

Accountability Arrangements to Combat Corruption **in the Housing and Municipal Sector in Ukraine**

CASE STUDY

Ihor Kyrylchuk

Partnering to
COMBAT CORRUPTION

Series Editor: M. Sohail

Accountability Arrangements to Combat Corruption
in the Housing and Municipal Sector in Ukraine

Accountability Arrangements to Combat Corruption in the Housing and Municipal Sector in Ukraine

A case study

Ihor Kyrylchuk

Head of Sustainable Development Department,
Association of Ukrainian Cities and Communities

Kyiv

2007



Water, Engineering and Development Centre
Loughborough University
Leicestershire
LE11 3TU UK

© WEDC, Loughborough University, 2007

Any part of this publication, including the illustrations (except items taken from other publications where the authors do not hold copyright) may be copied, reproduced or adapted to meet local needs, without permission from the author/s or publisher, provided the parts reproduced are distributed free, or at cost and not for commercial ends, and the source is fully acknowledged as given below. Please send copies of any materials in which text or illustrations have been used to WEDC Publications at the address given above.

A reference copy of this publication is also available online at:
<http://www.lboro.ac.uk/wedc/publications/>

Kyrylchuk, I. (2007)
*Accountability Arrangements to Combat Corruption
in the Housing and Municipal Sector in Ukraine*
From the Partnering to Combat Corruption series
Series Editor: M.Sohail

WEDC, Loughborough University, UK.

ISBN: 978 1 84380 123 8

Please note:

The views expressed in this document are not necessarily those of the Department for International Development or WEDC, Loughborough University.

Designed and produced at WEDC by Glenda McMahon and Rod Shaw

Contents

1. Corruption in the housing and municipal sector	1
1.1. Separate examples of corruption in the Ukrainian housing and municipal sector	3
2. Legal aspects of the the fight against corruption in Ukraine	5
2.1 The basic acts and definitions	5
2.2 Responsibility for corruption and the forms it takes	6
2.3 Problems preventing corruption in economic activities.....	6
2.4 Consumer rights guaranteed by the Law of Ukraine On Housing and Municipal Services	7
3. Public organizations and their struggle to reform housing and municipal services	9
4. Attitudes to the problem of corruption in the housing and municipal economy in Ukraine: a report on the results of a sociological study	11
4.1 Introduction	11
4.2 Estimation of the quality of housing and municipal services	12
4.3 Estimation of the problem of corruption in the housing and municipal sector.....	14
4.4 External estimation of the condition of the housing and municipal economies of the respondents	18
4.5 Different attitudes towards corruption from inhabitants of different regions of Ukraine	19
4.6 Conclusions	23
4.7 Analysis of semi-structured interviews for infrastructure service providers	24
4.8 Focus groups discussions analysis	27
4.8.1 <i>Service delivery</i>	27
4.8.2 <i>Corruption</i>	27
4.8.3 <i>Livelihoods</i>	29
5. Methods of reform in the delivery of housing and municipal services	31
6. Summary of the report	33

List of figures

Figure 1. Percentage of homeowners in the three regions satisfied by the quality of housing and municipal services	13
Figure 2. Distribution of homeowners who turned to the suppliers of the housing services to solve a specific problem	19
Figure 3. 'How do you understand word 'corruption'?'	20
Figure 4. 'In your opinion, which housing and municipal services suppliers are the most corrupt?'	20
Figure 5. 'What do you consider to be the main reason for corruption in society?'	21
Figure 6. 'Have you or a friend been requested by a representative of any body, organization or individual to pay him/her a bribe during the last year?'	21
Figure 7. 'How frequently, in your opinion, it is necessary for average citizen to pay a bribe to someone.....'	22

List of tables

Table 1. Distribution of respondents accordingly to age	12
Table 2. Basic reasons for corruption in the housing and municipal economy	14
Table 3. Distribution of specific housing and municipal services accordingly to the level of corruption of their suppliers	15
Table 4. Possible consequences of housing and municipal services supplier being convicted of bribery	16
Table 5. Respondents' estimation of the effectiveness (or ineffectiveness) of proposed anti-corruption methods, %	17
Table 6. Regional distribution of respondents recognizing potential anti-corruption methods to be effective, %	23
Table 7. Existence of a complaints office	25
Table 8. Public availability of regulations and policy guidelines	25
Table 9. Improvements to decrease corruption.....	26
Table 10. Provision of specific training on integrity issues	26

Acknowledgements

The authors and the series editor gratefully acknowledge the many different people who have willingly contributed in knowledge, opinion and time to the development of this series.

It is very difficult to provide an exhaustive list of contributors who developed this series. We would like to thank particularly DFID for funding this project. Our special thanks to Professor Susan Rose-Ackerman of the Yale University, USA for providing valuable comments on some documents in the series. Thanks to Dr. Sue Cavill for providing academic support to the series editor and to Jane Lanigan for technical editing.

We thank all of the people who have provided us information confidentially on such a sensitive issue as corruption.

Special thanks to the people from the low-income settlements in the various case locations who have contributed to the research and have provided their perspectives on the issues. We feel greatly indebted to them.

1. Corruption in the housing and municipal sector

Housing and municipal problems in Ukraine can be determined as a network of pressing and as yet unsolved political, economic, social, legal and industrial questions related to the granting of these services for citizens. The essence of these questions is that the majority of Ukraine's citizens are physically unable to pay for housing and municipal services in full under those tariffs and prices dictated to them by the suppliers of these services. The causes for this are the low incomes and standard of living of the population on one hand, and the often over-estimated pseudo-market requirements of the monopolist service providers on the other.

The circumstance that nowadays the state takes the side not of the citizens, but of the housing and municipal monopolists complicates the situation. During last ten years, the state has avoided appropriate fulfilment of its social function and necessary constitutional obligations to people. In effect, it has also transformed the Ukraine housing and municipal sector into one of the basic sources of illegal enrichment for a small group of people through 'shadow' gain of the profit.

Significant amounts from family budgets are washed away to pay for housing and municipal services, money that should go on meals, public health services, education, cultural and other purposes. At the same time, the situation complicates the financial state of needy Ukrainian families even more. Many families are forced either not to pay at all, or to pay only a part of the amount that has been charged illegally. It causes the existence of so-called 'debts', allowing housing and municipal monopolists to pursue needy 'debtors' through the courts.

A significant problem is the imperfect nature of the subsidies system (non-cash grants that are assigned to people with low income and which give them a possibility to have discounted rates on infrastructure services introduced by the Cabinet of Ministers, which has actually made the grant difficult to get by the majority of people who really need it. At the same time, those who do not in fact require the grant, are able to receive it.

According to communiques of the Antimonopoly Commission, all regions of Ukraine experience overstated reporting of required versus actual services delivered, distorted levels of service quality, non-transparent procedures of rates establishment, as well as other types of systematic illegal abuses. Nevertheless, these facts – which unambiguously point to the presence of organized and socially dangerous crimes in the housing and communal services sector – have drawn the attention of neither the public, nor local authorities, nor competent agencies unless it was pointed out by opposition political parties.

There is also a problem that providers of infrastructure services use the mechanism of bringing people who do not pay for their services (in most cases – people with low income) to court for non-payments. It happens at the time when no written agreements are concluded between inhabitants and providers of infrastructure services. It means that in spite of the fact that there is no formal legal ground to apply to the courts, providers usually win this kind of law cases and make people pay for their services. During this process there are numerous cases of violation of the basics of legal proceedings and investigations set in the Code of Civil Procedures of Ukraine.

It is necessary to pay more attention to the question of disorganization of the courts' normal work, as bodies of the government, which have been significantly congested because of the number of claims from housing and municipal services.

An additional problem is the illegal switching-off of electricity, gas, heating and water supplies of needy households by the enterprises providing housing and communal services. Such practices are implemented contrary to chapters 22, 47 and 48 of the Constitution, and contrary to current legislation about a living wage and about the state social guarantees. In addition, such actions are actually an illegal encroachment of proper state functions, internal and international obligations of Ukraine, which under the Constitution is a social state.

There is a new and dangerous social and psychological phenomenon in the society, a result of psychological, judicial and other pressure upon the population regularly made during recent years by housing and municipal services. Experts determine it as a special kind of mental frustration – ‘housing and municipal depression’.

Accordingly to data of an opinion poll conducted in 2006 by the Institute of Social and Political Psychology of Academy of Pedagogical Sciences of Ukraine, for the first time since studies began in 1997 the main cause for popular participation in mass protests is universal, economic discontent – infringement of human rights, in particular, increases in payments for housing and transport, corruption in supervising organizations, abuses of authority by local management, and switching-off of electricity, gas, heating and water supplies. Actually, all the listed motives for protest, more or less, concern the housing and municipal services. It is necessary therefore to work towards the elimination of different ‘shadow’ schemes of gaining extra profits (incorrect pricing, getting payment for non-productive work period of infrastructure (e.g. leaking pipe or absence of hot water supply), tax optimization etc), reduction of artificial non-productive expenses, the introduction of effective energy savings, the provision of an exact account of supplied services, introduction of new progressive technologies and the development of sound market competition.

These problems cannot be solved by extensive, constant and economically unreasonable increases in prices and tariffs, nor by illegally ‘beating out’ so-called ‘debts’ from the needy population; such practices lead only to its even greater complication. In spite of Government declaration on changes in infrastructure services, in fact there were no significant changes in this sphere in 2006 and up to this time. It means that those who used to receive extra profit through housing and municipal sector in certain cases will continue this practice. Hence citizens are demanding urgent answers to questions concerning legal relations of the state and its provision of housing and municipal services. It has become a national problem, having grounds to be considered one of the most important for the authorities, because it makes it impossible for Ukrainian citizens to use the rights guaranteed by the principal law. By failing to resolve this issue, there is a threat to the citizens’ vital interests, and consequently, to national safety.

At the international level, Ukraine has the image of a rather corrupt state, which is testified to by its permanently low ratings as defined by the results of surveys carried out by authoritative international institutions in recent years. In particular, the index of corruption awareness (as surveyed by Transparency International) in Ukraine were as follows: in 2002 – 2.4, in 2003 – 2.3, in 2004 – 2.2 and in 2005 – 2.6 (according to the survey methodology, states with a hazardous level of corruption include those with the index of up to 3).

The official statistics keep records of corruptive offences defined as such by the law of Ukraine On Corruption Control. Annually from 3,000 to 5,000 of corruption cases are reported and majority of the corruptive actions were done by public officers.

The most widespread corruptive actions are bribery. According to statistical data, during the last three years (2003-2005), legal advocacy agencies registered up to 3,000 bribery facts each year. At the same time, in 2005 only 398 persons were brought to justice for bribery.

