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INSIDE UKRAINE

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The International Center for Policy Studies (ICPS) restores issuing analytic paper «Inside Ukraine», the last issue of which was prepared in September 2010.

The aim of the publication is to provide objective information on current political events in Ukraine and thorough analysis of major tendencies in domestic politics. Such analysis will assist in setting priorities in the process of implementing reforms in Ukraine and in evaluating quality of state decisions from the viewpoint of their impact and sustainability. Special attention is paid to evaluation of political competition in Ukraine and ability of key political players to address challenges.

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1. Political competition

Russian military intervention in Crimea continues to define informational agenda in Ukraine. No political party has formulated a specific plan of actions to maintain territorial integrity and sovereignty of our country. Most political players try to consolidate their potential before presidential elections.

At the same time, active involvement of pro-Russian movements in eastern regions requires from Kyiv to immediately enforce control over this territory. For these purposes, political elite should not only use patriotic rhetoric, but also it should ensure wide political representation in government and start systemic institutional reforms in the country.

1.1. Praviy Sektor enters the game

Dmytro Yarosh and Olga Bogomolets have become two most impressive representatives of civil society after Maidan. Now both are being transformed from civil activists into leaders of political movements. As uncorrupted heroes of Maidan, they may radically change political landscape of the country.

Leader of Praviy Sektor already declared that the movement undergoes transformation into a political party, which will participate in elections of all levels and offer its candidate for presidential post. Dmytro Yarosh promotes the idea of systemic reset of government instead of using existing institutions for political gains of a new leadership.

Negative image of Praviy Sektor is molded both by political opponents and the Kremlin, which needs radicals to embody threat for Russian-speaking people in Ukraine and Russia.

Praviy Sektor tries to counteract informational campaigns and promptly respond to challenges. For instance, due to the threat for territorial integrity of Ukraine, they decided to postpone convention of a new party till March 22nd.

Transformation into a party requires deeper structuring, which already started with exclusion of Biliy Molot organization and creation of a structural unit in the East.

1.2. Vitali Klitschko displays civil position and loyalty to Maidan's ideals

Vitali Klitschko seems to be the only one from three former oppositional leaders who has not forgotten Maidan's ideals. Instead of trading for positions, he tries to ensure Ukraine's support in the world and works in the eastern regions of the country.

On the other hand, similar to new individuals from Maidan, he gradually loses access to mass media. As a result, level of his popular support decreases. Though in the times of Viktor Yanukovich Vitali Klitschko was perceived as a major candidate for presidential office, now his chances become smaller. The fact that UDAR did not take part in distribution of governmental positions cuts opportunities for Vitali Klitschko to show himself before the elections and isolates him from political mainstream.

The politician has frequent meetings with European leaders as well as he regularly visits Eastern regions (Kharkiv, Donetsk), where pro-Russian elements get more and more active.

UDAR may also counteract pro-Russian separatism in the East through Security Service of Ukraine. Valentyn Nalyvaichenko, head of the Service, is the only representative of the party in the government. It was Security Service of Ukraine that arrested leader of Donetsk separatists Pavel Gubaryev and organizer of pro-Russian provocations in Lugansk Arsen Klinchayev. Though these results are positive, UDAR has not yet elaborated effective mechanisms of using these achievements to strengthen its political positions.

Yarosh and Bogomolets may radically change political landscape of the country

Praviy Sektor undergoes structuring and counteracts informational campaigns

UDAR's absence in government isolates Klitschko from political mainstream

UDAR has to learn how to use results of

Positioning itself as a defender of Maidan's claims, representatives of UDAR also promote a more influential role of society in political decision-making and a higher accountability of a new government.

Naluvaychenko's work efficiently

1.3. Petro Poroshenko shows presidential ambitions

On March 7th, Volodymyr Bondarenko, Barkivshchyna MP, whose election campaign in 2012 was financed by Petro Poroshenko, became head of Kyiv City Administration. This position is strategically important as it provides resources for presidential elections. Therefore, this appointment strengthens positions of Petro Poroshenko before the elections.

At this point it is not clear what authority head of Kyiv City Administration will have after elections of Kyiv mayor which will take place on May 25th. A new mayor may try to enlarge his or her authority. Another option is to have a clear division of functions when a mayor is responsible for socio-economic issues in the city while head of City Administration represents President and is responsible for national programs, protection of the Constitution and human rights etc.

