



## *Post-Soviet Eurasia*

# Maidan and its implications

The revolution in Ukraine has changed post-Soviet Eurasia. While it offers the country itself probably the best chance for democratization in its history despite adverse economic conditions and the conflict in east Ukraine, the region's autocrats have reacted by intensifying their repression of protest. In Russia's case, the turn away from the West is increasingly apparent.

Taking a bird's-eye view, average scores in post-Soviet Eurasia have remained at a low level of development for the last 10 years. The state of political transformation lags significantly behind that of the African or Asian regions. The same is true of transformation management. Eurasia ranks better than sub-Saharan Africa only with regard to the transition to a market economy. The region is also more homogenous in this regard, with comparatively small differences between leader Kazakhstan and last-place Tajikistan.

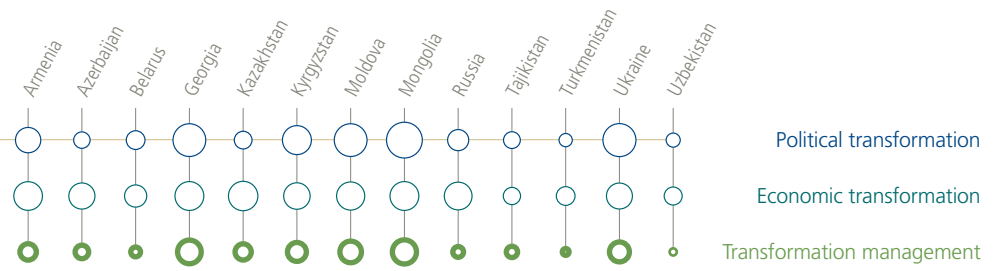
However, behind these figures lie potentially far-reaching changes that were by no means predictable two years ago. The most critical event has without doubt been the "Euromaidan" revolution, which unleashed a new wave of democratization in Ukraine, but also sent shock waves through most of

the region's other autocratically governed states, leading to a palpable intensification of repression.

For Ukraine, Euromaidan opened a third opportunity for a successful transformation process after the previous two – the country's independence in 1992 and the 2004/2005 Orange Revolution – were squandered. The authoritarian regime that took hold under presidents Kuchma and Yanukovich, and had not been profoundly adjusted during the administrations of "Orange" representatives Yushchenko and Tymoshenko, led the country to the edge of disaster with its oligarchal capitalism and endemic corruption. Indeed, by 2013, Ukraine was in many respects a nonfunctional state. It is thus little surprise that a shift in the government's already "multivectoral" policy, little noted by other coun-

tries – in this case, the refusal to sign the EU Association Agreement, which the EU itself had previously blocked due to the imprisonment of Yulia Tymoshenko – was able to serve as trigger for a popular uprising.

Despite the conflict in east Ukraine, the domestic political conditions for a fundamental and sustainable transformation in Ukraine are unquestionably more favorable today than ever before. Seldom before has this goal found such wide support, with people so similarly active and eager to correct the mistakes of the past. The material conditions, however, are extremely poor. The task in Ukraine is no more and no less than a fundamental reconstruction – thus, to reconstitute the wreckage of the country's decayed industry and infrastructure, and to do so with hollowed-out state institutions. Moreover, Ukraine must



also hold its ground in a military conflict that certainly has domestic roots, but is primarily fueled by foreign intervention.

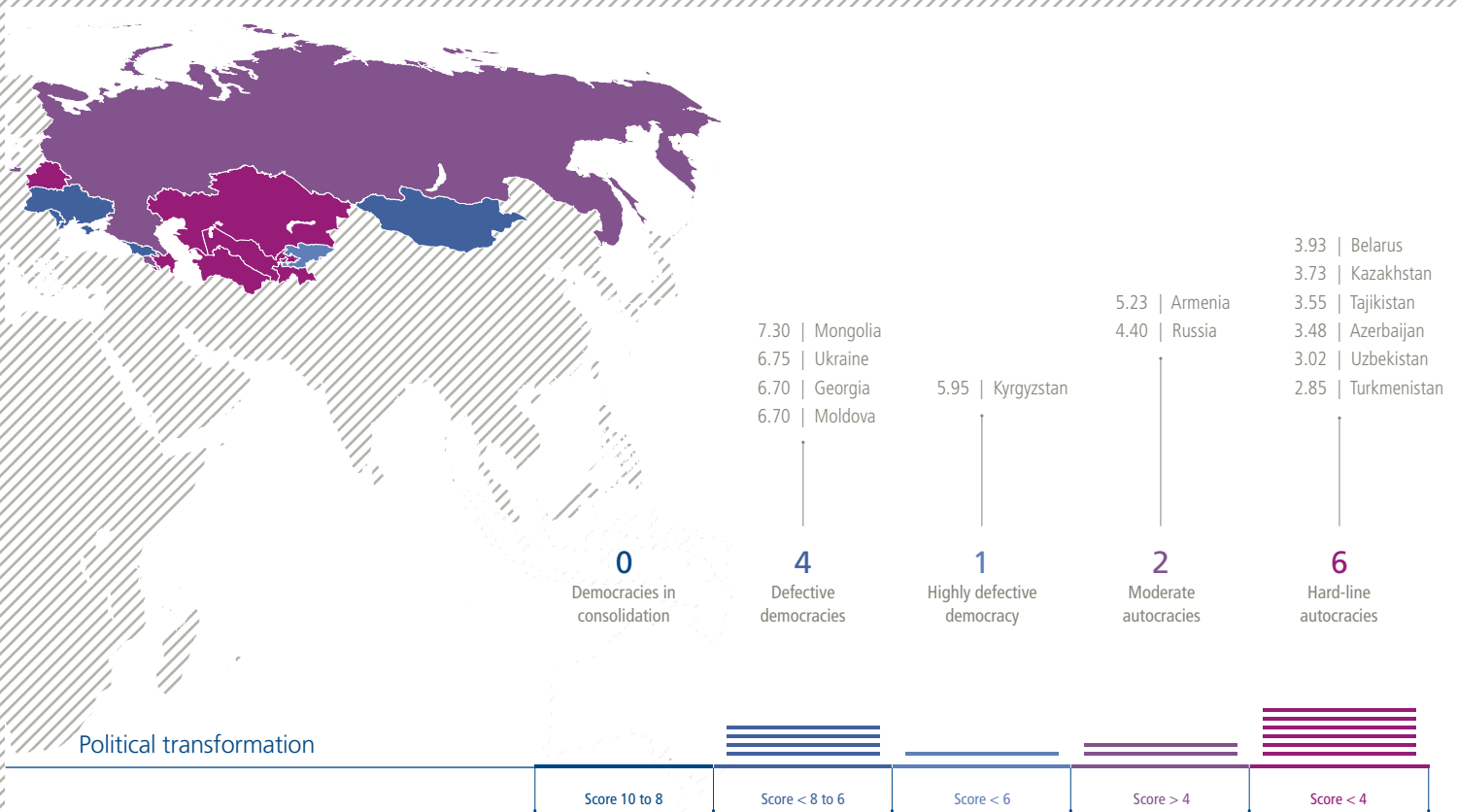
To be sure, Russian President Putin has made no secret of the fact that he considers Ukraine’s development to this point to have been on the wrong path, Yanukovich to have been a failure, and the resistance from the population to be understandable to this degree. However, this has not prevented him and his propagandists from denouncing the success of Euromaidan as a Western-controlled “fascist coup.” Since then, he has done a considerable amount to prevent the success of the new Ukraine in a conflict that has taken on existential stakes. This Russian reaction can be seen both as an effort to secure external influence and to retain domestic control.