According to official statistical data, in 2006 there were 919 reported cases of corruption during official employment activity, 151 criminal cases of bribes acceptance, and 1,684 cases that can

be classified as corruptive, among which 35 cases were carried out by highest state officials of categories I-III (in Ukraine there are 7 categories of state officials where 1st category is the highest). Official reprimands were assigned to 1,197 officials.

The 'paying-off' of persons authorized to perform functions of the state ('corruptive lobbying') has become widespread, as has the performance of illegal and corruptive intermediary functions by public officers in relations between third parties and public authorities, which has become not a situational but constant phenomenon.

There are also other types of corruption. In particular, the hiring of relatives or friends, the receipt of 'commission fees' from participants in state procurement procedures, non-official 'communication' with representatives of enterprises and organizations dealing with administration or having contractual relations with public authorities, undertaking business through false persons or relatives, and receiving of illegal privileges or presents on dates of personal, state or religious holidays.

More particularly, there is the still complicated situation within Ukraine's judicial authorities. Numerous facts on abuse and violations are registered at the stage of applying to the court and during judgement on cases. Since March 1998 the Higher Justice Council has applied to the the President of Ukraine and the Verkhovna Rada (Parliament) of Ukraine to support the proposals for the dismissal of over 70 judges for violation of their oath, which has been satisfied accordingly.

The strategic direction of corruption control should be strengthening activity focused on revealing corruption, and ensuring prosecution of guilty persons. Effectiveness in detecting corruption can be achieved only through the close co-operation of legal advocacy agencies, public authorities and civic society institutes, as well as through the integrated undertaking of appropriate anti-corruption measures. Moreover, implementation of anti-corruption activities should be ensured by adequate accountability mechanisms. Such an approach meets the basic principles of forming of anti-corruption strategies in the modern world.

1.1. Separate examples of corruption in the Ukrainian housing and municipal sector

- a) In 2006 the Office of the Public Prosecutor of Kyiv city has brought a criminal case against two heads of the organization Cable Networks of the 'Kyivenergo' Company, which provides the centralized power supply in Kyiv. These officials received a bribe of 50,000 UAH (10,000 USD) from a cafe's owner for non-ground approval of the design documentation for the cafe connection to the electric system. The criminal case mentioned chapter 2 of article 386 of the Criminal Code, prescribing from five to ten years imprisonment¹.
- b) Until July 2006, the Kyiv Municipal Office of Ground Resources blocked the receipt of documents determining borders of territories around the dwelling houses (by-house territories). These territories should be transmitted for free to housing communities. Instead, the Kyiv city administration supervised a society with limited liability 'The Earth 2000', which legalized unnecessary papers for 22,000 UAH².

¹ Kyiv Prosecutor Office; 24.05.2006; <http://www.prokuror.kiev.ua/ua/media/statements/463.html>)

² Newspaper «Контраст» (Contrast); # 8(26), 23 March 2006; Kyiv)

- c) Another example of corrupt actions in Kyiv city relates to waste collection and removal. In relation to low tariffs for waste removal, the city authority gives indemnification to enterprises contracted for removal. However, only companies that give bribes can be included in the list of preferred waste collection and removal provider. At the time when Kyiv faces lack of technical equipment for waste removal, the possibility to use all available resources from private providers are not used. Therefore carriers of waste confirm that their technical equipment stands idle because of corruption schemes used on this market to receive indemnification³.
- d) One of the reasons for corrupt actions is the imperfect situation of grants for separate categories of citizens for expenses compensation for payment of housing and municipal services. For the grant legalization, applicants should provide the following documents: an application for receipt of the housing grant, a certificate about family members and the size of payment for housing and municipal services, a certificate about income for the six last months, and a certificate about the size of the ground area. Besides, it is also necessary to have passports, a pension certificate, and labour books for unemployed family members, municipal services pay books, evidence of actual payment for electric power and the heat supply for the previous period, and medical certificates. Depending on circumstances, on demand of the grant official it may be necessary to provide additional documents as well. Such a complex procedure often leads to bribery in cases where the set of documents is incomplete.
- e) Zhytomyr Regional Office of Anti-monopoly Committee of Ukraine instituted proceedings against Zhytomyrgas JSC, based on signs of misuse of its monopoly situation i.e. the enterprise included in its rates for services the cost of needless additional work⁴.

³ Newspaper «Имею Право» (I have the Right); # 7, 1- 7 March 2006.; Kyiv)

⁴ Anti-Monopoly Committee of Ukraine, 24.11.2006;

http://amc.gov.ua/amc/control/uk/publish/article?art_id=63204&cat_id=64109

2. Legal aspects of the the fight against corruption in Ukraine

2.1 The basic acts and definitions

The basic acts of Ukrainian regulatory procedures and mechanisms employed in the fight against corruption in the housing and municipal sector are:

- The law of Ukraine 'On the Fight Against Corruption' (1995)
- The Criminal Code of Ukraine (2001)
- The Code of Ukraine on Administrative Offences (1984)
- The law of Ukraine 'On Protection of the Rights of Consumers' (1991)
- The law of Ukraine 'On Housing and Municipal Services' and other normative-legal acts of Ukraine (2004)

The term 'corruption' is defined in the Law of Ukraine 'On the Fight Against Corruption' (1995). Corruption is understood to be activity of people authorized for performance of functions of the state, which is directed towards illegal use of this authority for reception of material benefits, services, privileges or other advantages. Corruptive actions are:

- a) Illegal receipt by a person authorized for performance of functions of the state, in connection with performance of such functions, of material benefits, services, privileges or other advantages, including acceptance or receipt of services by their purchase at a price significantly lower than their actual cost; and
- b) Receipt by a person authorized for performance of functions of the state, of credits or loans, securities, real estate or other property through the use of privileges or advantages, not provided for by the current legislation.

Recently, questions about the fight against corruption in Ukraine have come under significant attention. The President of Ukraine signed the law 'About Modifications in the Law of Ukraine On the Fight Against Corruption', and this was adopted by the Parliament of Ukraine on February 23, 2006. According to these changes, the prime minister, the first vice prime minister, vice prime ministers, ministers, deputies of regional councils and service persons of the armed forces of Ukraine are also all liable for corruption actions. Broadening the list of liable position holders gives a basis for a reduction in the number of infringements.

In 2006, the Ministry of Justice of Ukraine developed a draft concept to combat corruption named 'On a Way to Respectability'. This project was approved by the governmental Committee on Legal Policy and Defense. The concept forms the grounds of the state policy with regard to its fight against corruption. The draft has been approved by the Council of Europe. At the time of this report preparation, the draft had been approved by the ministries and departments and was to be sent for approval to the Cabinet of Ministers.

The necessity to develop and adopt normative and legal acts as part of the fight against corruption is based on the fact that corruption continues to remain one of major factors in Ukraine, and it is one which influences essentially the entire structure of national safety and social activity.

Complex work against corruption includes improving anti-corruption legislation, personnel selection, co-ordinating the actions of law enforcement bodies and essential improvement of the activities of the courts.

2.2 Responsibility for corruption and the forms it takes

Corruption is one of the essential negative phenomena that prevent Ukraine from appropriate economic and social development. The country's anti-corruption legislation started developing in the middle of the 1990s, when the law 'On the Fight against Corruption' was adopted (1995; changes and additions: 1996-2005). Since that time, Ukraine has moved towards the development and introduction of anti-corruption standards in conformity with conventional global ones. These standards are highlighted in laws and legal acts, and concepts and programmes; they are revealed through creation of specialized state institutions, which have enough authority to act against corruption. As a result, it has been possible to achieve certain successes in the fight against corruption (especially in its most dangerous criminal forms) – in 2003, there were 4,918 reports on corruption actions forwarded to the courts.

In spite of positive changes, the efficiency of the fight against corruption remains insufficient. According to domestic and international organizations engaged in research on corruption, its level in Ukraine is highly significant. Ukraine also has a tendency to delay in conducting social and legal actions against corruption in comparison to quantity indicators of the corruption level.

The following kinds of responsibility for corruption offences currently exist in Ukraine:

- administrative
- civil and legal
- disciplinary, including financial
- criminal and legal

2.3 Problems preventing corruption in economic activities

Creation of an efficient prevention system against corruption in the sector of economic activities is one of the most significant problems of Ukrainian society, and it is an extremely important and difficult issue to solve. Recently, a lot has been done with this in mind: the Co-ordinating Committee on the Fight against Corruption and Organized Crimes was formed by the President of Ukraine (1993), the National Program on the Fight against Corruption (1997), the Criminal code of Ukraine (2001) was developed and accepted, while a number of other legislative and organizational actions have also been introduced. All these measures are aimed at counteracting corruption as a whole. However, they are practically unable to tackle corruption in separate sectors, which makes these measures less efficient and should be considered as their certain drawback.

An analysis of current legislation shows that no statutory act contains lists unequivocally outlining anti-corruption measures in the sector of economic activities. Only in the most general terms, chapter 5 of the law 'On Fight against Corruption' hints that in economic activities it is possible to recognize as corruption:

- assistance, use of the service position, to physical persons and legal entities in realization of enterprise activity by them and also in reception of subsidies, subventions, grants, credits or privileges with the purpose of illegal receipt of material benefits, services, privileges or other advantages;
- carrying out enterprise activity directly or through intermediaries or figureheads; and
- participating independently (except for cases when the civil servant shares co-management, of the enterprises that belong to the state, and represents interests of the state in a Supervisory Council or a Revision Committee of an enterprise), or through a representative or figureheads in Management Boards or other executive bodies of the enterprises, financial establishments, companies and similar organizations, unions, associations, co-operative societies which conduct business activity.

The Criminal Code of Ukraine (except for 'classical' corruption chapters: 368 – 'Reception of a bribe' and 369 – 'Granting of a bribe') considers in section V – 'Crimes in the sector of economic activities' conditional corruption to include actions such as:

- counteraction of lawful economic activities (chapter 206 CC);
- illegal opening or use of currency accounts outside from Ukraine (chapter 208 CC); and
- legalization (laundering) of incomes received through criminal means (chapter 209 CC) and some others.

The above-mentioned anti-corruption actions in the sector of economic activities are local – that is, such ones that do not solve the problem as a whole. Preventing corruption in economic activities should consist of the complex of actions, namely political, economic, legal, organizational-administrative and social-psychological ones.

2.4 Consumer rights guaranteed by the Law of Ukraine On Housing and Municipal Services

The law defines the grounds for organizational and economic relations arising in the sector of granting and usage of housing and municipal services.

