Integrity for Recovery: From Policy to Practice

FTI Consulting | Morrison Foerster

UKRAINE
INTEGRITY FRAMEWORK FOR RECOVERY

26 August 2026

The Demand, the Opportunity, and the Risk

UKRAINE
INTEGRITY FRAMEWORK FOR RECOVERY
MORRISON FOERSTER | F T I CONSULTING

Unprecedented reconstruction financing demands, corruption risks, and compliance fragmentation converge to threaten the investor confidence on which Ukraine's recovery depends

1. DEMAND
Historic scale creates urgency

2. OPPORTUNITY
Public & private capital must mobilize at speed

3. RISK ZONE
Fragmented oversight can erode trust & deter investment

4. INTEGRITY FRAMEWORK
Transforms identified risks into coordinated, defensible action

1. Demand

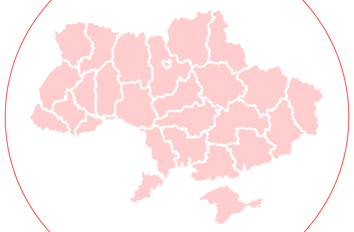
USD
588B*

Estimated reconstruction need over the next decade

2. Opportunity

- Governments
- Financial Institutions
- Private Investors
- Corporates

3. Risk Zone



- ! Corruption
- ! Fragmented Oversight
- ! Fraud
- ! Overlapping Requirements
- ! Weak Accountability
- ! Institutional Strain

4. Integrity Framework

INTEGRITY FRAMEWORK

- ✓ Transparency
- ✓ Accountability
- ✓ Coordination
- ✓ Resilience
- ✓ Sustainability

Trusted, investable, sustainable reconstruction

** Source: World Bank Fifth Rapid Damage and Needs Assessment (2025)*

Two Organizations. One Framework. Shared Purpose.

Combining legal, regulatory, investigations, risk, and operational expertise to support integrity in Ukraine's recovery

FTI CONSULTING

- Leading **global expert firm** helping organizations manage change, mitigate risk, and resolve disputes
- More than 8,300 employees across 34 countries and territories
- Supported Ukraine through **pro bono work for a special war-crimes tribunal**
- Assisted with **asset tracing** since the start of the full-scale invasion

MORRISON FOERSTER

- Leading **global law firm** with more than 1,000 lawyers across the U.S., Europe, and Asia
- **Advised** President Zelenskyy's office **pro bono on regulatory issues**
- Provided **guidance on U.S., EU, and UK sanctions regimes**
- Supported **Ukraine-related policy, government engagement, and compliance matters**

A JOINT APPROACH TO INTEGRITY IN UKRAINE'S RECOVERY

Together, FTI Consulting and Morrison Foerster combine legal, regulatory, investigative, and operational expertise to support integrity in Ukraine's recovery.

The initiative helps translate complex anti-corruption and governance requirements into practical, defensible compliance systems.

It is designed to strengthen multi-stakeholder dialogue, donor and investor confidence, and an investor-friendly recovery environment.

Ukraine's Anti-Corruption Landscape and Risk Profile

UKRAINE
INTEGRITY FRAMEWORK FOR RECOVERY

Ukraine has made strong progress in their anti-corruption and integrity efforts. Still, strengthening integrity remains a central consideration for recovery actors — not only due to legal exposure, but because trust and investor confidence depend on transparent delivery

PERSISTENTLY HIGH CPI SCORES

26 - 35

Ukraine scored between 26 and 35 on Transparency International's Corruption Perceptions Index from 2014–2024, ranking between 142nd and 105th globally

RECENT STAGNATION IN CPI SCORES

36 / 104th

Ukraine scored 36 (104th) in 2025 - Transparency International called this "*motion without progress*"

PUBLIC DISTRUST REMAINS DESPITE REFORMS

87%
Ukrainians perceive corruption as widespread

51%
Ukrainians see insufficient government action

73%
Ukrainians believe only comprehensive structural reforms can address corruption

WHERE RISKS MATERIALIZE

! **RECURRING HIGH-PROFILE CONTROVERSIES**
Major corruption cases persist - including the Pandora Papers (2021), military procurement fraud (2023-2024), "Operation Midas" in energy (2025), and money-laundering allegations involving senior officials (2026).