As a part of this response, Moscow has worked more actively than in the past to consolidate its claimed zone of influence, firmly pushing the countries in the region to make a choice between Russia and the West. In addition to Ukraine, this has recently been visible particularly in the Republic of Moldova (for instance, with regard to the instrumentalization of the Gagauz minority) and Armenia (exploiting that country’s tense national-security relations with Azerbaijan).

The aggravation of the already precarious relations between Russia and the West has been associated with a fundamental rejection of Western values and the West’s support for democracy. In their place, separate routes by which to legitimize the autocratic regimes are postulated. In addition, with its promotion of an “eastern vector,”

Russia has sought not only an alliance with China, but also to close ideological ranks with Beijing in a relationship that may go beyond the common recognition of state sovereignty and the principle of nonintervention.

In this regard, Moscow has established itself as the nucleus of a bloc-building effort in the Eurasian space, the essence of which represents the rejection of transformation goals, such as democracy and the social market economy. Even if the heterogeneous interests and orientations in the countries concerned will make the formation of such a bloc in accordance with Moscow’s conditions difficult, the defining patterns of conflict are in this way being fixed in place.



## *Hardened front lines*

The region remains divided into two largely unchanged blocs, with the EU-oriented, democratic-tending states on one side, and the autocracies located more or less within Russia's sphere of influence on the other.

In an overall picture that remains unchanged in the BTI 2016, we see five more or less defective democracies and eight autocracies.

This reflects the essential division of the region between countries that are oriented toward the European Union and have concluded the mid-2014 EU Association Agreement (Georgia, the Republic of Moldova, Ukraine and, outside the EU's Eastern Partnership, Mongolia) and those that have joined with Russia in the Eurasian Economic Union, which was established on January 1, 2015 (Armenia, Belarus, Kazakhstan and, recently, Kyrgyzstan). The group of autocracies is further supplemented by Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan, whose ties to Russia are somewhat weaker.

However, these two camps are not as homogeneous and firmly established as these labels may suggest. Thus, though

Ukraine shows by far the greatest gains with regard to quality of democracy in comparison to the BTI 2014, it still performs under the level achieved in 2006, immediately after the Orange Revolution. The biggest decline in this regard was shown by the Republic of Moldova, also an EU-associated nation. Moldova's case demonstrates that the orientation toward the European Union neither guarantees transformation progress nor is necessarily associated with credible democratization intentions. For example, the most recent parliamentary elections were accompanied by questionable ancillary phenomena, while the subsequent formation of the government sank into a swamp of corruption at an early date. This and other scandals have for the moment ensured that the country's cartel of oligarchs can continue pursuing its dubious activities without being disturbed.

In Ukraine, by contrast, "Europe" served as beacon for an uprising that ultimately swept away the Viktor Yanukovich regime on February 21, 2014. In this way, Ukraine initiated what may be the best chance of democratization in its history – though certainly one with no guarantee of success. To date, although possibilities for political participation have been hugely expanded, the implementation of reforms has been persistently accompanied by setbacks – not to mention an erosion of state authority. Kiev has permitted the formation of irregular, at times extremely questionable volunteer units, thus compromising the state's monopoly on the use of force, as the defense effort in the country's east would otherwise have been virtually impossible to organize. The fact that a particularly ruthless oligarch, Ihor Kolomoyskyi, was consequently able to consolidate his influence

using time-tested methods is just one of the side effects that have led some observers to doubt the prospects of a successful transformation. Nevertheless, the presidential and parliamentary votes signaled that far-right and fascistic forces were only drawing very limited popular support, contrary to Russian propaganda.