A consumer has the right:

- to receive housing and municipal services in due time and of corresponding quality under treaty provisions on granting of housing and municipal services;
- to receive the necessary information about all housing and municipal services, their costs, structure of pricing, rates of consumption and so on;
- for compensation for damage caused by unaccordance in housing and municipal services;
- for elimination of the revealed deficiencies of granting housing and municipal services during the term established by the contract;
- for payment reductions for rendered services in case of their unaccordance in full or decreases in their quality; and
- to receive indemnification from the executor for excess of normative terms on carrying out abnormal condition-renewal works.

Municipal services are provided for consumers constantly; exceptions include breaks for resolution of accidents, and for carrying out repairs and preventive works under the schedule agreed with an agency of the local authorities. Local authorities have the right to change temporarily rates of consumption, quality of granting of housing and municipal services according to technical capacity of the enterprises, climatic and other local conditions.

3. Public organizations and their struggle to reform housing and municipal services

According to Ukrainian citizens' opinions, the problem surrounding the organization and quality of housing and municipal work in the country is a major issue. Hence citizens have united to form voluntary organizations of consumers with the intention of protecting their rights.

In Ukraine, 4,000 unions of co-owners of apartment houses have been founded. During the first three months of 2006 alone, there were 254 unions founded. This represents six per cent of the total quantity of houses with more than five floors. The biggest number of unions are being created in the Nikolaev region.

According to Ukrainian legislation, an association of consumers has the right:

- To carry out interviews to assess public opinions concerning price and quality of services;
- To organize legal and advisory help for consumers;
- To represent and protect the interests of consumers within local authorities;
- To apply to the courts in any cases of illegal actions on the part of a manufacturer; and
- To conduct public hearings on the subject of housing and municipal services.

The most successful non-governmental organization (NGO) helping to further citizens rights protection in the housing and municipal services sector is Housing and Municipal Inspection of Our Ukraine, which was created in 2005 by the political party Our Ukraine. This NGO carries out its activities in different directions. A telephone centre, The Hot Line, was created to collect information from citizens and to provide consultations concerning housing and municipal services. In each area of Kyiv city, mobile inspection brigades have been established to conduct daily spot-checks on city streets and to communicate with citizens. A special brochure, For the Protection of Kyivans' Rights, is published with recommendations for the population concerning the protection of their housing and municipal rights. The NGO also publishes The Bulletin of Housing and Municipal Inspection of Our Ukraine and develops typical forms for complaints, claims and statements when making a claim.

It was under the initiative Housing and Municipal Inspection of Our Ukraine that the associations of co-owners of apartment houses were founded in Kyiv. Such activity helps to reduce the level of corruption in the housing and municipal sector.

According to a piece of analytical research conducted by the Association of Cities and Communities of Ukraine (AUC), a national association of local and regional authorities, the attributes of the corruption in Ukraine are:

- A strengthening of tolerant attitudes to corruption within society combined with a recognition of corruption in the public conscience, public harm and readiness to choose corruptive ways for solving problems, which has resulted in a disability on the part of citizens to participate actively in anti-corruption activities; and
- Weakness of civic society institutes. The mass media, which are usually influenced by their owners and public authorities, mainly avoid objective coverage of such problems. Civic initiatives are not supported, due to social apathy on the part of the majority of the population. Non-governmental organizations, meanwhile, are mostly repressed and subordinate to the individuals or organizations that provide their financial support.

4. Attitudes to the problem of corruption in the housing and municipal economy in Ukraine: a report on the results of a sociological study

4.1 Introduction

This case study of corruption in the housing and municipal economy (HME) in Ukraine included homeowners, HME experts and workers to gain insight into different aspects of the problem outlined above. The fieldwork stage of the interviews with homeowners was conducted during March 2006. Analysis of the results was conducted using the 'triangulation' method.⁵

For the interviews with homeowners, adult citizens (aged over 18 years) were selected by the random multi-stage sample⁶ method as follows – inhabitants of Kyiv (150 homeowners), Rivne (50) and Kherson (50). These cities represent different regions of Ukraine – the centre, north-west and south-east of the country, and from territorial and administrative point of view they are considered as the country's regional centres. This selection of cities and the random selection of respondents sought to provide thoughts and experiences with the domestic HME typical for entire population of Ukraine, so that the results might be propagated correspondingly to the wider general population.

Women participants of the study represented 54.4 per cent, while men represented 45.6 per cent. More than half of those interviewed considered themselves to be religious (51.2 per cent) and more than half had participated in higher education (58.8 per cent). Almost 17 per cent of those interviewed were workers, 12.8 per cent lived on their savings, money transfers or their pension, and 11.2 per cent were hired employees of business organizations. The distribution of respondents with respect to age and sex as a whole reflects these social-demographic characteristics of the adult urban population of Ukraine – thus, the results of the investigation can be extended to entire general population (see Table 1).

Interviews were carried out by speaking to homeowners individually using a form containing open and closed questions. The form included personal information about the respondent (sex, age, religion, education, basic sources of earning a living, level of welfare, condition of their homes), level and quality of services, experiences with HME representatives, corruption in the region, their understanding of indicators of corrupt actions of regional representatives and users of its services, and their estimation of the effectiveness of possible ways of overcoming corruption in domestic HME.

⁵ Triangulation is the application and combination of several research methodologies in the study of the same phenomenon;

⁶ Multistage random sample is constructed by taking a series of simple random samples in stages for example in the first stage a random sample would be conducted of large area. In the second stage, a random sample of smaller areas (such as regions) is conducted. Then, in the third stage, a random sample of even smaller areas (such as neighborhoods) is taken from within each of the areas chosen in the second stage.

Table 1. Distribution of respondents accordingly to age

Age group	Number of people	%
24 or younger	39	15.6%
25-34	66	24.6%
35-49	61	24.4%
50-59	49	19.6%
60 or older	32	12.8%
No answer	3	1.2%
Total	250	100.0%

The survey for infrastructure service providers was conducted on the basis of random selection among the representatives of the service providers' management and regular staff workers of ZHEKs (the local residential utilities offices), companies that supply energy (oblenergo), gas (citygas), heating (teploenergo), regional suppliers of water (oblvodokanal) and companies that collect waste in Kyiv, Rivne and Kherson.

Discussions in focus groups were conducted according to the following blocks of questions: service delivery, corruption and livelihoods. Those involved in the focus groups included representatives of infrastructure services providers, independent experts and representatives of NGOs.

In order to check the reliability of the interview results, the interviewer had to personally prepare a report on housing and municipal services to be given to each of the interviewed homeowners afterwards (on the condition of the house, water pipes, pavements, canalization and drainage, utilization of household trash and so on).

4.2 Estimation of the quality of housing and municipal services

The results of this opinion poll in the three cities (Kyiv, Rivne and Kherson) provide a picture of the quality of housing and municipal services.

The interviewed homeowners were sufficiently pessimistic in evaluations of their influence on the city authority. Hence, to the question 'As you consider, will your opinion be heard on the solution of the city authority?' 61.2 per cent of respondents answered 'no', 20.8 per cent could not answer this question and only 18 per cent answered affirmatively.

Only half of those interviewed (49.6 per cent) feel themselves to be physically safe in their accommodation, while 42 per cent do not feel safe. 35.2 per cent consider that there is a threat to their health where they live (50 per cent deny this threat). 82.8 per cent of respondents indicated they never felt threatened by eviction because of migration of either landowners or organizers or by property developers. At the time of the interviews, 13.2 per cent had had this unfortunate experience.

Of the respondents, 77.6 per cent noted that their houses were located near their place of work, transport, medical and educational institutions and other establishments of social welfare. Another 20 per cent refuted this assertion. In the opinion of half of those interviewed, they are able to obtain a bank loan; at the same time, 35.2 per cent were deprived of this possibility. Answering the question 'How in the past did you overcome a crisis such as the loss of job?', 44.8 per cent of those interviewed indicated that in such a case they searched for new work, and 11.2 per cent turned for help to relatives.

Analyzing the quality of housing and municipal services: 60 per cent respondents noted they were satisfied by the water supply (against 39.6 per cent dissatisfied); 81.2 per cent were satisfied by the electric power supply (against 18.2 per cent not); 68 per cent – by transport services (against 32 per cent not); and 63.2 per cent by the quality of canalization services (against 34.4 per cent dissatisfied).

At the same time, 52.4 per cent respondents noted that they were not satisfied with access to and quality of water (against 44.4 per cent of those satisfied); 81.2 per cent were not satisfied with the quality of roads, routes and pavements (against 18 per cent satisfied); and 63.6 per cent were dissatisfied by street lighting (against 36 per cent satisfied). Of those interviewed, 53.6 per cent do not have access to rail services and 16.8 per cent are not satisfied by the quality of these services. Thus, for service users, the most urgent problems in the housing and municipal economy are roads, street lighting, water supply and the condition of water pipes (see Figure 1).

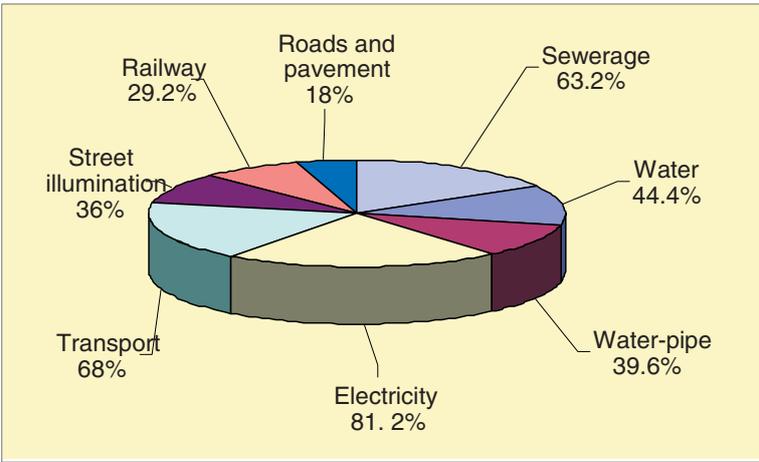


Figure 1. Percentage of homeowners in the three regions satisfied by the quality of housing and municipal services

Also, respondents' answers to the question 'Have you been in contact with the suppliers of housing and municipal services?' testify that in spite of dissatisfaction with the quality of HME services, homeowners are inclined to occupy a passive position when it comes to their rights (52.4 per cent gave negative answer to this question). Of those interviewed, 58.5 per cent noted that in cases of their turning to HME services with complaints, their problems had not been solved (against 20 per cent whose problems were successfully resolved).