! **SYSTEMIC CORRUPTION IN KEY SECTORS**
Corruption is systemic in construction, energy, and defense - the OECD flagged it as a "significant obstacle" to doing business in Ukraine as early as 2010.

! **MULTI-LEVEL CORRUPTION**
Corruption can affect all levels - from oligarchs and top government officials to mid-level administration and the judiciary.

Ukraine and International Anti-Corruption Benchmarks

Ukraine's anti-corruption laws are largely aligned with international standards — the central challenge is consistent implementation, enforcement, and resilience against political interference

EXEMPLARY INTERNATIONAL BENCHMARKS

- **US FCPA / UK Bribery Act 2010**
- **EU Anti-Corruption Directive (May 2026)**
  Harmonizes offences (bribery, embezzlement, trading in influence, abuse of office) with minimum maximum penalties of 3-5 years, corporate fines of up to 3-5% of worldwide turnover (or EUR 24 million to EUR 40 million), and exclusion from public funding and procurement.

GERMANY

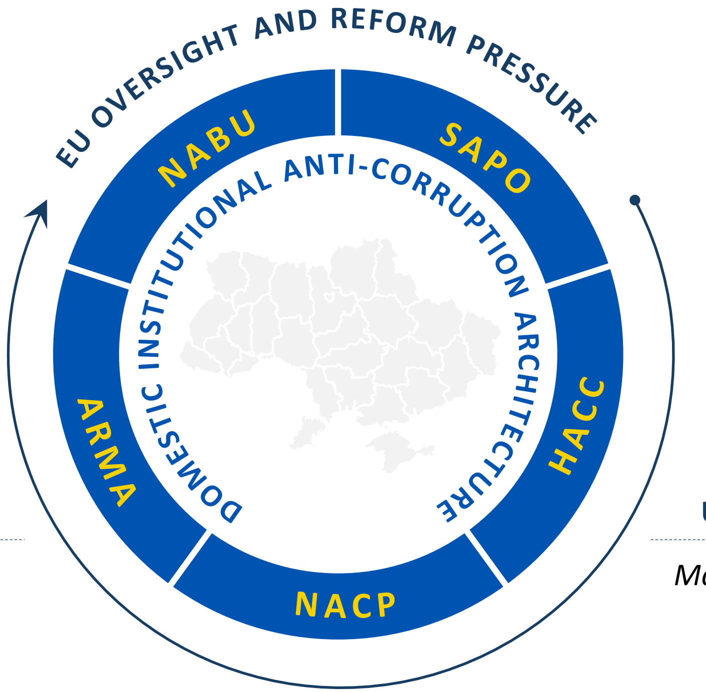
- **Dual Liability Approach**
  German law combines individual criminal liability for corruption with organizational responsibility for companies that fail to implement adequate compliance systems.
- **Strong Preventive Framework for Public Authorities**
  Binding administrative directives require systematic corruption risk identification, function separation, multi-level approvals, and audit functions.

UKRAINE (AS OF AUGUST 2026)

- **Ukraine's Law "In the Books" Largely Meets Benchmarks**
  It already criminalizes a comprehensive range of corruption offences with sentences of up to 10-12 years - formally exceeding EU sanctioning standards.
- **Implementation Gap as the Core Challenge**
  The EU regards reform implementation as limited and questions the sustainability of anti-corruption efforts - the core challenge is consistent enforcement and resilience against political interference, not the law itself.