This is thus a mixed picture, and yet it offers some indications that the reform process will not simply vanish quietly from the scene this time. Ukraine's civil society is much more active and is taking a more substantial part in decision-making and legislative processes than was the case after the Orange Revolution. In addition, the influence wielded by Western organizations and actors is significantly greater, as is reflected not only in regular consultations, but – uniquely in post-Soviet Eurasia – also in the occupation of top policy positions by nationals of other countries. Finally, the war in the east of the country has accelerated economic decline, saddling Ukraine with tremendous costs. However, it has also helped stimulate nation-building, triggering a wave of solidarity and cooperation that has cut across all social, ethnic and politi-

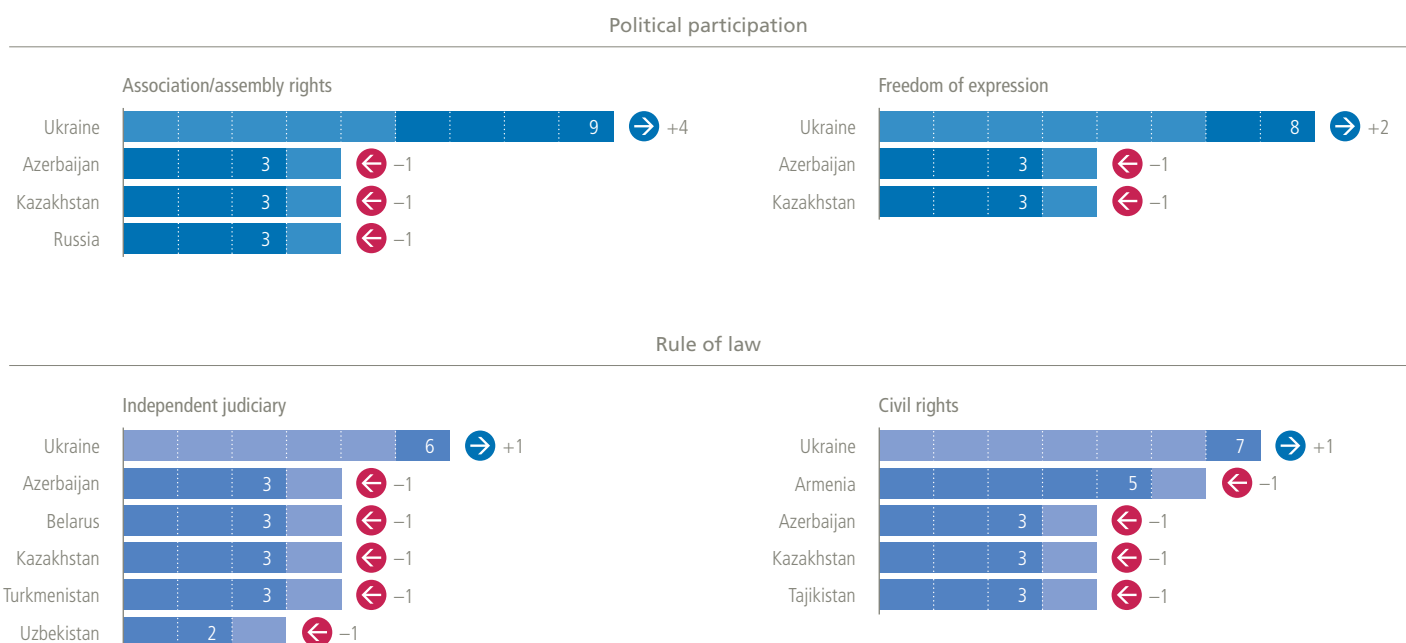
cal lines. This existential challenge has also created a situation in which the public pays much closer attention to whether and how far policymakers' announcements diverge from their ultimate implementation, as well as to where and to what degree corruption and cronyism remain problems.

These results have produced an (unintentional) flip side to Euromaidan, as it has made clear to the region's autocrats just how fragile their rule really is. Reactions have been accordingly harsh, primarily in the form of intensified repression, but also in foreign policy through an implacable animosity toward the new regime in Kiev (and its alleged masterminds in the West). In this regard, Russia is setting the pace. Moscow not only annexed the Crimea in a coolly calculated fashion, but also showed little hesitation in engaging in a military intervention that it officially denied while at the same time for months making references with territorial connotation to "Novorossija" (New Russia) and the "Russky Mir" (Russian world) ethnicity area.

