisi City Hall. The questions were predicated by the fact that citizens did not have financial and other kinds of data about the Tbilisi City Hall and the non-commercial and private legal persons that were under its control. At the same time, journalists and other interested persons were not given the opportunity to evaluate the degree to which decision makers at Tbilisi City Hall were effective in fulfilling their obligations due mainly to the restriction of access to public information. Furthermore, citizens were not equipped with the legal mechanisms and processes that would give them opportunities for full participation in city governance. For citizens of Tbilisi to be fully engaged in local governance, it was very important to inform them and to have maximum transparency in the financial and other key data about the Tbilisi City Hall. In addition, City officials needed to consider implementing services that focused on citizens’ activities and what they needed to be involved. Consultants for the City leadership suggested that the answer seemed to lie in the formation of a new web-based solution.

The City hired the Institute for Development of Freedom of Information (IDFI) to develop their proposed solution and so began the project with financial support by the Open Society Georgia Foundation (OSGF). The IDFI is a Georgian non-governmental organisation founded in 2009 to advocate archive transparency by working on openness, transparency, and improvement of access to public information. Initially, IDFI focused on watchdog activities, monitoring government activities, disclosing violations, and informing the public. Beginning in 2012, IDFI gradually started to shift its focus from watchdog to think tank activities. Currently IDFI acts in a hybrid fashion, combining monitoring and analytical skills with evidence-based advocacy, strategic litigation, awareness raising, and consulting activities. It is recognised internationally for its high-quality, independent research and, based on this research, provides innovative, practical recommendations that strengthen democracy in Georgia and neighbouring countries and foster economy and social welfare. It is also known internationally as an organisation that specialises in promoting open and democratic governance.

Working together, the IDFI team, City officials, and other community leaders outlined the objectives of the project that ultimately included the following:

- to increase the level of transparency and accountability of Tbilisi City Hall;
- to promote effective and transparent spending of public funds;
- to support the development of freedom of information by establishing the standards of e-democracy;
to improve public control over public institutions with the engagement of the citizens, the civil society, and the media; and

• to inform citizens and increase their engagement in the discussion and decision-making processes in the public sector (Open Government Partnership 2015).

To achieve those project objectives, the IDFI team conducted a thorough analysis and study of international practice. Based on that study, the IDFI prepared and presented to Tbilisi City Hall their concept of the structure of the web portal. The concept was discussed publicly with the full participation of officials of the government of Tbilisi and leaders of municipal boards, and was approved by the Mayor of Tbilisi. The resulting portal of Tbilisi City Hall included multiple modules and pages designed to increase civic participation in the activities implemented by the Tbilisi City Hall. To achieve high standards of accountability of local government, portal developers focused on integrating such modern modules as online databases of public information and open data, pages for petition and projects, lists of institutions and companies under Tbilisi City Hall, easily accessible reports and budget, individual pages for municipal boards and other structural subdivisions, and special services for people with disabilities, among others. Once fully implemented, project developers and City officials expected the portal to substantially promote open and participation-based e-governance in Tbilisi.

According to the concept, the plan was to equip the new system with the following features:

- Adaptations to make it accessible for disabled persons.
- Contents to include current information about municipalities, commercial entities, and non-commercial legal persons in a single system.
- A personal page for the mayor that included the mayor’s schedule, blog, and opportunities and methods for contact.
- Background information about the mayor, the deputies, and the other administration employees.
- A petition page with a means for petition uploading, and information on how to join various groups and mobilise supporters.
- A site for facilitating the citizens’ connection to Tbilisi City Hall addressing such issues as participation in polls, evaluation the work of Tbilisi City Hall including municipalities, how to provide information to officials, and how to upload photos and videos to the web page.
- A list of existing social services for citizens.
- Information for job-seekers.
- Information for those interested in starting a business including how to secure permissions, licenses, and registration, as well as information concerning taxes and fees.
- A site for establishing communication with City officials concerning public meetings or means for participating in local governance processes such as budget planning (IDFI 2014a).

The long-term perspective for the project included creating and implementing a new concept of the web page of Tbilisi City Hall to guarantee proactive access of public information and formation of a citizen-oriented informational web system. What made this project unique was that it would not result in just a single web page. As a portal, it would permit each structural entity within the municipality to create its own content located in its own sub-page, thereby putting all the information for Tbilisi in one central place for easier access by citizens.