Petro Poroshenko strengthens his positions in Kyiv

In case of larger authorities for Kyiv mayor, it is likely that Yuriy Lutsenko will run as a candidate from democratic parties. He is supported by Yulia Tymoshenko and UDAR; he also has good relationship with Petro Poroshenko. Svoboda has not yet announced whether it will have its own candidates.

Political preferences of Ukrainians are still defined by personalities, but not political programs, which play secondary role. During elections most parties use socially popular, leftist slogans, while a clear ideology is not elaborated. As a result, we do not have parties which would promote "republican" ideology: protection of private property, support of private initiative and business, tax decrease.

Political preferences are defined by personalities, but not political programs

1.4. Svoboda forms power vertical in its basic regions

After entering Ukrainian Parliament in 2012, Svoboda softened its political statements; therefore, many potential supporters of this party may be taken by Praviy Sector. At the same time positions of Svoboda will depend on results of their participation in government.

Heads of regional state administrations, who represent Svoboda, form power verticals in their regions. Some of the first appointments have already caused discontent in the society.

If earlier regional councils and state administrations in Western Ukraine represented different parties and it ensured distribution of power, Svoboda now takes full responsibility for the regions they have received.

Appointment of some Svoboda representatives caused discontent in the society

1.5. Batkivshchyna fails to launch election campaign brightly

The government is fully responsible for settlement of Crimean crisis and course of reforms. It tries to use diplomacy in relations with Russia, but the latter rejects Ukraine as a partner in negotiations.

Arseniy Yatseniuk managed to receive financial aid in the West, which may help to deal with the crisis and initialize reforms. Actively participating in negotiations with Western partners, PM takes over the roles of President and Minister of Foreign Affairs.

Yatseniuk takes over the roles of President and Minister of Foreign Affairs

Meanwhile, Oleksandr Turchynov does not work on international arena. He is busy with parliamentary work and preparation of favorable positions to start presidential campaign of Yulia Tymoshenko.

People loyal to Tymoshenko were appointed as heads of regional state administrations. Instead of conducting an administrative reform, they will get the task to arrange her support at the elections.

Regardless of the fact that Tymoshenko directly influences the government and regional administrations, her chances to win the elections are not convincing. Besides, inability to influence situation in Crimea and Yatseniuk taking full responsibility for reforms do not allow her to start election campaign brightly.

1.6. Party of regions will have primaries

Party of regions convention will take place on March 22nd. Several changes in the date show that the party does not have a clear vision how to function in future. It faces difficulties while consolidating its remains as members of the party continue leaving its ranks.

The convention will define who will lead the party and represent it at the presidential elections.

Nestor Shufrych and Sergiy Tigipko are major candidates for this role. The former is supported by MPs associated with Rinat Akhmetov, while the latter – by Dmytro Firtash group. In order to solve these contradictions, Party of regions decided to use western approach and conduct primaries in order to define which candidate has the largest support inside the party.

In case of defeat Sergiy Tigipko may try to create his own political party. However, it will be difficult due to short time before the elections and the need to mobilize considerable financial resources promptly.

Arrest of Dmytro Firtash, one of the major party sponsors, delivered a significant blow to Party of regions potential. The Ukrainian businessman is believed to have close ties with Russian government while his powerful media resources conducted strong informational campaign against Maidan. His elimination from Ukrainian political life will significantly influence positions of Party of regions versus other competitors as well as intra-party struggle.

After Viktor Yanukovych lost power and Russia started its intervention, Party of regions took an active part in parliamentary voting. However, nowadays they decided to wait and see how the events in Crimea develop. As a result, on March 13th they did not vote for appeal to the UN and for change of the Constitutional Court judges.

Tymoshenko fails to launch election campaign brightly

Party of regions will define its leader through primaries

2. State decisions

Government completes creating a new vertical of power and tells about development of detailed program of reforms. In order to neutralize separatist movements in the East and South, government draws attention to the concept of decentralization. In economic sphere the focus is on involvement of Western donors and reduction of budget expenses. Absence of macrostrategy for state development and first mistakes in appointments become source of critics against new government.

2.1. Combination of decentralization and centralization

Government announced decentralization as one of its priorities. Decentralization is perceived as a remedy from separatism fueled by Russia.

Indeed, local authorities should have more power. They need all levers of influence – political, administrative and financial – to implement socio-economic policy on a certain territory. They should be able to form budget independently in order to solve specific problems of their regions.

At the same time, each region requires strong state administration which would ensure consistency of nationwide policy and represent interests of the state, but not parties or certain politicians. That is why decentralization should be complemented with centralization without which it will be impossible to ensure territorial integrity and national security.