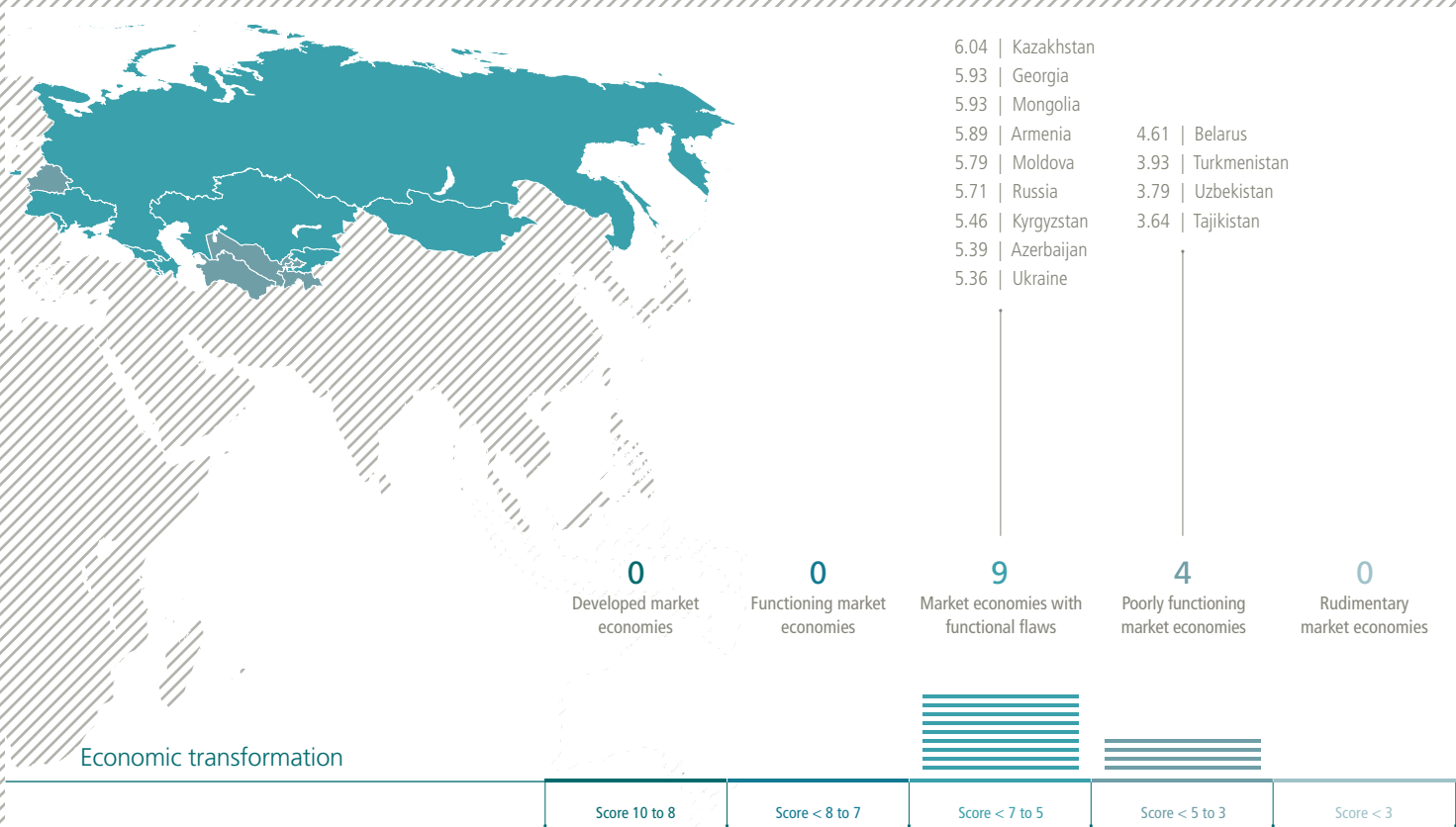
These developments are logical extensions of the hysteria sparked by Putin against NGOs alleged to be foreign-controlled and

responsible for political subversion. Unleashed in the course of the demonstrations against his re-election in 2012, the hysteria found its supposed confirmation with the Euromaidan movement – and, indeed, reached a new high point as a result. While a cautious domestic political relaxation was temporarily underway, as expressed by the approval of Alexei Navalny's participation in the Moscow mayoral race in September 2013, since Euromaidan, security issues have come wholly to the fore in Moscow, both in terms of personalities and policy. Outwardly, this has manifested itself in a fundamental dissociation from the West and its democratic values, which the Kremlin now wants to replace with an alternative – and apocryphal – set of "traditional values" and a revival of Cold War themes for propagandistic purposes. Domestically, this has expressed itself in a virtually endless chain of restrictive laws against every form of non-governmental organization and expression. Russia thus continues along a path that brings it ever closer to the Central Asian autocracies, which it also wants to integrate into a power bloc through the creation of the Eurasian Economic Union.

Maidan: Message received – increased repression in autocracies



Improvements in Ukraine and negative trends in autocracies, selected indicators, BTI 2012–BTI 2016.



## Back in crisis mode

As previously, many countries in the region rely far too heavily on exportable resources. The chain reactions triggered by Russia's weakness are rendered stronger by this fact. For the EU-oriented countries, prosperity remains an unfulfilled promise.

As in the BTI 2104, half of Eurasia's countries find themselves in the middle of the pack from an economic perspective. Among the nine market economies with functional flaws are those countries – Georgia, the Republic of Moldova and Ukraine – that concluded both an association agreement and a free-trade agreement with the European Union in mid-2014. The competitive and welfare gains associated with this remain a promise as yet unfulfilled.

The basic economic division separates those countries that possess export-capable energy sources from those that must import them in addition to lacking a competitive export portfolio. This difference is particularly notable with regard to economic performance, although this is less so with regard to overall market economy status

during the current reporting period. This is due in particular to the collapse of oil prices in 2014, which has had mixed effects throughout the region. In general, following the 2008–2009 slump and the subsequent years of stable growth, all the region's countries have found themselves again in crisis mode since 2014. However, with the exception of Ukraine, this has not yet led to significant reforms.

The manifestations of crisis are appearing particularly clearly in Russia. Following a decline in growth rates beginning in 2011, the country slipped into recession in 2015. The country shows symptoms of the resource curse, but the immediate crisis trigger was the collapse in oil prices, reinforced by the Western (financial) sanctions imposed in mid-2014. As a consequence,

the ruble fell by as much as 40%, inflation rose above 16% and there was \$130 billion in capital outflow in 2014. As in the past, the government and central bank reacted in an orthodox manner, in this case meaning an early decision to shift the ruble to a free-floating basis, an increase in interest rates and a dramatic cutback in budget forecasts (with the exception of defense expenditures) – which served initially to reinforce the economic slowdown. This has resulted in fierce attacks on economic policymakers from the populist-patriotic camp, whose key figures look to import-substitution models (and therefore welcome the Western policy of sanctions) as well as Soviet-style mobilization campaigns and the defense sector as drivers of technological innovation and growth. Their



Population: 17.3 mn

Life expectancy: 70.5 years

GDP p.c. PPP: \$24,205



Economic transformation BTI 2006 – BTI 2016

influence has increased significantly in the past two years. There are no signs of structural reforms or industrial-policy initiatives.

