

TRANSPARENCY OF STATE-OWNED ENTERPRISES IN UKRAINE –

LIST OF ENTERPRISES SELECTED FOR EVALUATION

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Project

The project "Promoting transparency and implementation of anti-corruption measures in state-owned enterprises and local governments in Ukraine" is implemented by the Institute for Economic and Social Reforms in Slovakia (INEKO) in partnership with the International Centre for Policy Studies (ICPS). The initiative is financially supported by the Official Development Assistance of the Slovak Republic (SlovakAid). The project aims to improve the efficiency of the state administration, self-government and civil society in the area of creation and oversight of regional policies, administration of state-owned enterprises, and monitoring of budgets and information openness of local authorities in Ukraine.

Background

Ukraine, having signed the Association Agreement with the EU, has committed itself to raising the level of fight against corruption and to implementing a policy of strengthening the corporate governance.

However, the results of state-owned enterprises still show a number of problems, among which:

- Weak internal control at enterprises;
- Lack of external audit;
- Unqualified board members of state-owned enterprises;
- Lack of a typical corporate structure and objectives of the activity;
- Realization of fraud schemes;
- Violation of financial discipline;
- Limited information on the activities of state-owned enterprises;
- Litigation work of enterprises is not properly regulated.

At present, there are 3444 objects in state ownership. The Ukrainian government plans to gradually reduce the number of state-owned objects and intends to leave only 15 particularly important state-owned enterprises and 363 objects that ensure the state's fulfillment of its functions.

Table 1. Distribution of state-owned objects

Type	Number of state-owned objects, units	Assets, billion UAH	Percentage ratio, %
Strategic objects	15	1175	69
Important objects	363	147	8,6
Objects with control lost	559	45,1	2,6
Inactive objects	1255	132,6	7,8
Concession (airports, forestry, highways)	359	14,5	0,9
Others	893	189,4	11,1
<i>Total</i>	<i>3444</i>	<i>1704</i>	<i>100</i>

Source: According to the Ministry of Economic Development and Trade of Ukraine

Ukrainian legislation on data publication and transparency

Resolution of Cabinet of Ministers of Ukraine No. 1067 (November 9, 2016) "On Approval of the Procedure for the Publication of Information on the Activities of State Unitary Enterprises and Economic Associations, in the authorized capital of which more than 50 percent of the shares belong to the state, as well as to business entities, 50 percent or more of the shares of which belong to business entities, the state's share in which is 100 percent".

According to it, the enterprise or business entity publishes information about its activities by placing the documents and materials containing such information on its own web page, along with other information about the company (See Table 3 - "Website" column)

In case of absence of the company's own web page, such information is placed on the official web site of the subject of management of objects of state property (See Table 3 - "Managed by" column).

The enterprise also publishes information regarding the use of public funds on a single web-portal on the use of public funds in accordance with the requirements of the Law of Ukraine "On the openness of the use of public funds" (<https://spending.gov.ua/>).

The Commercial Code of Ukraine (Articles 73 and 90).

The following information is subject to mandatory disclosure:

- the objectives of the state unitary enterprise and the state of their achievement;
- quarterly, annual financial statements of the state unitary enterprise for the last three years;
- audit findings on the annual financial statements of a state unitary enterprise for the last three years if the audit was conducted in accordance with the requirements of the law;
- the statute of the state unitary enterprise in the current edition, as well as in the earlier versions;
- biographical information (including a professional description) of the head of the state unitary enterprise;

- biographical information (including professional characteristics) of the members of the supervisory board (in case of its formation);
- annual reports of the supervisory board and the head of the state unitary enterprise;
- structure, principles of formation and remuneration of the head and members of the supervisory board of the state unitary enterprise;
- decision of the subject of management of objects of state property with regard to the state unitary enterprise;
- description of significant predictable risk factors that may affect the operations and performance of the state unitary enterprise and measures to manage such risks;
- information about the contracts, which is subject to the publication in accordance with the Law of Ukraine "On the openness of the use of public funds";
- information on transactions and liabilities of the state unitary enterprise with the state and / or local budgets, state and / or local institutions, enterprises and organizations.