The overall strategy for development consisted of a three-pronged approach. First, the IFDI development team planned to study the internal organisation, processes, and procedures of the Tbilisi City Hall. Second, the team worked to determine the current public requirements
towards the new web-based portal. Finally, the IDFI team prepared to use those results to create a working prototype.

In the first stage, studying the internal organisation, processes, and procedures of the Tbilisi City Hall, IDFI team members found that, as a system, it was one of the largest and most difficult public bodies in terms of governance. To determine the content of the online system, to unify the standards of the disclosure of the public information, to combine the current information about municipalities, commercial entities and non-commercial legal persons in a single system, and to formulate corresponding procedural documents, it was going to be necessary to work up and research the internal business procedures and information about how it was all managed. To accomplish this, the IDFI team needed to collect and analyse the information about the internal managerial procedures of the Tbilisi City Hall with the collaboration of the corresponding members of the Tbilisi City Hall. Initial studies of the work up, exchange, and publishing of information in the Tbilisi City Hall and its structural or dependent bodies was essential for effective functioning, sharing the responsibilities and obligations, and evaluating administrative resources and technical opportunities for integration and development in current and upcoming electronic service web page.

To address the second prong, determining the public requirements for the new online system, it was important to understand the expectations and the requirements of the consumers, both from the side of service and information recipients, to determine its purpose and required content. On the one hand, availability of public information was important, and on the other, Tbilisi City Hall had to offer various services and programmes to residents of Tbilisi. Thus, both the informational content needs and services, applications, and other activation mechanisms of involvement had to be integrated. At the same time, it was necessary to determine the priorities of the system from the functional point of view. The IDFI team decided that public meetings with the relevant organisations and experts would help them in drawing out the additional indicators that must be considered in creating the technical assignment project. At the same time, it was important to research the best international practices, based on which the modern technical and innovative projects should be offered. The project team felt that analysis of the innovative systems or transparency mechanisms of the web-based systems of foreign countries’ municipalities would assist them in considering modern standards, as well as in working out the conceptual documentation and making recommendations based on established arguments and international practice.

The final stage of development, merging the concept and the prototype of the system, involved bringing together administrative and consumer needs and established international practice, to produce a detailed description of the system that included the following:

- Preparation of the description of the structure and navigation of the portal.
- Preparation of the necessary technical instruction for using the portal;
- Designation of the structure of the division of public information and open data and its data management optimisation plan.
- Determination of the structure of citizen involvement applications, e.g., platform of petitions, online platform for defending nature and cultural heritage, public consultations platform, etc.
- Preparation of technical instruction for the systemic requirements of the portal and for necessary cyber-safety regulations.
- Preparation of the content sharing and basic functional and navigation descriptive HTML prototype.
In a presentation by the IDFI team to officials of Tbilisi City Hall on 23 December 2014, David Narmania, Mayor of Tbilisi City Hall, stated:

Tbilisi City Hall, as a system of public body should be transparent and accountable to every citizen. On the first stage, transparency and accountability could be achieved through creating a modern and citizen-oriented informational web-system. Thus, we fully expressed readiness to commence this project with IDFI and Open Society of Georgia that will enable us to create one of the modern and transparency-oriented portal. We also took the initiative to proactively disclose the information in order to meet the Open Government Partnership commitments. We are committed to disclose information about budget, procurements, and etc.

(IDFI 2014b)

On 22 July 2015, the new information portal was launched at Tbilisi City Hall. Officials were generally pleased with the results, but they did recognise that the project did not live up to their expectations in the short term. Almost immediately several shortcomings were identified that suggested future revisions would be needed. Leaders determined that the system as developed was not unified, that is, it was not fully integrated so that citizens could easily navigate through it and maximise its potential (Open Government Partnership 2017). There was little public awareness about the many important projects and services developed by Tbilisi City Hall. Further, Tbilisi City Hall’s web page and other sources of information about individual agency or department activities did not ensure the necessary dialogue. Without a unified, simple system in place, the broader public could not be reached.

As a result, the initial project was expanded to include new features and functions to integrate the system so that more information could be provided in a format that was easy for the public to acquire and use. New reform priorities were established aimed at creating a unified system that could increase the level of information available to the public to increase the participation of the civic society and ensure governmental accountability to the public. The planned system includes institutional, electronic, and legislative procedural components based on identified legal and factual conditions for 2017. They are expected to significantly increase the effectiveness of Open Government mechanisms and, if successfully implemented, to potentially produce more democratically oriented change in the governance process in Tbilisi, not only quantitatively, but also qualitatively. This will also probably create support for and increase positive outcomes from existing as well as future innovations (Open Government Partnership 2017).