Russia's decline has also put strain on its neighbors. The devaluation of the ruble has limited access to the Russian market, which is important for Armenia, Belarus, the Republic of Moldova and Uzbekistan. Other countries are affected primarily by the return of migrant workers and the rapidly declining volume of remittances. These play a major role in Armenia, Kyrgyzstan, Moldova and Tajikistan, but are also significant in Ukraine and Uzbekistan. Finally, investment and financial aid from Russia has dried up.

The chain reactions in Azerbaijan and Turkmenistan have been less serious, although these countries are also dependent on oil-price developments. The national currencies here are accordingly also under pressure. However, for the time being, this has led to no significant interruption in extravagant prestige projects, such as the European Games, which were held in Azerbaijan in June 2015 and accompanied by a state-supported construction boom in Baku. Nevertheless, the current consumption-oriented economic model has been called into question in the oil-dependent economies, as well.

Belarus, too, which is closely intertwined with Russia, was forced to devalue its ruble by 30% in December 2014 in order to support its eastern-bound exports. Minsk, which is experienced in the re-export of Russian energy sources, otherwise showed itself to be a crisis profiteer in its habitual fashion: It sprang quickly into the gap opened by Russia's counter-sanctions against the import of EU food products and became one of the largest suppliers of goods such as salmon, lobster and mozzarella – which immediately provoked threats from Moscow to impose import restric-

tions despite the free-trade pledges of the Eurasian Economic Union.

The economic situation in Ukraine is particularly dramatic. By the end of 2015, GDP and real income had shrunk by roughly 15%, while the national currency, the hryvnia, had seen its value halved on international markets, and inflation had risen to over 30%. At the same time, public finances are shattered, the budget deficit has climbed to more than 10% of GDP, currency reserves have declined to the point of barely covering the value of two months of imports, and a comprehensive bank restructuring has swallowed up billions more.

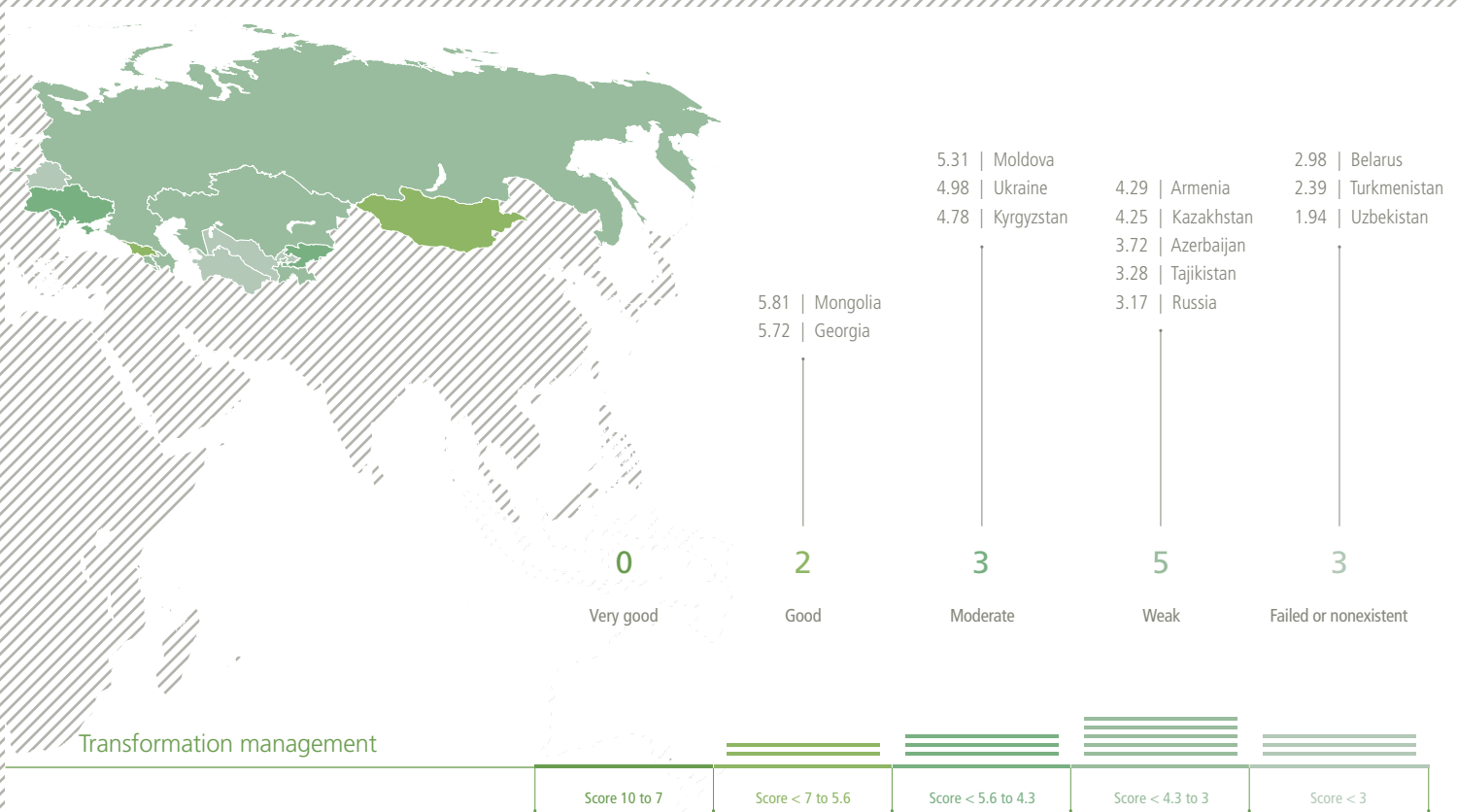
The war, the loss of Donbass and Russia's partition of the country have simultaneously led to a collapse in exports, as the eastern industrial region had previously contributed more than a quarter of Ukraine's export revenues. Implementation of the European Union's stabilization programs have faltered. In any case, they will only be successful if they are accompanied by a comprehensive transformation of the Ukrainian economy.