Selection approach

During selection of state owned companies, the following was considered:

- The companies were sorted and selected by the indicator "Total value of assets"
- The state's share is more than 51%.
- The information is collected on the basis of the financial results of the year 2017.
- The final data is compiled according to the statistics provided by the Ministry of Economic Development and Trade of Ukraine and according to the Unified registry of the State Property Fund of Ukraine.
- The companies represent all major sectors of economy.

The data for the transparency rankings will be collected from the following sources:

- Official websites of the selected companies.
- Requests for public information

Examples of companies' websites

Table 2. Examples of companies' information according to the methodology

Economic Indicators	<ul style="list-style-type: none"> - Publishing the annual reports; - Summary of profits and losses 	http://www.naftogaz.com/www/3/nakweb.nsf/0/9B0566E71C6B0F9CC2257EDD006E558B?OpenDocument&Expand=3& http://ars.atom.gov.ua/ars/wp-content/uploads/2018/03/finzvut_2017.pdf
Communication and access to information	<ul style="list-style-type: none"> - Quality of contracts, invoices, orders; - Feedback to citizens 	http://lwo.aero/uk/feedback
Procurement and Property	<ul style="list-style-type: none"> - Procurement policy and transparency; - Using electronic procurement platforms; - Evaluation of properties; - Amount of credits/loans; - Property recordkeeping and Property 	https://ukrposhta.ua/pro-pidpriyemstvo/derzhavni-zakupivli/plan-derzhavnix-zakupivel-2017/ http://www.opz.odessa.net/bidding/ http://www.naftogaz.com/www/3/nakweb.nsf/0/DAD7C2FEC0162B01C2257FF00049E988 http://ukrposhta.ua/pro-pidpriyemstvo/obligacii/
Human Resource Management	<ul style="list-style-type: none"> - Publishing the data on the enterprise management, including their resumes; - Publishing the enterprise management income derived from salaries, bonuses and other benefits. 	http://ukrposhta.ua/vakansii/ https://ua.energy/about/kerivnictvo/ http://www.pzcu.gov.ua/ua/management http://ukravtodor.gov.ua/ukravtodor/kerivnytstvo/slavomir_novak.html
Ethics	<ul style="list-style-type: none"> - Enterprises shall have an Anti-corruption Strategy in place; - Enterprises shall have a Code of Ethics in place. 	http://www.naftogaz.com/www/3/nakweb.nsf/0/D01268024EED0C73C225812C0045C37E?OpenDocument&Expand=5& http://www.turboatom.com.ua/company/241/5856 http://www.naftogaz.com/www/3/nakweb.nsf/0/CD039B50EA1ACF46C2257E89002F0648?OpenDocument&Expand=4&

Grants and Charity	<ul style="list-style-type: none"> - Publishing the information on all sponsorship actions and grants provided by the enterprise; - Setting procedures for selecting sponsorship activities. 	https://ua.energy/majbutnye-ukrenergo/ukrenergo-labs/ http://www.energoatom.kiev.ua/ua/actvts/sustainable_development/
Conflict of Interest	<ul style="list-style-type: none"> - Publishing all information on potential conflicts of interests; - Notification when a SOE has signed contracts with any affiliated persons and/or companies. 	http://agrofond.gov.ua/news/list/543--na-ivano-frankivsykomu-kkhp-vijavlennastacha-boroshna-shho-nalezhyt-pat-agrarnij-fond/ http://spetm.com.ua/files/Antikorrupcionnaya_programma.pdf