In regard to the frequency of homeowners making applications to the suppliers of housing and municipal services, 38 per cent noted that in the previous year such application happened only once; 21.2 per cent been in contact less than one time per month, while 11.2 per cent had made applications once per month. Having turned to HME services, more than half of those interviewed (55.2 per cent) were not satisfied by staff behaviour (against 16.4 per cent of those satisfied).

Respondents had to range problems with the housing and municipal economy accordingly to importance. More than half (53.6 per cent) gave priority to finding a solution for the problem of 24-hour water supply, including hot water (in a question with the joint alternatives). Second in terms of importance (27.2 per cent) was the problem of heat supply, with power supply third. To the direct question 'Do you consider that you have enough information about housing and municipal infrastructure services?' 65.6 per cent said 'no', while only 18.4 per cent answered 'yes'.

4.3 Estimation of the problem of corruption in the housing and municipal sector

With respect to the study topic, the questionnaire contained an open question 'how do you understand corruption?' The generalized analysis of the respondents' answers demonstrated the majority of citizens (44.8 per cent) understand the word 'corruption' to be use of an official position for that official's own needs; 17.2 per cent consider corruption to be the assignment of a bribe to a civil agent or official; 13.6 per cent – obtaining pay for services that should be provided free of charge; and 11.2 per cent – illegal activity directed toward the awarding of property.

Having made their determination of corruption, respondents had to give practical examples of this phenomenon. Although more than a third respondents could not give any example at all, 13.6 per cent mentioned corruption with obtaining permissions, licenses, certifications and other documents, while 10 per cent gave the example of having repair work undertaken. In the opinion of respondents, the state power bodies suffer the most from corruption (78.4 per cent). Respondents also recognized corruption as a serious problem in business (34.8 per cent), education (32.0 per cent) and in non-governmental organizations (10.8 per cent).

According to the opinion of the homeowners interviewed, the basic reasons for corruption are low earnings (20.4 per cent), greediness for money (13.6 per cent), a feature of human nature (13.2 per cent), impunity, the possibility of avoiding punishment for corrupt behaviour (12.8 per cent), absence of moral barriers (11.2 per cent), imperfect legislation (9.6 per cent), and the impossibility of government organizations in exerting proper control over corruption (9.2 per cent) (see Table 2).

Table 2. Basic reasons for corruption in the housing and municipal economy

Reason for corruption	Quantity of respondents selecting this answer	
	Number of people	%
Special feature of psyche (human nature)	33	13.2%
Possibility of avoiding punishment	32	12.8%
Absence of moral barriers	28	11.2%
Imperfect legislation	24	9.6%
Low living standards (low earnings)	51	20.4%
Impossibility of government bodies in exerting proper control over corruption	23	9.2%
Low level of legal awareness of citizens	5	2.0%
Greediness for money	34	13.6%
Don't know	17	6.8%
Others	3	1.2%
Total	250	100%

For analysis of the special features of corruption when it comes to providing specific housing and municipal services, respondents had to select the services that were connected, in their opinion, with the highest levels of corruption (this was an open question). According to this generalized data, the greatest corruption is inherent in housing administration (19.2 per cent), the services of water and heat supply (12 per cent), the suppliers of electric power (9.2 per cent) and in the local authority, which is responsible for the distribution of available housing, providing lands for building construction and so forth (7.6 per cent). Of those interviewed, 12.4 per cent indicated corruption was inherent in all HME sectors to the same extent (see Table 3).

Table 3. Distribution of specific housing and municipal services accordingly to the level of corruption of their suppliers

Suppliers of housing and municipal services	Quantity of respondents selecting this answer	
	Number of people	%
Housing administration	48	19.2 %
Local authority	19	7.6 %
Repair and transport organizations	14	5.6 %
Suppliers of water and heat	30	12.0 %
Suppliers of electric power	23	9.2 %
All suppliers in the same size	31	12.4 %
Suppliers of gas	5	2.0 %
Don't know	80	32.0 %
Total	250	100 %

Of those interviewed, 42.8 per cent said that in the previous year they themselves or their friends had been required to bribe suppliers of one or other of the housing and municipal services (against 46.4 per cent who gave a negative answer). In regard to the form of bribe required, 29.6 per cent noted that the supplier of the service asked for the bribe directly, 21.2 per cent were guided by persuasion – ‘all they knew was that it was necessary to pay somewhat more’, while 10 per cent of respondents obtained a proposal to pay bribe from a third party.

To the question ‘What would happen if you did not pay the bribe?’, 48 per cent indicated that they would have had a delay or refusal of service; 31.2 per cent said the quality of the service would have been considerably worse; and 18.8 per cent said that there would not any difference in service quality. Of those interviewed, 49 per cent indicated that on average citizens must pay a bribe once a year; 36.6 per cent said monthly; 5.2 per cent said each week; and 6.4 per cent said on average citizens must pay a bribe each day. The average size of bribe in the housing and municipal sector is from 10 to 100 UAH (US\$2- \$20) (according to 31.2 per cent of those interviewed).

According to the opinions of the homeowners interviewed, if the supplier of one or other housing and municipal service is recognized as being guilty of corruption, 24.4 per cent believe he/she receives no punishment; 20 per cent of respondents indicated the possibility of the corrupt individual losing his/her job; 10.4 per cent that he/she would lose their job and pay penalty; and 9.2 per cent that the corrupt person would lose their job and be imprisoned (see Table 4).

Table 4. Possible consequences of housing and municipal services supplier being convicted of bribery

Possible consequences	Number of respondents selecting this answer	
	People	%
Lose job and be imprisoned	23	9.2 %
Lose job and pay penalty	26	10.4 %
Lose job	50	20.0 %
Depends on service provided	73	29.2 %
No punishment	61	24.4 %
Don't know	17	6.8 %
Total	250	100 %

Of those interviewed, 12.4 per cent indicated that the payment of bribes reflects positively on homeowners and the condition of their accommodations, since the quality of the services provided after payment of a bribe is considerably better. However, 10.8 per cent of respondents believe that precisely through the payment of bribes, the quality of housing and municipal services is low, while 9.6 per cent consider that the payment of bribes leads to changes in attitudes with respect to homeowners from the point of view of the suppliers of housing and municipal services. According to the opinion of 35.2 per cent, the payment of bribes has no effect, while 20 per cent could not give answer to the question.

To the question 'What do you feel as a result of experiences of corruption?' half of the respondents (50 per cent) indicated feeling powerlessness; 21.2 per cent – fear and confusion; and 12 per cent – ill will towards the perpetrators. At the same time, 8 per cent indicated having no strong feelings, since corruption is considered to be a usual phenomenon.

Further, respondents had to estimate what actions against corruption are effective (or ineffective) in their opinion. In order to estimate a methods' effectiveness, the following examples were proposed to respondents:

- pursuit and prolonged imprisonment of those engaged in corruption;
- public information about the activities of public bodies and the cost of budget expenditure from taxation;
- information about investigations into corruption cases;
- conducting campaigns directed toward focusing public attention on corruption and estimating its real cost for society;
- assertion and observance of a professional ethics code (which, naturally, would exclude corruption and bribery);
- actualization of moral and ethical values in society;
- increasing the wages of civil servants / public officials;
- granting to citizens the possibility of reporting corruption to the authorities;
- protecting citizens who speak out against corruption (whistle-blowers);
- creating a special state body to work against corruption in the power sector; and
- business activity directed toward the fight against corruption.

Being guided by the study results, it is possible to note the most effective method, in the opinion of respondents, is pursuit and prolonged imprisonment of those engaged in corruption activity (62.4 per cent) and also the actualization of moral and ethical standards in society (59.2 per cent). At the same time, methods the respondents believed to have little effect are business activity directed toward the fight against corruption (83.6 per cent); the assertion and observance of a professional ethics code (73.2 per cent); an increase in the wages of civil agents (69.6 per cent); and conducting campaigns directed toward focusing public attention on corruption and estimating its real cost for society (68 per cent). Methods that are also ineffective, in the opinion of respondents: public information about the activities of public bodies and the cost of budget expenditure from taxation (64.8 per cent); measures protecting citizens who speak out against corruption (61.6 per cent); and granting to citizens the possibility of reporting corruption to the authorities (58 per cent). With regard to the creation of a special state body in the power sector to work against corruption, such a measure would also be ineffective (according to 52.4 per cent) (see Table 5).

Thus, the homeowners interviewed, as a whole, are pessimistic in their evaluation of potential methods to fight corruption in society – indeed only two of the 11 proposed methods were acknowledged to be effective. The average value of all the proposed methods' effectiveness was only 37.9 per cent, with ineffectiveness valued at 62.1 per cent.

Table 5. Respondents' estimation of the effectiveness (or ineffectiveness) of proposed anti-corruption methods, %

Methods of fighting corruption	effective	ineffective
Pursuit and prolonged imprisonment those engaging in corruption	62.4 %	37.6 %
Public information about the activities of public bodies and the cost of budget expenditure from taxation	35.2 %	64.8 %
Information about investigations into corruption cases	26.8 %	73.2 %
Conducting campaigns directed toward focusing public attention on corruption and estimates of its real cost to society	32.0 %	68.0 %
Assertion and observance of a code of professional ethics, which would exclude corruption and bribery)	26.8 %	73.2 %
Actualization of moral and ethical values in society	59.2 %	40.8 %
Increasing the wages of civil servants / public officials	30.4 %	69.6 %
Granting to citizens the possibility of reporting corruption to the authorities	42.0 %	58.0 %
Protection of citizens who speak out against corruption	38.4 %	61.6 %
Creation of a special state body in the power sector to fight corruption	47.6 %	52.4 %
Business activity directed toward the fight against corruption	16.4 %	83.6 %

4.4 External estimation of the condition of the housing and municipal economies of the respondents

In order to guarantee the reliability of the data obtained, the interviewer immediately filled in an observation checklist following the interview. This contained information about the condition of the house and surrounding territory, the presence of public telephones, mailboxes, numbers on the houses and so forth. Another part of the observation checklist contained information about the provision of housing and municipal services, the presence of water pipes, pumps, filters and reservoirs with water, notice boards for announcements, the quality of sewerage and drainage, roads, paths, pavements, illumination and appearance of the streets, utilization of household trash and the presence of social welfare establishments.

Accordingly, the interviewers estimated the condition of the majority of the houses to be mediocre (56.8 per cent). The condition of other houses was evaluated in almost the same proportions to be either good (21.2 per cent) or poor (22 per cent). Hence the territory around the majority of houses was found to be mainly mediocre (58 per cent), but in almost a third of cases, poor (29.6 per cent). In 54 per cent cases, the homeowners lived in brick houses, and in 39.6 per cent of cases in panel ones. The level of public telephones available for the houses' inhabitants was unsatisfactory in more than 50 per cent of cases, but was somewhat better in terms of the availability of mailboxes (62 per cent) and numbers on houses (91.2 per cent). The overwhelming majority of houses do not have boards for posting announcements (49.2 per cent).