Ukraine's Institutional Anti-Corruption Structure and EU Oversight

Dedicated domestic institutions are in place, while EU accession oversight creates external pressure for measurable reform progress



OVERSIGHT IN ACTION

Mid-2025 NABU / SAPO independence concerns reversed after domestic protests and EU pressure

CORRECTIVE MECHANISM

Limits political interference through conditionality and oversight

EU ACCESSION PROCESS

Links political and financial incentives to anti-corruption progress

UKRAINE PLAN 2024–2027

Makes anti-corruption a central reform prerequisite

MEASURABLE REFORM BENCHMARKS

Targets stronger institutions, increased personnel, and more high-level prosecutions

Mixed EU assessment overall

Key institutional structures are in place, but reform implementation remains limited and concerns persist around the sustainability of anti-corruption efforts.

Associated Legal Risks for Entities Investing in Ukraine (German View)

A single integrity issue can create criminal, financial, commercial, and cross-border exposure

CRIMINAL & REGULATORY EXPOSURE

- **Private Sector Bribery - No De Minimis Threshold**
  Any advantage linked to securing contracts may trigger liability - even minor gifts or hospitality, as no de minimis threshold applies.
- **Public Sector Bribery - Even Lawful Acts Covered**
  Advantages granted to public officials (incl. for lawful performance of duties) can be criminalized; this extends to Ukrainian government officials, judges, and state-owned enterprise employees.
- **Dual-Jurisdiction Exposure**
  Conduct is likely to attract scrutiny at least under Ukrainian and German law.

FINANCIAL CONSEQUENCES

- **Confiscation of Entire Project Proceeds**
  Courts may confiscate all proceeds from corruptly obtained contracts (incl. profits, fees, and other advantages) potentially stripping a company of its entire project value.
- **Corporate Fines for Organizational Failure**
  Companies face fines of up to EUR 10 million (proposed: EUR 40 million or 5% of annual turnover) for inadequate compliance systems.
- **Repayment of Public Funds**
  Misuse of public funds triggers repayment obligations (incl. interest).

COMMERCIAL & CIVIL EXPOSURE

- **Civil Liability and Competitor Claims**
  Competitors disadvantaged by corrupt conduct may claim damages and seek injunctive relief, adding financial and reputational exposure.
- **Exclusion from Future Procurement**
  Particularly significant given that Ukraine's reconstruction is expected to generate one of Europe's largest-ever project pipelines.

PUBLIC-SECTOR CONSEQUENCES

- **Disciplinary Consequences for Public Officials**
  Public officials involved in corrupt conduct may face disciplinary measures, including reprimands, suspension, dismissal, etc.

From Fragmented Risk to a Structured Integrity Framework

UKRAINE
INTEGRITY FRAMEWORK FOR RECOVERY

The framework was developed to help recovery actors navigate reconstruction complexity, concentrated integrity risks, and overlapping compliance expectations

UNPRECEDENTED RECONSTRUCTION EFFORT

- Estimated reconstruction needs: USD 588 billion over the next decade
- Complex multi-party procurement structures across jurisdictions
- Overlapping legal, donor, and institutional frameworks

CONCENTRATED RISK ENVIRONMENT

- Corruption and fraud across procurement and subcontracting chains
- Conflicts of interest in project selection and fund allocation
- Compliance failures and governance gaps

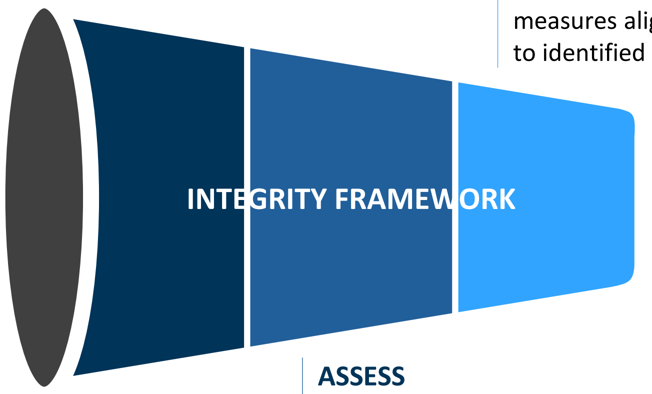
FRAGMENTED COMPLIANCE LANDSCAPE

- Donor country governments and bilateral financing arrangements
- IFIs and multilateral development banks
- EU conditionality, Ukrainian law, and institutional oversight