## Rhetoric and reality in Kazakhstan

Kazakhstan has for years been one of the most successful ex-Soviet republics to make the transition from a centralized economy to a free-market one. Yet, since 2008, the trend in Central Asia's economic and sociopolitical frontrunner has reversed. Above all, it is the problems of its chief trading partner, Russia, that are currently making themselves felt. Kazakhstan's economic performance, impressive enough for a BTI rating of 9.0 just a few years ago, has now slipped to 7.0, and the kleptocracy overseen by President Nursultan Nazarbayev and his family is notoriously rampant. Nazarbayev has exercised unchecked power since 1990. As well as emergency measures to combat the crisis, he has recently launched an ambitious long-term strategy, "Kazakhstan 2050," with which he aims to make his country into one of the world's 30 leading economic powers by 2050. The key component is diversification of the economy – a difficult undertaking, and not just because the Samruk-Kazyna conglomerate is responsible for more than half of the country's economic output. Widespread corruption and a judiciary that is totally dependent on the executive may represent even greater hurdles. No less formidable is the gap between rhetoric and reality in environmental policies. The strategy paper talks of a "green economy," although no sooner was it published than Nazarbayev was extolling oil and gas as "our main horse."



The full country report is available at  
[www.bti-project.org/kaz](http://www.bti-project.org/kaz)



## Good and bad models

Goal-directed governance, civil society participation, anti-corruption policy: Even in post-Soviet Eurasia, these things are possible. However, the majority of governments struggle with transformation management. The weaknesses are to some extent systematic.

Russia and Ukraine, the region's major antagonists, also show opposing tendencies with regard to transformation management. The Ukrainian government's performance is classified as moderate, even though the conditions for consistent and goal-directed government action have radically deteriorated due to the dual challenges of crisis and war. A comprehensive national reconciliation and moderation of social tensions can only be seriously addressed once the conflict in eastern Ukraine has been settled.

The Minsk II ceasefire agreement provides a roadmap that Kiev has so far begun to implement only very cautiously. To be sure, there can be no doubt that the resistance of separatist irregular fighters in Donbass would have collapsed long ago without Russian (state and non-state) support. However, the results of the presidential and

parliamentary elections in 2014 documented once again that the political mood of the population in the country's east and south differs perceptibly from that in the remainder of the country – especially in the west. Thus far, Kiev has failed to deal constructively with this fact.

As an additional consequence of this conflict, Russia's credibility has dramatically declined. This is true not only with regard to the West, which is continually presented with lies regarding Russia's intervention in its neighboring country, even from the highest levels of government. It also applies to Russia's allies in the Eurasian Economic Union and the Collective Security Treaty Organization, for whom Putin's evocations of the "Russian world" and "New Russia" awoke uneasy apprehensions. Belarus and Turkmenistan have acted differently, even if

their initial steps have been small – Belarus with its mediation efforts in the Ukraine conflict and its newly outstretched feelers toward the West, and Turkmenistan with its efforts to relax its self-imposed isolation to at least a small degree.

By contrast, Moscow's willingness to accept external assistance has now wholly disappeared. This can be seen from its ejection of aid organizations, its denunciation of Russian NGOs as "foreign agents" and the perpetual threat created by a June 2015 law enabling international organizations to be declared "undesirable," thus exposing any Russian citizen or organizations that cooperate with them to criminal penalties. In this regard, Russia accords with Kazakhstan, another country that has lost ground in the BTI 2016. President Nazarbayev's government has demonstrated a

notable openness to learning and reform in the economic realm, but fundamentally and energetically rejects advice regarding the country’s political order as improper interference.

Russia is also a “model” for the post-Soviet autocracies with regard to dealing with civil society. The scope of activity allowed to independent NGOs is being increasingly restricted, while at the same time, a state-sanctioned and ultimately state-directed surrogate civil society is being created through the use of targeted support. However, this system has been perfected in Azerbaijan, which has combined the stick of license revocations for NGOs with the carrot of subsidies from the state budget in its own way.

This dominance of anti-democratic forces offers a striking contrast to those states whose transformation management performance is assessed as good (Mongolia, Georgia) or moderate (Moldova, Ukraine, Kyrgyzstan). For example, the circumstances are exactly reversed in Mongolia; there, beyond the insignificant political margins, there are no anti-democratic forces to which political influence can be ascribed. The same is true of Georgia, apart from the decidedly conservative positions of the Orthodox Church.