In the majority of cases (94.8 per cent), the interviewed homeowners had a water pipe; however, only 10.8 per cent had water tanks and 19.6 per cent had filters to refine water for drinking. The interviewers did not note any illegal wipe pipe connections. In 60.4 per cent of cases they found neither undesirable constructions (such as overfilled septic reservoirs or blocked collectors) nor any perceptible unpleasant odours. On the other hand, interviewers admitted a lack of public restrooms (in 76 per cent cases) and attempts to clean clogged sewers in only 20.4 per cent of cases.

In the majority of the cases, the houses had separate access routes and pavements for pedestrians (70.4 per cent). The movement of automobiles and pedestrians around the houses was found to be averagely busy (52 per cent and 62 per cent cases respectively). At the same time, the state of the pavements and roads was found to be unsatisfactory (52 per cent and 57.2 per cent respectively).

The overwhelming majority of houses are connected to the power supply network (89.6 per cent), while the same number of homeowners have electricity meters. Interviewers observed that 61.6 per cent of houses did not have sufficient illumination in the evening and at night.

In the majority of cases (74.8 per cent) there were sufficient rubbish bins on the streets around the houses, and the streets appeared to be tidy and cleaned fairly often. In 47.2 per cent cases, the interviewers even observed cleaners on the streets. 70 per cent of respondents hadn't seen rubbish on the streets. In almost half of cases (49.6 per cent) the observers found evidence of regular rubbish collections; however, only 3.2 per cent indicated that the collection of rubbish occurred in a way to allow recycling.

At the same time, the streets around the houses were noted to be without proper drainage (58.4 per cent cases), while drains were cleaned rarely (in 45.6 per cent of cases) or not cleaned at all (27.2 per cent). Because of this, streets frequently flood (51.6 per cent), as do houses in some cases (21.6 per cent). Road surfaces are poor (40 per cent) or generally absent (24.4 per cent).

Of the interviewers, 70.4 per cent indicated that respondents had access to social welfare establishments such as polyclinics, educational institutions, commercial centres, religious buildings etc. – the state of these accommodations was evaluated to be good or satisfactory in 65 per cent cases. In 68.6 per cent cases, local residents use these establishments frequently or fairly often.

4.5 Different attitudes towards corruption from inhabitants of different regions of Ukraine

Conducting studies in large cities of different regions of Ukraine, employing identical procedures and with the use of the same method of selecting respondents and tools (questionnaire) permits a comparison of corruption in the housing and municipal sector according to regional distribution.

Although the small sample size does not permit accomplishing a statistically significant estimation of the interdependences of those or other indicators, it suffices to focus attention on such regional differences as the opinions of respondents.

Inhabitants of Kherson were pessimistic in their evaluation of the possibility of influencing the city authority: 78 per cent of Khersonians indicated their opinion would not be heard when it came to such decision-making. At the same time, the corresponding proportion among inhabitants of Rivne was 50 per cent and in Kyiv, 59.3 per cent. In Kherson, a majority of respondents turned to the suppliers of public services to solve a specific problem (62 per cent), while in Rivne only 16 per cent did so (see Figure 2).

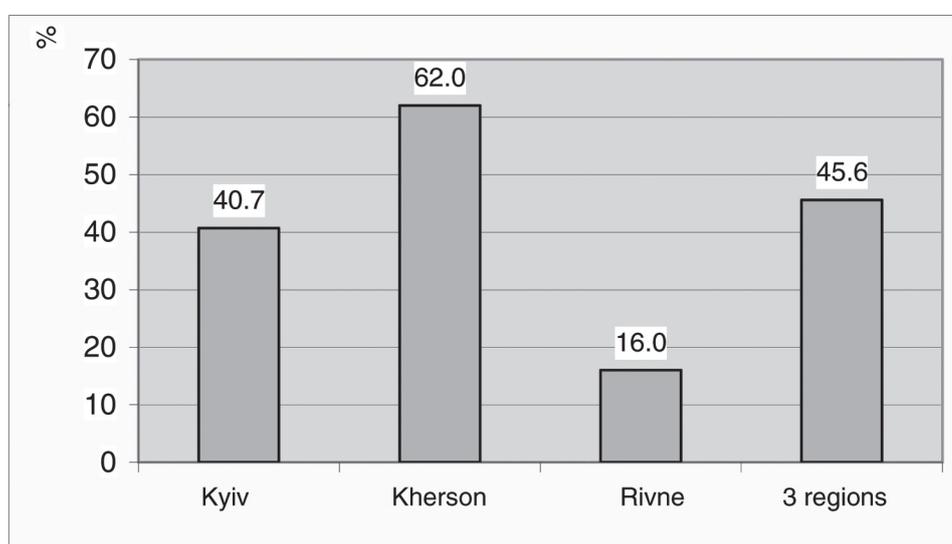


Figure 2. Distribution of homeowners who turned to the suppliers of the housing services to solve a specific problem

Since the study concerns corruption, regional differences (in terms of citizens' attitudes) with regard to this social phenomenon were examined separately. It turned out that in Kyiv corruption is understood to be the assignment of a bribe to a public official more often than in other regions; in Rivne, meanwhile, obtaining fee for a service that should be free of charge was the more common interpretation (see Figure 3). Obviously, such differences are caused by the kind of corrupt actions inhabitants encounter most frequently.

Inhabitants of Kherson consider housing administration workers, suppliers of water and heat, and also electric power and gas suppliers to be the most corrupt. Inhabitants of Rivne note the extraordinary corruption of the local authority, and Kyivians emphasize corruption of all suppliers of housing and municipal services without exception (see Figure 4).

Inhabitants of Kherson consider the possibility of avoiding punishment to be the main reason for corruption, while inhabitants of Rivne consider this to be absence of moral and ethical barriers.

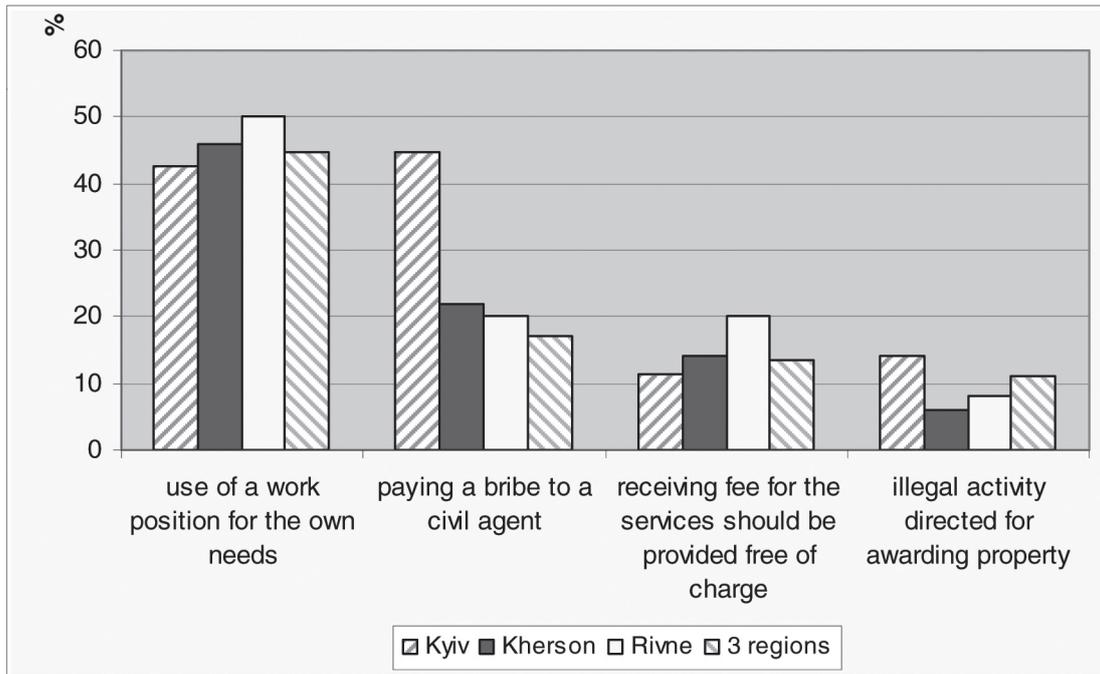


Figure 3. 'How do you understand word 'corruption'?'

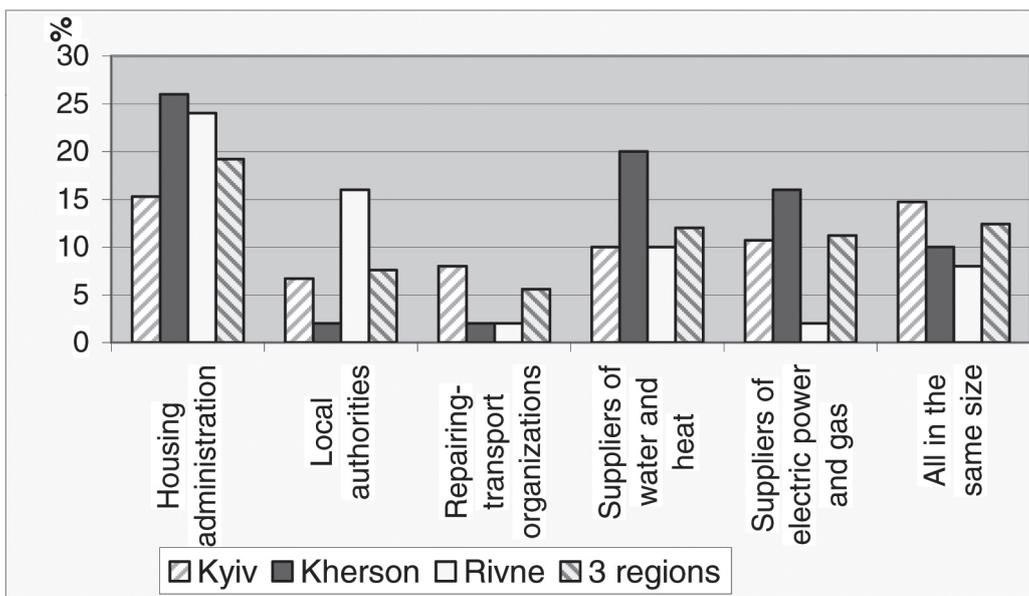


Figure 4. 'In your opinion, which housing and municipal services suppliers are the most corrupt?'