Table 3. The list of 50 biggest state owned companies

#	Name	EDRPOU	Industry	Region of registration	Share of the government, %	Managed by	Legal form of ownership	Website	Access remarks	Additional remarks	Average number of staff members, persons	Total value of assets, thousand hryvnia
1	PJSC National Joint-Stock Company Naftogaz Ukraine	20077720	Oil and gas	Kyiv	100	CABINET OF MINISTERS OF UKRAINE (SECRETARIAT OF THE CABINET OF MINISTERS OF UKRAINE)	Joint stock company	http://www.naftogaz.com/www/3/naikweb.nsf?Open			608	638 946 642
2	PJSC "Ukrzaliznytsya"	40075815	Transport	Kyiv	100	CABINET OF MINISTERS OF UKRAINE (SECRETARIAT OF THE CABINET OF MINISTERS OF UKRAINE)	Joint stock company	http://www.uz.gov.ua/			276 119	264 444 663
3	SE "National Atomic Energy Generating Company "Energoatom"	24584661	Energy sector	Kyiv		Ministry of Energy and Coal Industry of Ukraine	State company	http://www.energoatom.kiev.ua/ua/		bankruptcy proceedings stopped	34 033	210 186 435
4	SE "Energoatom"	21515381	Energy sector	Kyiv		CABINET OF MINISTERS OF UKRAINE (SECRETARIAT OF THE CABINET OF MINISTERS OF UKRAINE)	State company	http://www.er.gov.ua/			222	43 740 478
5	State Specialized Enterprise "Chornobyl Nuclear Power Plant"	14310862	Energy sector	Kyiv region		THE STATE AGENCY OF UKRAINE ON THE MANAGEMENT OF THE EXCLUSION AREA	State company	https://chnpp.gov.ua/ua/			2 335	38 312 311

6	PJSC "State Food and Grain Corporation of Ukraine"	37243279	Food grade and agricultural products	Kyiv	100	Ministry of Agrarian Policy and Food of Ukraine	Joint stock company	http://www.pzcu.gov.ua/ua			4 983	37 782 552
7	SE "National Energy Company "Ukrenergo"	00100227	Energy sector	Kyiv		Ministry of Energy and Coal Industry of Ukraine	State company	https://ua.energy/			11 484	27 283 884
8	PJSC "Ukrhydroenergo"	20588716	Energy sector	Kyiv region	100	Ministry of Energy and Coal Industry of Ukraine	Joint stock company	https://uhe.gov.ua/			2 966	26 676 074
9	SE "Administration of Seaports of Ukraine"	38727770	Transport	Kyiv		MINISTRY OF INFRASTRUCTURE OF UKRAINE	State company	http://www.uspa.gov.ua/			7 768	21 517 831
10	SE "Financing of Infrastructure Projects"	37264503	other	Kyiv		STATE AGENCY OF INFRASTRUCTURAL PROJECTS OF UKRAINE	State company	-	no website		10	13 744 571
11	SE "Regional Electric Networks"	32402870	Energy sector	Kyiv		Ministry of Energy and Coal Industry of Ukraine	State company	http://meregi.com/			1 011	10 939 766
12	PJSC "CENTRENERGO"	22927045	Energy sector	Kyiv	78	STATE PROPERTY FUND OF UKRAINE	Joint stock company	http://www.centrenergocom/		bankruptcy case instituted property management procedure introduced	6 832	10 073 652
13	SE "Boryspil International Airport"	20572069	Transport	Kyiv region		MINISTRY OF INFRASTRUCTURE OF UKRAINE	State company	https://kbp.aero/			3 921	8 959 924