Input

TRANSLATE
Anti-corruption, transparency, and governance requirements into actionable criteria

CONTROL
Targeted preventive and detective measures aligned to identified risks



ASSESS
Corruption risks across the investment lifecycle through a risk-based approach

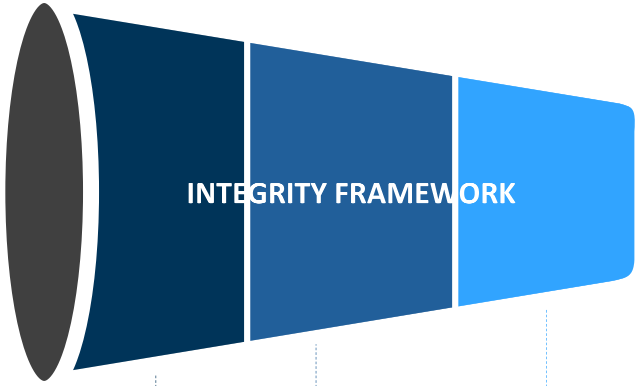
Output

A STRUCTURED INTEGRITY SYSTEM

- ✓ Accountability — defensible compliance record
- ✓ Risk identification — tailored to structure and context
- ✓ Targeted measures — calibrated to identified risks
- ✓ Regulatory consolidation — Ukrainian, EU, IFI, and donor requirements
- ✓ Scenario guidance — private/public investment pathways

Inside the Integrity Framework: Translate, Assess, Control

The framework operationalizes integrity requirements through a structured assessment and control logic tailored to Ukraine recovery projects



TRANSLATE

… requirements into actionable criteria

- Benchmarked against EU, German, US, Ukrainian, and international standards
- Converts anti-corruption, transparency, donor, and governance requirements into structured criteria
- Consolidates Ukrainian, EU, IFI, and donor expectations into a single compliance architecture

ASSESS

… risks by scenario, phase, and actor

- Applies four investment scenarios: private-to-private, private-to-public, public-to-private, public-to-public
- Maps corruption risks across the reconstruction lifecycle
- Assesses vulnerabilities by investment structure, project phase, and public/private actor involvement