Inhabitants of Kyiv are more likely to consider low earnings and greediness for money on the part of officials to be the main reason for corruption (see Figure 5). Thus, for the inhabitants of the capital, the reasons for corruption are more frequently material ones, while for the provincial cities' inhabitants these reasons have more moral and ethical roots.

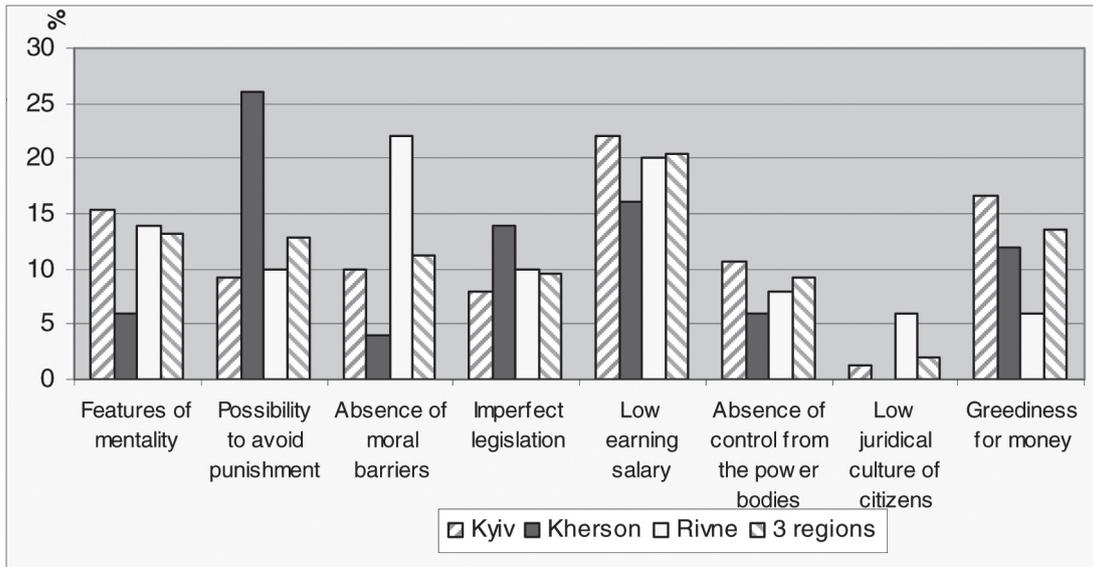


Figure 5. 'What do you consider to be the main reason for corruption in society?'

Inhabitants of Kherson encountered requests or requirements for a bribe to be paid most frequently in the case of the provision of services – 54 per cent of interviewed homeowners living in the city experienced such requests. Officials proved to be less corrupt in Kyiv (40.7 per cent of respondents had been asked to pay a bribe in the previous year) and Rivne (38 per cent had had this experience).

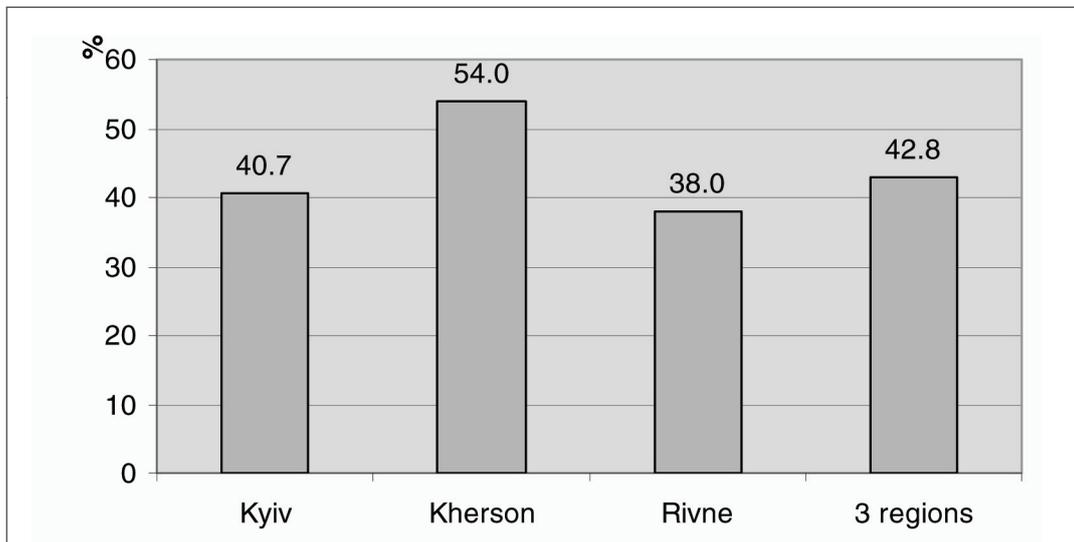


Figure 6. 'Have you or a friend been requested by a representative of any body, organization or individual to pay him/her a bribe during the last year?'

In the opinion of the majority of those interviewed in Kyiv, for an average citizen it is necessary to pay bribes to the suppliers of housing and municipal services about once a year (46 per cent of respondents). At the same time, for the inhabitants of Kherson and Rivne it is considered necessary to pay bribes considerably more frequently – ie, monthly (56 per cent and 52 per cent respectively believed this to be the case).

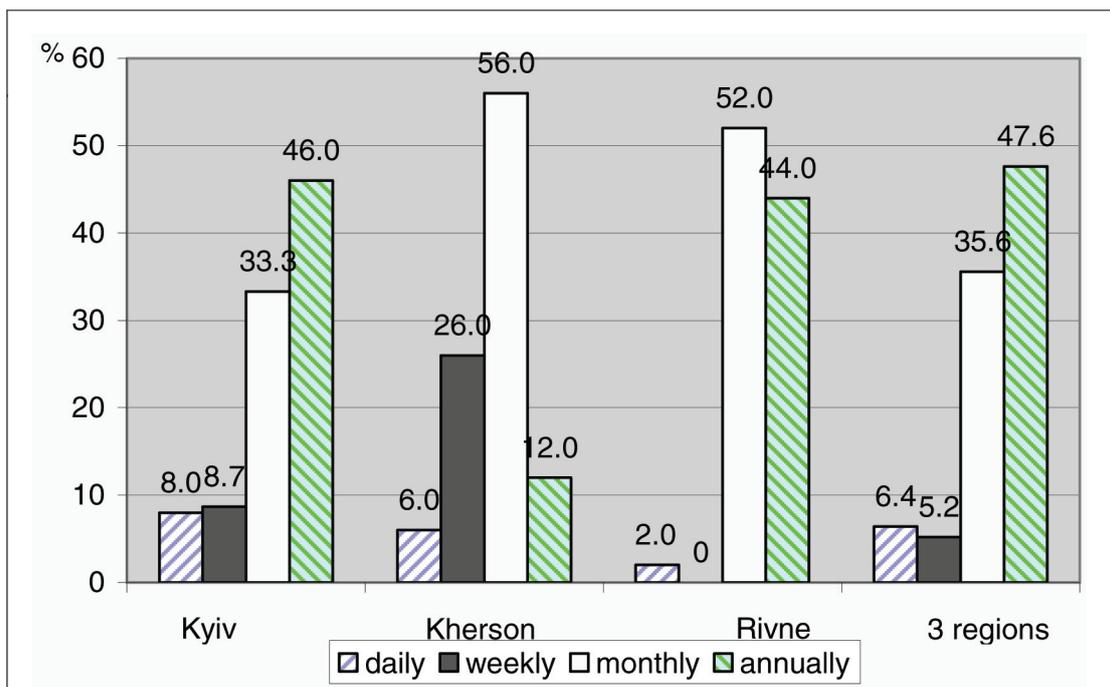


Figure 7. 'How frequently, in your opinion, it is necessary for average citizen to pay a bribe to someone?'

Respondents' estimation of the most effective anti-corruption methods also had specific regional differences. Thus, practically all interviewed inhabitants of Kherson considered the pursuit and prolonged imprisonment of those engaged in corruption to be most justified in overcoming corruption in the housing and municipal sector (96 per cent). They also consider actualizing moral and ethical values in society and granting to citizens the possibility of reporting corruption to the authorities to be effective (86 per cent and 64 per cent respectively).

The majority of Kyivians also considered pursuit and imprisonment of corrupt individuals to be an effective method in fighting corruption (59.3 per cent), indicating also expediency of actualization of moral and ethical values (54.0 per cent) and the need to create a special state body to fight corruption in the power sector (52.7 per cent). The inhabitants of Rivne were less optimistic about possible methods for overcoming corruption: none of the proposed methods was evaluated by a majority of respondents to be effective. Of the respondents, 48 per cent estimated that actualizing moral and ethical values in society would be effective, while 38 per cent selected pursuit and prolonged imprisonment of the corrupt, protection of citizens speaking out against corruption, and the creation of a special state body to fight corruption in the power sector (see Table 6).

Table 6. Regional distribution of respondents recognizing potential anti-corruption methods to be effective, %

Method of fight against corruption	Kyiv	Kherson	Rivne	Three regions
Pursuit and prolonged imprisonment for those engaged in corruption	59.3 %	96.0 %	38.0 %	62.4 %
Public information about the activities of public bodies and the cost of budget expenditure from taxation	41.3 %	26.0 %	26.0 %	35.2 %
Information about investigations into corruption cases	28.0 %	34.0 %	16.0 %	26.8 %
Conducting campaigns directed toward focusing public attention on corruption and estimates of its real cost for society	36.0 %	34.0 %	18.0 %	32.0 %
Assertion and observance of a professional code of ethics	38.0 %	10.0 %	18.0 %	26.8 %
Actualization of moral and ethical values in society	54.0 %	86.0 %	48.0 %	59.2 %
Increase of the wages of civil servants/public officials	38.0 %	14.0 %	24.0 %	30.4 %
Granting to citizens the possibility of reporting corruption to the authorities	38.0 %	64.0 %	32.0 %	42.0 %
Protection of citizens who speak out against corruption	37.3 %	42.0 %	38.0 %	38.4 %
Creation of a special state body for the fight against corruption in the power sector	52.7 %	42.0 %	38.0 %	47.6 %
Business activity directed toward the fight against corruption	22.0 %	2.0 %	14.0 %	16.4 %

4.6 Conclusions

Uniting the interview results along with the interviewers' observations, it is possible to come to the conclusion that the owners of houses have serious grounds to be dissatisfied by the quality of housing and municipal services provided to them; indeed apartment houses infrastructure is in a relatively poor condition. A solution to the problem of providing 24-hour water, heat and power is an especially pressing need. At the same time, in spite of dissatisfaction by the quality of housing and municipal services, homeowners rarely turn to the suppliers of these services with their complaints. This is because they consider these problems will not be solved, or because of unsatisfactory staff attitudes towards the houses' inhabitants.