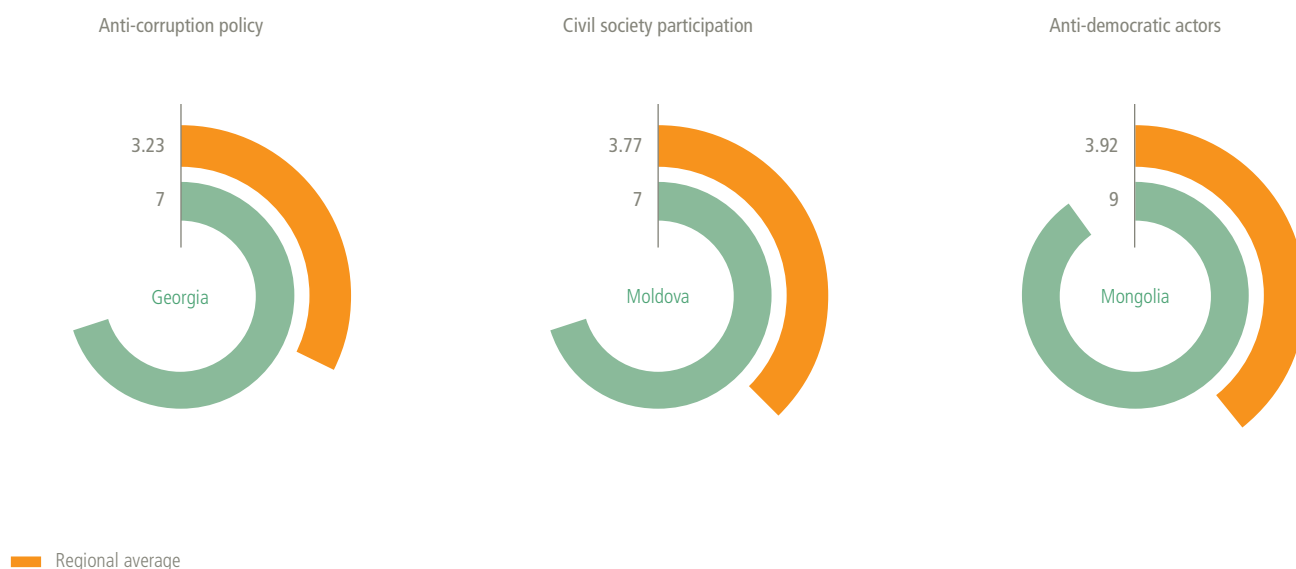
The same can be said about the role of

civil society and NGOs’ potential to make an impact. NGOs are not subject to any notable restrictions in Georgia or Mongolia, even if their influence is limited. In order to change this, and to further strengthen civil dialogue, democratic culture and civic engagement in the country, the Mongolian government in 2009 created the so-called Citizen’s Halls as consultative organs at the national and later also at the local level. In principle accessible to every citizen, these bodies’ primary task is discussion of the parliament’s legislative proposals (as well as local budgets at the local level). Mongolia’s citizens are making full use of this opportunity.

Compared to the other countries in the post-Soviet space, anti-corruption policy in Georgia is outstanding, a fact that can be credited to Mikhail Saakashvili’s time in office. There are extensive legal regulations on this issue, a number of institutions (e.g., the Anti-Corruption Interagency Council and the Chamber of Control) as well as national action plans that attest forcefully to the government’s continuing efforts. In practice, these measures have brought about tangible changes, unlike some other apparently high-priority initiatives launched with a clear eye toward the international donor community.

This serious effort marks an additional fundamental difference between Georgia and those Central Asian autocracies whose functioning and stability are based on patronage, and in which corruption thus has a systematic character, as well as the clientelist political regimes in Armenia and Russia. To be sure, these states declare themselves to be engaged in the fight against corruption and have introduced institutional provisions, such as public tenders, transparent procurement-monitoring systems, and income and wealth declarations for public servants. In practice, however, they accomplish little to nothing in this regard.

Exceptions to the rule: Regional bright spots







# The risks of autocrats

The conflict over Ukraine has divided the region into two camps. On one side stands Moscow, which – with its self-imposed isolation from the West and rejection of the norms and processes of constitutional democracy – offers a geostrategic anchor and point of orientation for the region's autocracies. However, it also expects loyalty, and its intransigence is gradually deepening the divide with the West.

On the other side is the European Union, which – though it operates on similar basic principles throughout and insists on its corpus of norms – offers in return only limited security assurances to its affiliated countries. Russia is seeking to compensate for its lack of attractiveness as a model for the future by banking on the present's inertia and exploiting the weight of relationships established in the past for its own current ends. Since, in times of doubt, many people put their own obvious interests above more abstract potential gains, the EU risks seeing its attractiveness dwindle if it continues its current reticence. Ukraine, in particular, alongside deep reforms, needs long-term public and private engagement with external actors. By mid-2015, reforms as well as engagement were evident to only a rudimentary degree – an unsurprising fact given the dimensions of the task ahead.

The Russian instrumentalization of existing relationships, as through its threatened or implemented boycotts on imports, is as much of a brake on transformation today as is the EU's rather modest level of engagement. Moreover, the two camps are far from acting as homogenous actors or as power-political blocs. The interests of the

Eurasian countries are too heterogeneous, and the tendency of Moscow and Brussels to seek their own advantage against the other is too strong.

The two camps have in common the fact that after several years of growth, economically difficult times had returned by 2014 at the latest. Declining energy prices have negatively affected all the region's economies to a significant degree. In the case of the energy producers, this has had clear and direct economic dampening effects; for the others, it has acted indirectly through chain reactions. Whether this ultimately renders governments more predisposed toward far-reaching economic reforms will depend on how long oil prices stay low.

The region is allegedly in a relatively stable phase. However, in many autocracies, the biggest challenge to stability – change in political leadership – is drawing nearer. This is particularly true for those (neo)patrimonial regimes in Central Asia whose post-Soviet leaders have reached an advanced age, including Islam Karimov (78) in Uzbekistan and Nursultan Nazarbayev (75) in Kazakhstan, both of whom were re-confirmed in office in early 2015 with more than 90% of the vote.