CONTROL

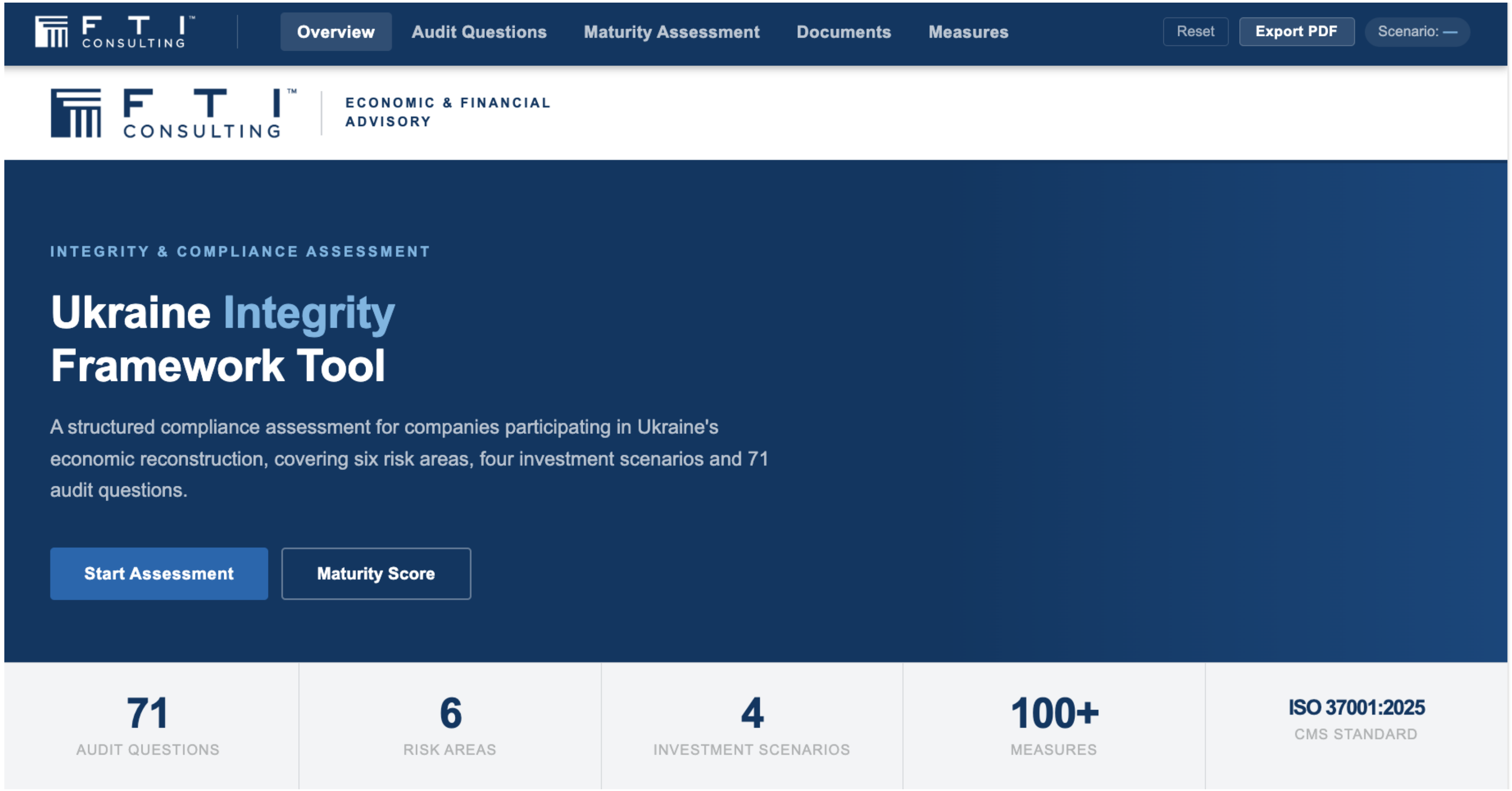
… exposure through targeted measures

- Develops mitigation measures informed by regulatory requirements and best practices
- Provides scenario-specific guidance for different investment structures
- Supports demonstrable accountability and a defensible compliance record

· Private investors · Financial institutions · International donors · Implementing organizations · Public authorities · Legal and compliance teams

From Framework Logic to Practical Implementation (1/5)

The Ukraine Integrity Framework is a browser-based online tool that helps organizations systematically identify and evaluate integrity risks in investment and reconstruction projects



From Framework Logic to Practical Implementation (2/5)

It provides for a differentiated questionnaire per investment scenario (private/public) and phase: from the pre-contractual through procurement and implementation phase to the legal framework

STEP 1

Select Investment Scenario

Your scenario filters audit questions to those applicable to your investment structure.

Private → Private
Private company providing funds to a private recipient in Ukraine

Private → Public
Private company providing funds to a public-sector recipient in Ukraine

Public → Public
Public donor (government / institution) funding a public recipient

Public → Private
Public donor (government / institution) funding a private recipient

STEP 2

Risk Areas

Click a risk area to navigate directly to its audit questions.