Creating transparency in budgeting and procurement in Lviv, Ukraine

While Tbilisi City Hall was addressing its problems with citizens’ access to public information, municipalities in Ukraine were wrestling with the same issues. Combatting corruption through openness was a critical part of Ukraine’s national reform process from the moment of achieving independence. However, Ukraine’s attempts to reduce corruption and increase transparency have been more resistant to reform than experienced in many other former Soviet republics. Despite numerous efforts to stem the problem, corruption remains perhaps the most pervasive problem in Ukraine’s efforts to consolidate its democracy. An unstable national level government with its growing list of elected officials and national-level career bureaucrats known to be guilty of taking bribes and committing other corrupt acts has deeply marked its first 22 years of independence and served to make transparency extremely difficult.
The issue of budget transparency and use of public funds became particularly important in Ukraine after the Revolution of Dignity during 2013–2014 that culminated in the Maidan protests in February 2014. Demands for openness and accountability of local authorities, especially with regards to financial issues, resulted in legislative promises of these requirements. During 2015, several significant laws were passed that collectively led to more openness and accountability in the budgeting process at the national level. In February 2015, the Law of Ukraine ‘On Openness of Public Funds Usage’ was adopted, followed by Amendments to Article 28 of the Budget Code of Ukraine regarding access to the information on the budget visualisation in the form of open data in April 2015. This law, when approved by the President of Ukraine, required owners of data on planning and implementation of the state and local budgets to proactively disclose this information in the form of open data. Justification for the new legislation was rooted in an even larger legislative effort to formulate a more comprehensive anti-corruption strategy for Ukraine.

The case of municipal budgeting in Lviv, in Western Ukraine, is one example of how implementation of the national financial reform legislation at the local level suggests that progress is possible. Efforts to implement anti-corruption reforms in Lviv has been an ongoing priority since the current mayor, Andrei Sadovyi, took office in March 2006. While many initiatives have been implemented since that time in Lviv, one that is especially important to the citizens of that city today is one that addresses issues with the City’s budget documents. That Lviv should be at the centre of the fight to increase transparency in municipal budgeting is not unexpected, given its history of leadership in reform in post-independence reform in Ukraine. But there are also some broader, more general tendencies among cities in general that make them a logical front line for this fight. It is often easier for citizens at the municipal level to become engaged in understanding how money gets spent and why. And they are often more committed to tracking whether promises are kept.

But ultimate success in increasing openness really depends on how such initiatives are executed. In the matter of public budgeting, making data open would be just the beginning; even more importantly, the data had to also be useful and comprehensible, and this was to be a much bigger challenge (Internews 2015). In Ukrainian cities that had websites, the majority did contain some financial information. Yet, it was generally displayed as long uploaded text files using financial terminology that was unclear to the ordinary citizen and providing little opportunity for interactivity or visualisation. The result was that citizens and local journalists rarely felt that budgeting data was open and thus did not participate in forming or monitoring their city budgets.

According to the International Budget Partnership, in 2014 Ukraine was ranked 54th out of 100 countries in terms of budget transparency and accountability at the national level, opening only a limited volume of budget information. Further, Ukraine stood at 23rd out of 100 in providing the public with opportunities to engage in the budget process (www.internationalbudget.org). Before 2013, under the Yanukovych regime, the idea of a municipal budget available to download was not even a consideration. Much of the information was only available in hardcopy; it was difficult to access and virtually impossible for civil society and local stakeholders to analyse and interpret. Further, when information was available online, finding it was often difficult as it was often buried within other data sets. Even when the information could be located, it was probably presented as a long text document or spreadsheet, containing specialised financial terminology that most citizens would not understand (Internews 2015).

Supporters of reform in Lviv felt that increasing access to budgets and public procurement processes at the municipal level would be a great place to begin their own serious reforms. At that time, if citizens of Lviv wanted to examine the municipal budget they had to be capable of
wading through a 637-line municipal budget file available to them only as a paper document that had to be reviewed at the City’s budget office. Still, within the context of Ukraine, even this gave Lviv’s residents an advantage over their counterparts in other major cities. The result of a few early reform efforts was that more data became available, but it was very hard to find and was not presented in a comprehensible way. Transparency activists and journalists argued that with the budgets still not truly open, citizens could not be active participants in forming and monitoring local government spending. Citizens’ groups joined them in pushing for even better access, greater transparency, and effective public control over local spending. They saw this as a part of building healthy democratic communities by being a way to combat corruption.