Appointment of regional administration heads by party quotas makes administrative reform impossible. Such an approach is acceptable only for totalitarian regimes with one political party in power.

In multi-party competitive democracy distribution of regional offices by party quotas is nothing but political corruption, which endangers both democracy and manageability of state mechanism. Party totalitarian leadership in the region, strengthened by merger of majority in regional councils and heads of state administration, destroys political competition and undermines control over government

In contrast to local councils which realize socio-economic policy on their territory, heads of regional state administrations should implement state policy in the respective region.

Head of state administration should be the highest official in the region, supervisor for other state bodies on this territory: Security Service of Ukraine, police, Tax Service, Treasury. This person should be responsible for state security, territorial integrity, public and financial security, protection of the Constitution and human rights on the territory.

A major challenge today is to interconnect two opposite tendencies: centralization and decentralization. Functions of local authorities and state administration should be clear-cut.

Active work with civil servants is also badly needed. Regardless of their party affiliation, successful managers should be involved in regional administration. At the same time, training programs should be developed for civil servants at all levels so that even deputies of village councils and clerks in district state administration would know what functions they have according to their status and what steps they should fulfill in order to implement administrative reform.

Local authorities should have more power

Without centralization it is impossible to ensure territorial integrity and national security

Conciliation of two opposite tendencies – centralization and decentralization – is needed

2.2. Need for macrostrategy in reforms

In order to solve economic crisis, government announced implementation of austerity measures. Financial aid from international donors and optimization of state expenses will become key components in reduction of state budget deficit.

The EU already announced assistance to Ukraine in amount of EUR 11 bln. Talks with the IMF are ongoing. The EBRD agreed to increase Ukraine's investment portfolio, channeling additional USD 5 bln. during next five years.

Except for international aid, government plans to cut budget expenses by the end of March. According to Oleksandr Shlapak, Minister of Finance, they will cancel 42 state programs, which migrated from one budget to another, while being totally underfinanced. Revision of 80 decisions of previous government on particular national projects will save UAH 48 bln.

It is also planned to revise existing tax benefits and increase some tax rates. Potentially unpopular moves include 50% payment of retirement benefits if the person is still working, cancellation of assistance to young specialists who work in the countryside and cut in financing of sport and youth organizations.

Government crucially needs detailed plan how to realize reforms. They already announced preparation of program "100 days, 100 steps", but officials need to think about macrostrategy, not short-term aims.

According to Jan Tombinski, the EU Ambassador to Ukraine, our country should focus on preparation of long-term strategy of state development, instead of only conducting negotiations with Western donors.

Since Batkivshchyna and Svoboda took complete responsibility for reforms, their election results will depend on how citizens will perceive these reforms. Therefore, every step of these political forces should be aimed at regular consultations with all interested parties as regards their political decisions.

Government should clearly define risk groups which will be influenced by reforms and program the funds aimed at support of these groups during reforms.

New government should also evaluate status of reforms which were started by previous government. These initiatives should be thoroughly analyzed as it will give understanding of the basis for new changes.

It is vitally important to develop detailed plan of reforms

2.3. Response to mistakes in HR policy

Appointments of some officials faced severe critics by journalists and civil activists. Mistakes in HR policy are especially frequent in regions where the process of new appointments is less public.

For instance, discontent was caused by appointments of governors in Lugansk and Zaporizhyya regions – Mykhaylo Bolotskykh and Valeriy Baranov respectively. These politicians or members of their teams are accused of participation in violent suppression of street protests in 2013 – 2014.

Another reason for critics is the fact that most local officials in the regions are appointed based on party quotas. Such political expediency is nothing, but a form of political corruption. Civil society activists do not put up with it and take actions to remove these officials as it already happened with prosecutor of Lviv region Volodymyr Gural and deputy head of Ternopil regional state administration Rostyslav Levchuk.

People are also worried with the names of some officials who will lead key state enterprises. For instance, Yuriy Nedashkovsky, a partner of Mykola Martynenko and Davyd Zhvaniya in energy sector, was appointed as President of "Energoatom". Decision on appointment of Valeriy Yasyuk as a head of "Ukrtransgaz" was cancelled after a number of critical publications in mass media.

Appointment of "related" people in major state companies are perceived as an attempt to re-distribute key financial sources in the country, but not as an endeavor to reform respective industries.

The fact of errors in state decisions is not fatal. It is much worse when these errors are not recognized and nothing is done to correct them.

Appointments of some officials face severe public critics

Government should analyze their mistakes