Pre-Contractual Phase
Questions 1.01 – 1.15 · 15 questions
Needs assessment, scope of services, governance, counterparty due diligence

Procurement Phase
Questions 2.01 – 2.14 · 14 questions
Selection process, collusion risk, contract clauses, transparency

Implementation Phase
Questions 3.01 – 3.15 · 15 questions
Payment controls, subcontractors, sanctions screening, monitoring

Monitoring & Oversight
Questions 4.01 – 4.13 · 13 questions
Audit independence, enforcement, whistleblowing, external review

Compliance Mgmt. System
Questions 5.01 – 5.06 · 6 questions
ISO 37001:2025 CMS, training, resources, effectiveness monitoring

Legal Framework
Questions 6.01 – 6.08 · 8 questions
StGB, FCPA, LkSG, EU Anti-Corruption Directive, OWiG, CSRD

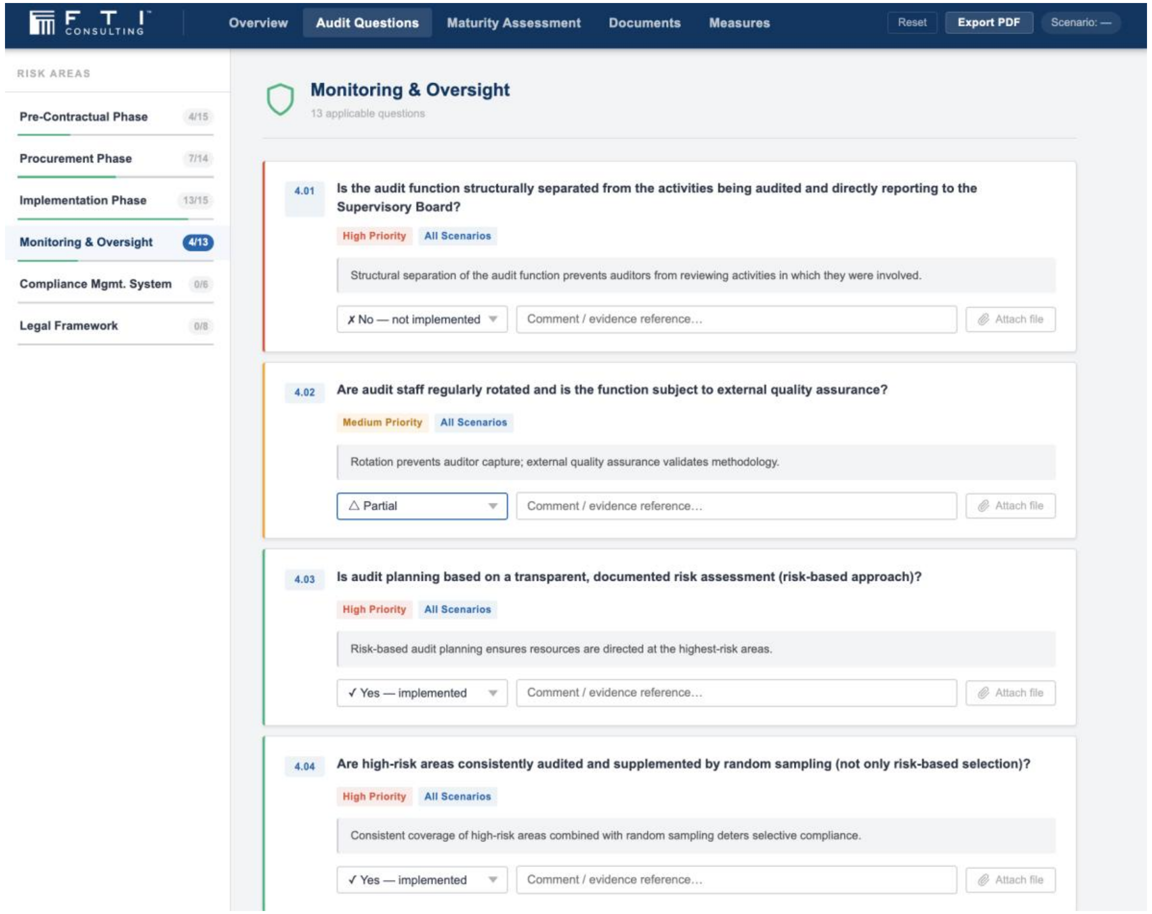
KEY FEATURES

- **SCENARIO SPECIFIC**
  Questions are tailored to the specific investment scenario and corresponding risks, enabling focused assessments of risks and maturity gaps most critical particular investment.