The average size of a bribe in the HME of a large Ukrainian city is 10-100 UAH (US\$2-20). The inhabitants of Kherson faced requests for bribes in the provision of services most frequently; inhabitants of Kyiv and Rivne experienced such requests more rarely. On the other hand, Kyivians pay bribes to the suppliers of housing and municipal services only once per year on average, while for most of the inhabitants of Kherson and Rivne it is necessary to pay such bribes monthly.

Most citizens take the word 'corruption' to mean the use of an official position for an individual's own needs. In Kyiv, corruption is most frequently understood to mean paying a bribe to a civil servant, while in Rivne it is obtaining a fee for services that should be provided free of charge. Such

differences tend to be the result of the kinds of corruption inhabitants of one or other region face most frequently. Cases of corruption occur most frequently when people are obtaining permissions, licenses, certifications and other documents, and in having repair work carried out.

In the opinion of respondents, housing administrations, water and heat services, suppliers of electric power (in Kherson) and local authorities (in Rivne) are most likely to be corrupt. The inhabitants of Kyiv indicated corruption of all suppliers of housing and municipal services without exception.

Low earnings, greediness for money, human nature, and the possibility of avoiding punishment for corrupt behaviour are acknowledged to be the main reasons for corruption. In this case study, corruption has more financial roots for the inhabitants of the capital, while the inhabitants of provincial cities look towards more moral and ethical reasons.

In terms of effective anti-corruption methods or strategies, respondents recognized only the pursuit and prolonged imprisonment of those engaged in corrupt activity, along with the actualization of moral and ethical standards in society. The inhabitants of Kherson also noted the expediency of granting to citizens the possibility of reporting corruption to the authorities, while Kyivians believed the creation of a special state body to fight against corruption in the power sector would be effective.

The low quality of the services provided by workers in the HME means homeowners need to turn to them frequently with requests remedy deficiencies in their work, to repair malfunctions, to export rubbish, to clean canalization or drainage, to ensure illumination of streets, to supply water and so on. Obviously, attempts by HME workers to obtain bribes for the fulfillment of such works or assignment of services takes place here. The unsatisfactory condition of housing and municipal services, houses and the territories around them demonstrates either: 1) that failure to obtain a bribe has caused HME workers not to fulfill their professional responsibilities in general or to do so in an improper way; or 2) payment of a bribe has failed to influence the fulfillment of HME workers' professional responsibilities in any way. After paying a bribe, the majority of the homeowners interviewed felt such negative emotions as powerlessness, fear, confusion and ill will. From this should be drawn the conclusion that corruption in the HMEs of large Ukrainian cities is a major problem that is financial, moral and ethical, and lawful in nature; in addition, it is preventing the proper material and technical development of the region.

4.7 Analysis of semi-structured interviews for infrastructure service providers

A comparative analysis of infrastructure service providers in different cities of Ukraine has shown that in general the situation in the sectors of ethics, procurement, human resources and corruption are quite similar. During the study 8 ZHEKs and 4 infrastructure companies-monopolists (gas supplier, energy supplier, water and heating suppliers) in each of the cities were interviewed, thus a total 24 ZHEKs and 12 infrastructure providers were interviewed. Large Ukrainian companies (such as Ukgaz, a company that supplies energy (oblenergo), water (Vodokanal) and heating (teploenergo)) have their own code of conduct for staff; ZHEKs (the local residential utilities offices) also have job descriptions. All these documents help to prevent corruption, but in most cases, whilst personnel know about these documents they do not follow them and do not consider them strict guidelines. In cases of corruption being reported, the fact that an individual's job description has been violated provides grounds for taking appropriate measures. Complaints procedures are present in all organizations, although people rarely use them in Rivne and Kherson (see Table 7).

Table 7. Existence of a complaints office

Is there a complaints office? Is it known? Is it used?	Number of respondents selecting this answer	
	Respondents	
	Yes	No
Kyiv	10	2
Rivne	2	10
Kherson	3	9

Although there are some exceptions (for example, the companies that collect waste in Kyiv), it is possible to state that in general in Ukraine there is a monopoly for infrastructure services delivery as regional branches of big service delivery companies are present in all cities. This explains the uniformity in procurement, hiring, discipline and staff motivation in such companies. The list of budgeted services (services which are provided by ZHEKs and which are defined by the Ministry of the Housing and Municipal Services and are financed from state budget) was formed quite a long time ago, and the public did not participate in its preparation. In addition, in spite of the fact that tariffs on housing and communal services are set by local authorities, and the system of support for poor people via grants allocation (in the form of a discount on payments for communal services), any questions surrounding payment of debts or debts restructuring are solved by the central authority only – ie, the Cabinet of Ministers (see Table 8).

Table 8. Public availability of regulations and policy guidelines

Are regulations and policy guidelines publicly available?	Number of respondents selecting this answer	
	Respondents	
	Yes	No
Kyiv	10	2
Rivne	10	2
Kherson	6	6

The organizations interviewed did not have any obligations to combat corruption or separate anti-corruption regulations, except via job descriptions, their codes of conduct and current legislation. In addition, there were no incentives for staff members to report attempts to bribe them. A majority of the respondents in Kyiv and Kherson had not reported any cases of bribes; in Rivne 50 per cent of respondents were aware of these cases and 50 per cent were not.

As to sanctions for accepting bribes, these were almost the same in all cities – i.e. penalties and dismissal in cases of repeated bribe acceptance.

A majority of respondents from infrastructure services providers in the cities thought that in order to fight corruption in housing and the communal sector, it is necessary to increase financing of that sector and to prosecute for acceptance of bribes; only in Kyiv did respondents suggest creating market conditions for the delivery of services and hiring young managers (see Table 9).

Table 9. Improvements to decrease corruption

What improvements could you suggest to current arrangements?	Answers	Respondents
Kyiv	Better financing in the sector	4
	Prosecuting corruption cases	3
	Salary increases	2
	Changes in management	2
	Introduction of market conditions for service delivery	1
Rivne	Tougher punishment	4
	Better financing in the sector	4
	Salary increases	3
	NGO involvement	1
Kherson	Better financing in the sector	6
	Tougher punishment	4
	Salary increases	2

In terms of answers to the question about the existence of NGOs or other independent actors that monitor services, the respondents mentioned the Office for Consumers Rights Protection and audit companies, but none of these organizations are NGOs.

The situation is quite different in Kyiv, where the index of reactions to information about corruption is higher, the number of complaints is greater, where competitive principles for tendering exist (for example, there is the possibility for ZHEKs to choose a company – as with waste collection), where special training on integrity issues is provided for staff and where the situation became better after the last presidential elections (2004) (see Table. 10).

Table 10. Provision of specific training on integrity issues

Do you provide specific training on integrity issues?	Number of respondents selecting this answer	
	Answers	
	Yes	No
Kyiv	8	4
Rivne	6	6
Kherson	2	10

This situation can be explained by the fact that in Kyiv city people are more aware of their rights, are more active in protection of those rights and this forces companies to take measures to combat corruption.

4.8 Focus groups discussions analysis

4.8.1 Service delivery

During the discussion on service delivery issues, the system was found to be characterized as follows:

- the system of service delivery is clear
- service delivery takes place through monopoly supply
- service delivery (except in Kyiv) is low quality, especially concerning hot water supply and the quality of drinking water
- the existence of bribery in the sector
- absence of reforms in the sector
- non-transparency in terms of rates definition for services

The situation around informal/illegal residential areas was hard to comment upon as these places are fragmented and are not adapted to residential use, thus services are not provided there.

In Ukraine (except in Kyiv, where the situation is better) there are big problems connected with the quality of delivered services. The main areas suffering low quality are the provision of heating, hot water supply, waste collection and the quality of drinking water. Gas and energy supplies are quite stable and of acceptable quality. Poor service quality is caused by: the lack of a competitive market for infrastructure services delivery; imperfections in the regulatory system for control of natural monopolies; the high level of infrastructure depreciation (30-85 per cent); and as a result of frequent interruptions in service delivery. It is also necessary to note that the sector does not tend to attract investment and the lack of investment projects as a result.

In cases of problems, consumers of services usually speak to the ZHEKs. Only where it is necessary to get approvals (e.g. for renovations, constructions etc.) do they go directly to the representatives of infrastructure service providers (the gas supply office, energy supply office etc).

There are not so many local communities and they are not involved in infrastructure service delivery. Until recent times the activity of the public was quite insignificant in the sector of service delivery; however, following a rise in tariffs (by 2-4 times) in 2006, there were strong public protests against this policy and the rates were reduced.

Infrastructure service providers do not have the trust of the people, especially concerning tariffs and the quality of drinking water.

4.8.2 Corruption

In most cases, the resolution of problems is delayed or is explained by the lack of financing. As a result, citizens are forced to give bribes to officials to solve problems. In other cases, resolution may be either delayed for long periods or may be a low-quality solution.

The level of a bribe depends on the city and service description and can vary a lot: from US\$1 for small repair work to several hundreds of dollars to get reduced rates for rent and up to tens of thousands of dollars to get a place for construction.

Usually, citizens give bribes in cases of need – for example, while applying for a discount on services (a subsidy) or for getting permission of any kind. The frequency of bribes depends on the needs citizens have. It is possible to avoid bribing if the problem is solved through acquaintances or through not to give any bribes on principle. In the latter case, this can delay the resolution of the problem for an indefinite time.

The members of the focus groups highlighted the following causes of corruption:

- Absence of reforms in housing and the municipal industry of Ukraine, which has led to the absence of incentives in current legislation and the local authority not being interested in fostering a competitive environment by establishing housing associations/co-ownership unions;
- Absence of incentives for involvement of private persons and small enterprises in the sector of infrastructure service delivery;
- Extremely low financing of the sector and a lack of specialists who could have led to the reforms taking place (especially at the local level); and
- Underdeveloped civil society organizations and the resulting low impact the local community has on the resolution problems.

Legal advocacy agencies being in a position to detect corruption is complicated by the following factors:

- insufficient co-operation by legal advocacy agencies with the population, in particular, as in terms of carrying out public information activities and establishing informational communication with the population;
- the population being unprepared to co-operate with legal advocacy agencies;
- inefficient preventive activity carried out by legal advocacy agencies, as well as inefficient integrated operations aimed at detecting corruption;
- lack of adequate legislative regulations for checking statements and notifications about offenses; and
- the lack of an agency the competence of which would include generating a unified anti-corruption policy based on corruption risks-analysis.