In both cases of marked clan rule, the dynastic succession is precarious. Nazarbayev has three daughters, but a number of problems are evident. For example, his former son-in-law, Rakhat Aliyev, following his flight in February 2015, was found dead under mysterious circumstances while in Austrian custody. A similar difficulty faces Karimov, whose oldest of two daughters, Gulnara Karimova, has fallen into disfavor due to inter-

nal family feuds and, according to reports, has been under house arrest since April 2014. In the case of Tajikistan's Emomali Rakhmon (63), the dynastic pool is somewhat larger due to his seven daughters and two sons; for Ilham Aliyev (54), who holds power in Azerbaijan as a second-generation ruler, the question of succession is not acute.

Turkmenistan, where the 2006 transition of power to Gurbanguly Berdimukhamedov following the sudden death of "Turkmenbashi" Saparmurat Niyazov was relatively peaceful, today demonstrates that even in Central Asia, changes in government outside a single clan are possible. On the other side, those regimes that are not based on clan rule but have nevertheless undergone autocratic transformation under dominant rulers also face serious stability risks. This is no less true of Putin and Russia than of Sargsyan and Armenia and, of course, Lukashenko and Belarus.

The December 2011 strikes in Kazakhstan's Zhanaozen, the mass demonstrations in Russia against electoral fraud in 2011 and 2012, the widespread Armenian protests against increases in electricity prices in June 2015, and countless other expressions of discontent show that the autocrats face significant risks behind their pompous facades. Just how dangerous these risks can be was demonstrated by Euromaidan – originally without any prospects of a genuine change in government.



This summary is based on the post-Soviet Eurasia regional report by Hans-Joachim Spanger, available at [www.bti-project.org/pse](http://www.bti-project.org/pse)



Full reports for each country in the region available at [www.bti-project.org/countryreports/pse](http://www.bti-project.org/countryreports/pse)



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## Interview

### “Dignity in Ukraine is violated every day”

Iryna Solonenko and Vasyl Kosiv on the Maidan protests, the role of civil society and the fight for political accountability

*In early 2014, the Maidan is still occupied by demonstrators, and protests against President Yanukovich's rule continue seemingly unabated. What are the factors contributing to the opposition's persistence, and what are the chances of success?*

Most importantly, Maidan protesters are driven by something more than ideological slogans or the affiliation with a particular political party. The brutal dispersal of demonstrations and beatings of peaceful protesters have been very emotional events. The authorities crossed a red line by responding to peaceful protests with violence. For many Ukrainians, the social contract has been violated, and this has undermined authorities' legitimacy. The notion of “dignity” is raised increasingly in public speeches and private discussions. And human dignity in Ukraine is violated every day by corrupt politicians, judges, the police and tax administration officers. In this sense, the prosecution and imprisonment of activists and the violence against journalists “feed” Maidan with new energy every day. Moreover, there is an awareness that once the protests stop, massive repression against all those involved will take place and political freedoms might be curtailed further.

Continuing the protests therefore seems necessary. Yet, protests alone will not succeed unless they divide political elites and create a majority in parliament eager for change. It is also important to go beyond Maidan and engage more people in opposition to the regime, notably from the eastern and southern regions. Many people have begun to think critically and stand up against injustice back in their hometowns and villages, as well. This is a very positive development and constitutes a major success, yet more has to be done.

*From a Western perspective, Ukraine's political polarization is cast in geographical terms – the pro-European opposition demanding more political participation and an improved rule of law versus a Moscow-oriented president and his followers drawing on authoritarian forms of rule. Is this an oversimplification of the state of affairs?*

This is definitely an oversimplification. The most important split today is found between active citizens and people advancing a post-Soviet paternalistic mentality. Age is another distinguishing factor: Young people everywhere do not like authoritarianism. However, much of the active citizenry striving for a changed model of governance that is more responsive and accountable is rather well-educated, has traveled abroad and can primarily be found in Kiev, the western regions of Ukraine and some other big cities. So, to some extent, there is a geographical division that is shaped, inter alia, by economic

issues. Business structures in the western regions are flexible, with small- and medium-sized family enterprises. People in the eastern regions are, by contrast, more dependent on big factories and mines owned by the state or oligarchs. Control and fears of oppression are greater in these regions.

*The BTI country report states that civil society became more active and vibrant during Yanukovich's rule. How do you explain this trend, given that political participation rights have been restricted in recent years?*

Several factors contributed to consolidation trends in civil society in the past years. First, the experience of five disappointing “orange” years demonstrated the need for civil society to keep authorities accountable. Second, the authoritarian trends that emerged after a few months of Yanukovich's presidency generated a backlash among civil society actors who had grown accustomed to a situation in which political freedoms were more or less respected. In that sense, there was strong motivation to protect participation rights. Third, after more than 20 years of independence, civil society in Ukraine underwent a natural process of maturation, driven in part by exposure to the West through travel, contacts and support. Finally, we have a new wave of young leaders who are better-educated and well-equipped with new media and information tools.

*Ukraine's scores for the prosecution of office abuse and anti-corruption policy fell in recent years. Why is it so difficult to contain political corruption?*

Political corruption feeds the regime and strengthens its power base. Financial resources are needed not only to win elections, but also to sustain clientelistic networks that serve the regime. The national budget constitutes an obvious source of such resources. Businesses that benefit from non-transparent privatization and non-competitive public procurement processes pay with their loyalty to the president, for instance, by ensuring favorable coverage through the media they own.

What makes matters worse is that political amnesia is rampant in Ukraine. Such a thing as reputation is virtually nonexistent. People vote for corrupted politicians again and again. We need changes at all political and personal levels. We also need to establish at least one credible and independent institution – a prosecutor or court – to which one may appeal and that is able to set positive precedents. Although different state agencies currently have a legal mandate to fight corruption, they are insufficiently protected from political interference.