- **LIFE-CYCLE PERSPECTIVE**
  Questions are designed across the entire investment lifecycle, enabling comprehensive coverage of risk areas.

From Framework Logic to Practical Implementation (3/5)

The questions adopt automatically per scenario, and users are guided through structured review questions across six risk areas/ phases



KEY FEATURES

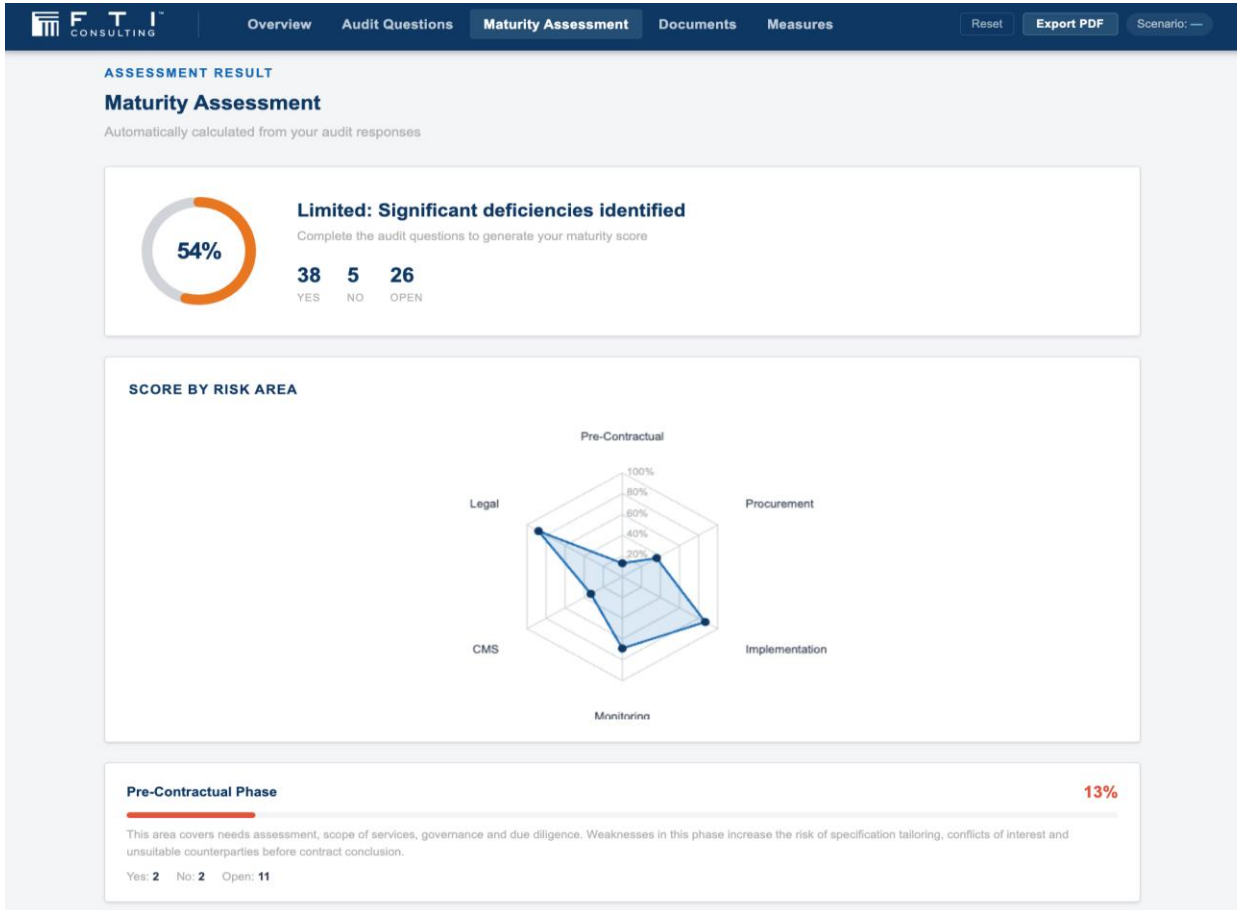
- **TRANSPARENCY & USER FRIENDLINESS**
  Each question includes an explanation of the underlying risk, enabling non-compliance experts to provide well-informed answers.