It is necessary to emphasize the successful instances of combating corruption in Kyiv, a result of direct communication between the city authority and citizens wishing to contribute. Regular meetings with the public in 2006 led to an increased number of complaints about officials and corruption (up to 10,000 each month).

In order to support new managers in deciding to follow an integrity policy, there is a point in their contracts that says they will get a bonus of 10 per cent of profits if they promote the integrity policy and hire honest employees.

One more step to combat corruption in terms of budget distribution is to conduct reforms that promote local self-governance. Local budget allocation and distribution within the region would reduce the possibilities for corruption on the part of officials from the central authority.

The implementation of 'hot lines' by the Ministry of Internal Affairs, which should have helped in the reporting of corruption, was not found to be particularly efficient. The researchers thought that this was due to a low level of trust by the public of agencies of internal affairs.

It is necessary to point out that the causes of corruption in infrastructure service delivery are not possible to discuss without understanding causes of corruption in Ukraine in general. The true fight against corruption is not a PR activity or simply the application of political pressure. It is necessary

not only declare the importance of this issue for the country, but also to make real steps towards reforms in the administrative and legal systems, healthcare and education, to initiate changes in election law, and to provide transparency of the budget process and in the activities of the state monopolies. Anti-corruption activity is comprehensive and should be aimed at its prevention and further distribution.

At the same time, analysis of the latest state conception to combat corruption (announced in November 2006, includes 6 draft laws among which 3 have been adopted by the Parliament and 3 are still under consideration) showed that the authors of that programme did not understand modern anti-corruption ideology; nor did they seem to want to avoid old retaliatory approaches to corruption elimination. It is necessary to combat the causes of corruption, not its consequences. Nowadays in Ukrainian society ideas on the prevalence and admissibility of corruption in Ukraine, and on the inability of law enforcement bodies to fight effectively against this phenomenon, are rooted quite deeply. Such a situation requires not only improved legislation and additional imperious efforts directed at fighting against corruption, but also significant ideological work in order to change public opinions. Components of this work are social and economic growth in Ukrainian society, development of civil society organizations and the formation of an anti-corruption public consciousness.

After the last presidential elections, Ukraine failed to prosecute those who violated anti-corruption laws. The main reason for this was the close connection between this kind of prosecution and political activity. The mix of criminal charges and political activity led to avoidance of fair punishment.

4.8.3 Livelihoods

Members of focus groups reckon that corruption in infrastructure service delivery should be divided into two groups:

- First group – here corruption is connected with the calculation of rates for housing and communal services, including rent rates, and with the unsatisfactory quality of services delivered. This kind of corruption (which has become quite topical in recent times) has a significant influence on the financial situation of city residents and their access to essential infrastructure services, including threats to life in case of emergencies and their level of confidence in society.
- Second group – here corruption (with some exceptions) is mostly a common type and does not lead to financial threats to the state, because it is quite insignificant for its budget. However, being systematic, such corruption influences the level of confidence in the state authority.

None of the members of the focus groups admitted to receiving any privileges from corruption themselves.

5. Methods of reform in the delivery of housing and municipal services

Based on the above analysis of the condition of housing and municipal services in the context of fighting corruption, it is possible to provide the following recommendations:

- The main causes of corruption are the low level of economic freedom in Ukraine, the absence of competition and monopoly supply in the housing and municipal services area. Therefore it is necessary to carry out an effective and socially-focused state policy, which should be directed towards restricting monopolies and developing sound competition; and to create a competitive environment for municipal services through the development and acceptance of normative documents enabling commercial companies to enter into the market for those services.
- It is also necessary to establish state control over tariffs, to make the delivery of housing and municipal services economically viable.
- Central government should create an uniform Internet website allowing those responsible for budgetary funds to conduct and be informed about tender purchases of goods and services in housing and municipal services.
- Government should introduce a system of higher tariffs for use of heat, gas and water over a certain specified limit.
- Government and local self-governance bodies and housing and municipal enterprises should be obliged to adhere severely to the requirements of chapters 22, 46, 47, 48 of the Constitution and legislations of Ukraine concerning the minimum living wage and the state social guarantees.
- There should be constant monitoring of the housing and municipal sector to reveal instances of illegal abuse and to react to such instances appropriately.
- It is necessary to drop claims against needy citizens as regards infringements of requirements of the Constitution, the law 'About a Living Wage' and civil legislation of Ukraine.
- There should be severe public control of the housing and municipal services sector involving a broad audience of human rights organizations and independent public workers, who should co-ordinate the actions with proper state bodies.
- It is important to initiate an active and extensive project to explain to citizens the constitutional laws and freedoms and current legislations of Ukraine, to acquaint them with effective means of legal protection and to realize control of local communities over housing and municipal services at all levels.
- Finally, government should introduce financial mechanisms for the introduction of energy savings in apartments (interest-free, commodity credits, etc.), and should create special city funds to encourage energy savings.

Local authorities define the most efficient anti-corruption measures based on peculiarities of their regions. For instance, the city executive authority of Ivano-Frankivsk (Westen Ukraine) uses the following measures to overcome corruption in the city:

- Simplification of the grants receiving procedure for housing and municipal services payment;

- Demonopolization of services in housing and communal services ;
- Organization of work of an Information Centre for municipal services;
- Creation of co-owners unions and house committees; and
- Continuation of the release of information bulletins concerning the work of enterprises providing housing and municipal services in the city.

With the purpose of reducing levels of corruption in the housing and municipal sector, Pechersk Regional Administration of Kyiv city has created a competitive environment on the basis of state housing-operation offices. Now the inhabitants of any house who are not satisfied with the work of a housing-operation office, can change their service provider for better one. However, suppliers of heat and water in Kyiv city are monopolists that sign agreements with housing-operation offices. They are then responsible for the quality of housing-operation offices' services, which do not have any real influence over these monopolies. Hence the private housing-operation offices in Pechersk area have not had a positive impact. Therefore, the regional authority has gone on some way to granting legal and economic independence to housing-operation offices. They receive payment for particular services. The step now should be to include establishment of optimum tariffs covering, for example, expenses for waste removal.

6. Summary of the report

1. Considerable attention is currently paid to controlling corruption in Ukraine. The Decree of the President of Ukraine 'On the Concept of Eliminating Corruption in Ukraine 'Towards Integrity', dated 11 September 2006, states that corruption is a problem that requires immediate response. It represents a significant threat to democracy, implementation of the right supremacy principle, social progress, national security and the formation of civic society. The Concept outlines ways of ensuring integrity at the level of public and local authorities and ways of strengthening the role of civic society and the mass media in revealing and preventing corruption.

To implement the objectives outlined in the Concept, the Parliament of Ukraine submitted a set of bills, including:

- 'On Ratifying the Convention Against Corruption of the United Nations Organization'⁷;
 - 'On Ratifying the Criminal Convention on Corruption Control'⁸;
 - 'On Corruption Prevention and Control Principles';
 - 'On Proposing Amendments to Some Legislative Acts of Ukraine on Corruption Responsibility'.
2. Analysis of current legislation shows that there are no normative acts that unambiguously outline what constitutes a corrupt action in economic activity.
 3. In the opinion of city inhabitants, the main reasons for corruption are: the low level of salaries (20.4 per cent), greed (13.6 per cent), peculiarities of the national psyche (13.2 per cent) and the possibility of avoiding punishment for corrupt actions (12.8 per cent). The most efficient anti-corruption measures that should be taken are tougher sanctions for corruption (62.4 per cent of respondents) and actualization of moral and ethical norms in the society (59.2 per cent).
 4. All regions of Ukraine experience exaggerated reporting of required versus actual services delivered, distorted levels of service quality, non-transparent procedures for establishing tariffs, numerous write-ups in payment calculations, as well as other types of systematic illegal abuses. Nevertheless, these facts – which unambiguously point to the presence of organized and socially dangerous crimes in the housing and communal services sector – have drawn the attention of neither the public, local authorities nor competent agencies, unless such activities are carried out by rival political parties.
 5. Legal prosecution of low-income citizens for so-called 'debts' by housing and municipal services providers is a problem as well. As a rule, not having signed contracts with citizens on provision of the services these organizations succeed in satisfying their judicial claims. At the same time, there are numerous cases of violation of judgement principles as well as of the procedure established by the Civil Procedural Code of Ukraine.

⁷ On October 18, 2006 the Parliament of Ukraine ratified the Convention against Corruption of the United Nations Organization;

⁸ On October 18, 2006 the Parliament of Ukraine ratified the Additional Protocol to Criminal Convention on Corruption Combat

6. Among the main reasons of corruption is the low level of economic freedom in the state, lack of competition and monopoly provision within housing and municipal infrastructure services. This is why a state policy aimed at restraining monopolies and developing sound competition should be enacted, so generating a competitive environment for providing housing and municipal services. This may be achieved through the elaboration and approval of normative documents to enable commercial companies to enter into the market for services delivery.
7. In order to protect their rights and create competitive conditions for infrastructure service delivery, citizens should initiate the foundation of co-ownership unions.
8. One more important cause of corruption is the underdeveloped nature of civil society organizations and the resulting low impact of the local community on the resolution of problems.
9. All uncovered corrupt actions should be brought before the courts, and any instances of corrupt individuals evading justice should be considered a failure of the authorities in combatting corruption.

DFID

Sponsored by the Department for International Development

The sustainability of the livelihoods of the poor in low- and middle-income countries is compromised by corruption in the delivery of infrastructure services. Such services include water supply, sanitation, drainage, the provision of access roads and paving, transport, solid waste management, street lighting and community buildings. For this reason, The Water, Engineering Development Centre, (WEDC) at Loughborough University in the UK is conducting research into anti-corruption initiatives in this area of infrastructure services delivery.

This series of reports has been produced as part of a project entitled *Accountability Arrangements to Combat Corruption*, which was initially funded by the Department for International Development (DFID) of the British Government. The purpose of the work is to improve governance through the use of accountability arrangements to combat corruption in the delivery of infrastructure services. These findings, reviews, country case studies, case surveys and practical tools provide evidence of how anti-corruption initiatives in infrastructure delivery can contribute to the improvement of the lives of the urban poor.

The main objective of the research is the analysis of corruption in infrastructure delivery. This includes a review of accountability initiatives in infrastructure delivery and the nature of the impact of greater accountability.

For more information, please visit WEDC's web page:
http://wedc.lboro.ac.uk/projects/new_projects3.php?id=191

Please note: The views expressed in this document are not necessarily those of the Department for International Development or WEDC, Loughborough University.

Published by the
Water, Engineering and Development Centre
Loughborough University UK

ISBN: 978 1 84380 123 8



*People-centred solutions
for sustainable development
since 1971*