14	PJSC "Ukrposhta"	21560045	Transport	Kyiv				https://ukrposhta.ua/			72 340	7 829 891
15	PJSC "TURBOATOM"	05762269	Machine- building	Kharkiv	75	STATE PROPERTY FUND OF UKRAINE	Joint stock company	http://www.turboatom.com.ua/			3 501	7 226 171
16	PJSC "Agrarian Fund"	38926880	Food grade and agricultural products	Kyiv	100	Ministry of Agrarian Policy and Food of Ukraine	Joint stock company	http://agrofond.gov.ua/			230	6 999 158
17	SE "Design Bureau" South "named after MK Yangel	14308304	Machine- building	Dnipropetrovsk		STATE SPACE AGENCY OF UKRAINE	State company	https://www.yuzhnoye.com/			5 190	6 732 137
18	SE "National Sports Complex" Olimpiyskiy "	14297707	other	Kyiv		MINISTRY OF YOUTH AND SPORTS OF UKRAINE	State company	http://nsc-olimpiyskiy.com.ua/			147	6 477 383
19	SE "UksATSE"	19477064	Transport	Kyiv region		MINISTRY OF INFRASTRUCTURE OF UKRAINE	State company	http://uksatse.ua/			4 240	6 112 754
20	PJSC State Joint Stock Company "Motor Roads of Ukraine"	31899285	Transport	Kyiv	100	STATE AGENCY OF AUTOMOBILE DEPARTMENTS OF UKRAINE	Joint stock company	http://ukravtodor.gov.ua/			19 371	5 583 320
21	JSC "KHARKIVOBLEN ERGO"	00131954	Energy sector	Kharkiv	65	STATE PROPERTY FUND OF UKRAINE	Joint stock company	https://www.oblen-ergo.kharkov.ua/			6 460	5 570 320
22	PJSC "Odessa Portside Plant"	00206539	Chemical industry	Odessa	100	STATE PROPERTY FUND OF UKRAINE	Joint stock company	http://www.opz.odessa.net/			3 236	5 423 858
23	State Mortgage Institution	33304730	other	Kyiv		CABINET OF MINISTERS OF UKRAINE (SECRETARIAT OF THE	Public organizati on (institutio	https://www.ipoteka.gov.ua/			82	5 032 322

						CABINET OF MINISTERS OF UKRAINE)	n, institution)					
24	SE "Production Association" Southern Machine-Building Plant named after A. M. Makarov "	14308368	Machine-building	Dnipropetrovsk		STATE SPACE AGENCY OF UKRAINE	State company	http://www.yuzhmash.com/			6 482	5 001 889
25	SE "Eastern Mining and Processing Plant"	14309787	other	Dnipropetrovsk		Ministry of Energy and Coal Industry of Ukraine	State company	http://vostgok.com.ua/			6 488	3 672 600
26	PJSC "KRYVORIZHKA TEPLOTSENTRAL"	00130850	Energy sector	Dnipropetrovsk	100	STATE PROPERTY FUND OF UKRAINE	Joint stock company	http://www.tec.dp.ua/	bankruptcy case instituted property management procedure introduced		1 190	3 292 298
27	Southern ICC	04704790	Transport	Odessa		MINISTRY OF INFRASTRUCTURE OF UKRAINE	State company	http://www.port-yuzhny.com.ua/			2 643	3 235 060
28	PJSC "UNIONED MINING-CHEMICAL COMPANY"	36716128	other	Kyiv				https://umcc.com.ua/			5 507	3 064 555
29	Odesskii ICC	01125666	Transport	Odessa		MINISTRY OF INFRASTRUCTURE OF UKRAINE	State company	http://www.port.odessa.ua/ua/			1 001	2 991 958