- **AUTOMATIC PRIORITIZATION**
  ”No” responses are directly converted into prioritized action recommendations, allowing for immediate translation of identified gaps into specific steps of remediation and to support informed decision-making.

- **DOCUMENTATION**
  Corresponding proofs can be attached/ saved accordingly, allowing for a full audit trail.

From Framework Logic to Practical Implementation (4/5)

The framework automatically generates a maturity assessment and scoring per risk area/ phase, complemented by visualization of maturity levels.



KEY FEATURES

- **SCORING**
  Maturity levels per risk area/phase allow for consistent, objective, and comparable assessment for targeted remediation.
- **VISUALIZATION**
  Visualization of maturity levels per risk area/phase enables a structured, at-a-glance assessment of an investment current state.

From Framework Logic to Practical Implementation (5/5)

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The framework provides for a comprehensive audit trail and operationalizable overview by, *inter alia,* documenting answers given, their weight and prioritization, as well as actionable recommendations – while allowing results to be exported

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Ukraine Integrity Framework
Assessment Report

Generated: 31.07.2026
Scenario: All Scenarios
Confidential

54%
Maturity Score

Limited: Significant deficiencies identified
Based on 71 applicable questions | Investment Scenario: —

38 YES | 5 NO | 26 OPEN

SCORE BY RISK AREA

RISK AREA	SCORE	YES	NO	OPEN
Pre-Contractual Phase	13%	2	2	11
Procurement Phase	36%	5	1	7
Implementation Phase	87%	13	0	2
Monitoring & Oversight	69%	9	1	2
Compliance Mgmt. System	33%	2	0	4
Legal Framework	88%	7	1	0

DETAILED AUDIT RESULTS

NO.	QUESTION	ANSWER	PRIORITY
PRE-CONTRACTUAL PHASE			
1.01	Were damage and needs assessments made publicly available to enable external verification?	Yes	High
1.02	Are prioritisation criteria for funding allocations clearly documented and free from discretionary manipulation?	Yes	High
1.03	Were stakeholders and the public involved in the needs assessment (e.g. public hearings, community consultations)?	No	Medium
1.04	Is there a standardised and documented procedure for defining needs that prevents arbitrary or politically driven prioritisation?	No	High

KEY FEATURES

- **DOCUMENTATION**
  Comprehensive audit trail on answers given, risks and their weights as well as prioritization enables transparency and accountability across the assessment process, supporting governance requirements and providing a defensible record for stakeholder review and future reference.

- **PRIORIZATION**
  Risk areas are identified based on answers given and prioritized per remediation need, allowing for focused allocation of resources, ensuring that remediation activities deliver most efficiently.

First Results and Key Take Aways

The framework points to a central implementation challenge — formal legal alignment is not enough without operational structures, lifecycle controls, and leadership commitment

! Ukraine’s legal framework broadly meets standards, but implementation gaps remain

! Risks vary by scenario and lifecycle phase

! German companies face elevated legal exposure

! Lifecycle-oriented mitigation is required

! Effectiveness depends on implementation culture

WHAT THE FRAMEWORK SHOWS

WHAT RECOVERY ACTORS NEED

✓ Embedded integrity workflows

✓ Risk-informed decision-making

✓ Monitoring and reporting mechanisms

✓ Leadership commitment

The Integrity Framework provides structured support across reconstruction and recovery activities.

Continue the Conversation on Integrity

Our experts are available now for questions as well as beyond for individual conversations on the challenges your organization is navigating

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