Opinion Ukrainian politics

Ukraine's war on corruption is vital for its future

Although progress has been made, the question of reconstruction means more support is needed

FERGUS DRAKE



A cyclist passes a destroyed Russian tank in Sviatohirsk, Ukraine. Governments need to recognise Kyiv's progress with more than just a pat on the back © Scott Peterson/Getty Images

Fergus Drake 4 HOURS AGO

Stay across the latest Ukraine coverage. Join the FT's Telegram channel

The writer is CEO of Crown Agents, a non-profit development organisation

Since the start of the spring thaw, Ukraine's backers have waited with bated breath for the much-heralded counter-offensive. But while Ukraine needs a decisive victory in battle, the war for its future also hinges on its ability to overhaul governance and stamp out corruption. Yes, progress has been made, but it must be kept up. Ukraine's coming reconstruction provides an opportunity to totally overhaul the public sector and transform the country for the better.

Ukraine's war on corruption is vital for its future | Financial Times

This month's Ukraine Recovery Conference provides an ideal opportunity to set Ukraine on a permanent path to transparency, probity and prosperity. As hosts, it is incumbent upon the UK to ensure the necessary reforms to Ukraine's public sector are built into the process. The UK can lead the charge by rallying donor governments, the development community and relevant private sector players to pursue three strategic actions.

First, donor governments must give credit where it is due. Ukraine's efforts to improve governance deserve endorsement. The transformation of the country's public health procurement system demonstrates how rooting out corruption can save money and lives.

By 2014, government auditors estimated that Ukraine was overpaying for medicines by 40 per cent. This money was in effect diverted from the taxpayer to a rent-seeking oligopoly. To break the cycle, Ukraine's health ministry engaged international partners — including Unicef, the UN Development Programme and Crown Agents (which I lead) — to help design and implement a new procurement system. The result has been a boon for Ukrainians and the state's finances. Reforming pharmaceuticals procurement alone has saved the state \$62mn over five years. These reforms have also given more Ukrainians access to medicines they were previously not able to acquire — adding years to lives.

Second, governments need to recognise Ukraine's progress with more than just a pat on the back. One of the principal threats to both the <u>war</u> efforts and future reconstruction is apathy taking hold in western electorates, whose backing ultimately underwrites the funding Ukraine needs to defend itself and eventually rebuild. This means allied governments have work to do on the home front: communicating the progress Ukraine has made in combating corruption and reassuring their publics that reconstruction funds will be well spent.

Thankfully, the data since 2014 backs this up. In the long-running World Bank good governance indicators, Ukraine's "government effectiveness" has climbed from the 20th percentile in 2011 to the 37th percentile in 2021. According to the Chandler good government index, Ukraine ranks higher in 2023 than in 2021 showing remarkable progress despite fighting for survival. In short, there is plenty of credible data for allied governments to publicise Ukraine's hard-won improvement.

Ukraine's war on corruption is vital for its future | Financial Times

Finally, financial support for reconstruction must be paired with training, capability building and sharing the technical knowhow to keep Ukraine's reforms on track. At the URC, the focus is on private sector engagement and "unity, diversity and delivery". But we must also continue working through government, and with the scrutiny provided by a robust civil society, to help Ukraine build ever-improving governance structures.

If the UK — acting in concert with our allies — can bring about support and recognition for Ukraine's continuing reforms, then the upcoming conference could spark a cycle of greater transparency and public sector effectiveness. This would provide Ukraine with the weapons needed to win its war on corruption, deliver a successful reconstruction and further draw this brave nation into our community of free and democratic states.

Copyright The Financial Times Limited 2023. All rights reserved.