Very soon help arrived as several open data and open budget laws passed in 2014 and 2015 began to change things. In 2014, the United Nations Development Programme (UNDP) implemented a pilot project called ‘Open Budget.’ Its goal was to increase local government budget transparency and promote civic engagement. It brought civil servants, civil society workers, IT experts, and journalists together to create ways in which municipal budget information could be better shared with the public. The project began by developing online tools to maximise the communications potential of local governments and incorporated the work of journalists who were intentionally chosen to be among the first participants to learn how to use the digital tools so they could produce data-driven stories that people could understand. Project developers focused on stimulating government–citizen transparency in underserved communities.

Open Budget began with a series of workshops to determine what people wanted from open budgets and to ensure that the delivery method selected would be one that would be right for users from different backgrounds. In these workshops, programme leaders immediately observed that citizens did not understand the budgeting process. This left them unable to effectively provide input for establishing budget priorities. Further, programme facilitators conducted listening sessions with civic activists, local officials, and journalists that revealed two other important points. First, these focus group members wanted to understand how to interpret the numbers and codes in city budget files. Second, they wanted to understand each stage in budget creation and be informed of the status at each milestone so that they could engage in the process (Internews 2015).

Based on information from these interested groups, the Open Budget project team developed a free, user-friendly, online tool for local governments to use in presenting budget information through a variety of graphic data visualisations and launched it in the beginning of 2015. It consisted of two independent components. First, was a graphic visualisation of the budget which could include up to 10 types of visualisation for both revenues and expenses of the city budget. In addition, there was a calendar of the budget cycle to present information concerning the budget estimation and drafting; opportunities and results of public discussion; and notification of approval, execution, and reporting. Second, the programme could interface with official city websites to propose possible visualisations and generate the code to embed the graphics directly into those websites.

The Lviv City Council implemented the Open Budget initiative in 2015 with the full support of UNDP. Compared to other Ukrainian cities, adopting e-governance in Lviv had long been among the priorities for local authorities as a means of facilitating citizens’ access to public services through the usage of modern information and communication technologies. By 2015, several e-government tools had already been introduced by City officials. E-applications, online payment for utilities, scheduling appointments with civil servants online, getting on the list for available apartments, examining expenditures at their children’s kindergarten classes, monitoring the movement of the public transport, and obtaining information concerning various other public services provided citizens with a head start in the development of e-government and
e-democracy. As a result, according to Holub et al. (2014), Lviv ranked 2nd among the 100 largest cities in Ukraine in a UNDP-sponsored assessment of implementation e-tools as the basis for online administrative service provision.

With Lviv as an early adopter of the tool aimed at making the Ukrainian government at all levels more accountable to its citizens, Lina Mykolayiv, Deputy Director of Finance Policy in Lviv City Council was moved to proudly comment that,

The reports on budget execution were regularly presented through the Lviv city council website. However, the reports were just general figures, such as expenditures on education or communal services. From now on, the citizens will see the detailed expenses — for each school or kindergarten. The citizens can also can participate in budget formation and submit proposals on funds distribution. This builds trust and is another step to maximize the transparency of the budget process in the city

(Internews 2015)

To increase citizen review of the budget and use of the new information tool, Lviv conducted a survey asking citizens what information was missing in their budget visualisations. City officials established a plan for further improvement to the presentation of the city budget based on this feedback from the public. The question then was how to continue the reform effort. Helping local government to present their budgets in a more comprehensible way was just the first part of the process of increasing transparency and accountability in budgeting and procurement. The next step was to simplify the data, making it easier to understand so that journalists and transparency activists could unravel what that information revealed about local government competence and trustworthiness. Once they understood it, it would be their responsibility to inform the public who could then begin holding elected officials to greater accountability through a more open political process. Questions concerning what those data told local communities about local government spending on services related to health facilities, schools, and local infrastructure, and how their region compared to other regions with similar or different numbers of inhabitants, could explain how local elected officials decided on priorities, thereby keeping them honest and requiring them to consider more carefully whether they were getting it right for the community they served.