30	Mariupol ICC	01125755	Transport	Donetsk		MINISTRY OF INFRASTRUCTURE OF UKRAINE	State company	<a href="https://www.marp
ort.net/">https://www.marp ort.net/			3 386	2 963 078
31	SE "Ukrkosmos"	24381357	Transport	Kyiv		STATE SPACE AGENCY OF UKRAINE	State company	<a href="http://www.ukrkos
mos.com/">http://www.ukrkos mos.com/			58	2 883 685
32	PJSC "National Public Broadcasting Company of Ukraine"	23152907	other	Kyiv				<a href="https://suspilne.me
dia/">https://suspilne.me dia/			660	2 550 896
33	PJSC "KHMELNYTSKO BLENERGO"	22767506	Energy sector	Khmeln tskyi	70	STATE PROPERTY FUND OF UKRAINE	Joint stock company	<a href="https://www.hoe.c
om.ua/">https://www.hoe.c om.ua/			3 472	2 396 565
34	SE "NATIONAL CULTURAL AND MUSICAL COMPLEX" MYSTETSKY ARSENAL"	33403498	other	Kyiv		STATE MANAGEMENT IN CASES	State company	<a href="https://artarsenal.i
n.ua/">https://artarsenal.i n.ua/			65	2 273 329
35	PJSC "ZAPORIZHIAOB LENERGO"	00130926	Energy sector	Zaporizh zhia	60	STATE PROPERTY FUND OF UKRAINE	Joint stock company	<a href="http://www.zoe.co
m.ua/">http://www.zoe.co m.ua/			5 464	2 233 658
36	ICC "Chornomorsk"	01125672	Transport	Odessa		MINISTRY OF INFRASTRUCTURE OF UKRAINE	State company	<a href="https://seaport.co
m.ua/">https://seaport.co m.ua/			4 026	2 177 537
37	SE "Lviv International Airport"	33073442	Transport	Lviv		MINISTRY OF INFRASTRUCTURE OF UKRAINE	State company	http://lwo.aero/			944	2 023 197
38	DP "Scientific- Production Association "Pavlograd Chemical Plant"	14310112	Chemical industry	Dniprop etrovsk		MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE	State company	<a href="http://www.ric-
phz.com.ua/">http://www.ric- phz.com.ua/			1 387	2 012 076

39	SE "Coal Company "Krasnolimanska ya"	31599557	Coal industry	Donetsk		Ministry of Energy and Coal Industry of Ukraine	State company	http://krasnolimanska.com.ua/	non-accessible		3 860	1 955 565
40	LLC "ZAPORIZHIAN TITANO-MAGNIEVIUM KOMBINAT"	38983006	other	Zaporizhzhia	51	STATE PROPERTY FUND OF UKRAINE	Limited Liability Company	http://ztmc.zp.ua/r			3 434	1 882 600
41	PJSC "National Joint Stock Company "Nadra Ukrainy"	31169745	Oil and gas	Kyiv	100	PUBLIC SERVICE OF GEOLOGY AND NADR OF UKRAINE	Joint stock company	http://nadr.ukrainy.com.ua/			740	1 841 407
42	SE "Selidivugillia"	33426253	Coal industry	Donetsk		Ministry of Energy and Coal Industry of Ukraine	State company	-	no website		8 561	1 665 365
43	SE "Plant "Electrotyazhmash"	00213121	Machine-building	Kharkiv		MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE	State company	http://spetm.com.ua/index.php/ua/		bankruptcy proceedings stopped	4 296	1 567 791
44	SE Polygraphic Combine "Ukraine" for the production of securities"	16286441	other	Kyiv		MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE	State company	https://pk-ukraina.gov.ua/			979	1 511 266
45	SE "Directorate for the construction of objects"	00179737	other	Lviv		Ministry of Energy and Coal Industry of Ukraine	State company	-	no website		0	1 508 458
46	SE "Directorate of Kryvy Rih Mining and	04853709	other	Kirovohrad		MINISTRY OF ECONOMIC	State company	http://gokor.com.ua/		bankruptcy case instituted	516	1 507 041

	Processing Plant for Oxidized Ores"					DEVELOPMENT AND TRADE OF UKRAINE				sanation procedure introduced		
47	NATIONAL COMPLEX "EXPOCENTER OF UKRAINE"	21710384	other	Kyiv		STATE MANAGEMENT IN CASES	Public organization (institution, institution)	https://vdng.ua/			102	1 435 743
48	SE "Ukrmedproekt Bud"	37700171	other	Kyiv		MINISTRY OF HEALTH PROTECTION OF UKRAINE	State company	-	no website		26	1 356 246
49	SE "Myrnorradvugilya"	32087941	Coal industry	Donetsk		Ministry of Energy and Coal Industry of Ukraine	State company	-	no website		5 387	1 343 383
50	State Joint-Stock Company "Khib Ukrainy"	20047943	Food grade and agricultural products	Kyiv	100	Ministry of Agrarian Policy and Food of Ukraine	Open Joint Stock Company	http://www.khlib.com.ua/	non-accessible		180	1 333 948