At the time at which Lviv and other Ukrainian cities began using Open Budget, Ukraine ranked 55th on the Open Data Barometer assessed by the Open Data Institute (ODI), making it the lowest among its neighbours in Europe and Central Asia. Ukraine was labelled as ‘capacity constrained’ as open data initiatives are ‘highly dependent upon a small network of leaders and technical experts’ (Onyiliogwu 2015). ODI research has shown that the broader challenge was embedding and sustaining open data initiatives across the government. To ensure the sustainability of an open data initiative, a government had to overcome cultural challenges, not just technical ones. Ukraine’s long history of a lack of openness around government information was evident; overcoming related cultural barriers to becoming more open could be approached in number of ways.

Future reforms should seek to strengthen and invest in additional government open data initiatives so that officials are able to focus on relationship management within the government. Effective change management within and between government departments is essential. Reforms should also focus on raising awareness of open data and related support mechanisms among different government agencies and departments. Further, reforms should provide decision makers with real opportunities to take part in ongoing learning about open data. Future reforms should aim to produce implementation champions to ensure that the
Post-Soviet anti-corruption initiatives grow from the bottom up. Perhaps most importantly, future reforms must solicit and utilise external sources of financial support, such as international agencies, which invest in solutions resulting in greater transparency and improved service delivery.

In the furtherance of its continuing democratic transition, the Ukrainian government is having to rapidly improve its public image and its service delivery, both of which can be helped by ensuring open data. Keeping up the current momentum is key to ensuring that open data becomes standard government practice and fostering a true open government. The example provided in Lviv clearly demonstrates that reform is possible, and democracy is advanced where people are informed and engaged. Currently, any municipality wishing to use the open-source tool can access it online and upload their data on city expenditures and revenues into the system. By visiting the website and reviewing the information located there, anyone could start their own investigation of public spending. Instead of listening to anecdotal accounts of corruption among public officials, citizens could literally check and retrieve actual information on when government officials were spending the tax payers’ money, to whom they were making payments, on what goods or services payments were being made, and the amounts being paid.

Conclusion

When information on government activities is limited, especially budgeting and procurement activities, there are opportunities for corruption to result in the exploitation of public resources for private gain. To build and increase transparency, accountability, and integrity in government, citizens must insist on government policies that lead to increased openness in public data. The challenge for the future is to move progressively toward systematic approach to the release of data of public value. As stated in a report produced by Transparency International in 2015:

By enabling increased transparency in government activities, budgets and expenditures, open data becomes a critical ingredient in accountability interventions. The argument is clear: not only should open data reduce the mismanagement and misallocation of resources, it should also help secure a transparent, more accountable exchange between governments and citizens. Indeed, public interest in ending corruption and inefficiency in governance has generated a demand for governments to open up more data and to improve information transparency. Governments are under pressure to facilitate public access to and oversight of their work, as well as to produce information that is easier to work with and compare.

(Transparency International 2015: 8)

Research into the importance of open data as an instrument for fighting corruption shows clearly that open data is relevant and essential for transparency and accountability; innovation, economic development, and efficiency; and inclusion and empowerment. This leads to the obvious conclusion that open data should contribute to anti-corruption reform, by influencing institutions, processes, and public engagement. These two case studies provide positive examples of major cities in transitioning democracies recognised for high levels of corruption for over two decades having found some success in addressing corruption by creating systems to increase citizen access and utilisation of public financial data.

However, just making information available will not prevent corruption if conditions for publicity and accountability are weak. In fact, in the absence of basic democratic principles and practices such education, media circulation, and free and fair elections, transparency alone will probably not reduce corruption. Furthermore, research has also shown that transparency
requirements implemented by government in the form of policy are less effective than non-government-controlled transparency institutions, such as a free press (Lindstedt and Naurin 2003). It is important to note that reforms focusing on increasing transparency should be accompanied by measures that strengthen the capacity of citizens to act on available information.

To be successful, high levels of transparency must be accompanied by complementary systems and punishment that can change the incentives to engage in corruption. A competitive political system is important as the opposition has an incentive to identify and punish those in power and replace them. The government can also increase the likelihood of being caught and of being punished if caught (Cuervo-Cazzura 2014). But it all begins with transparency and the establishment of an informed citizenry.

References


Post-Soviet anti-corruption initiatives


