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PUBLIC POLICIES

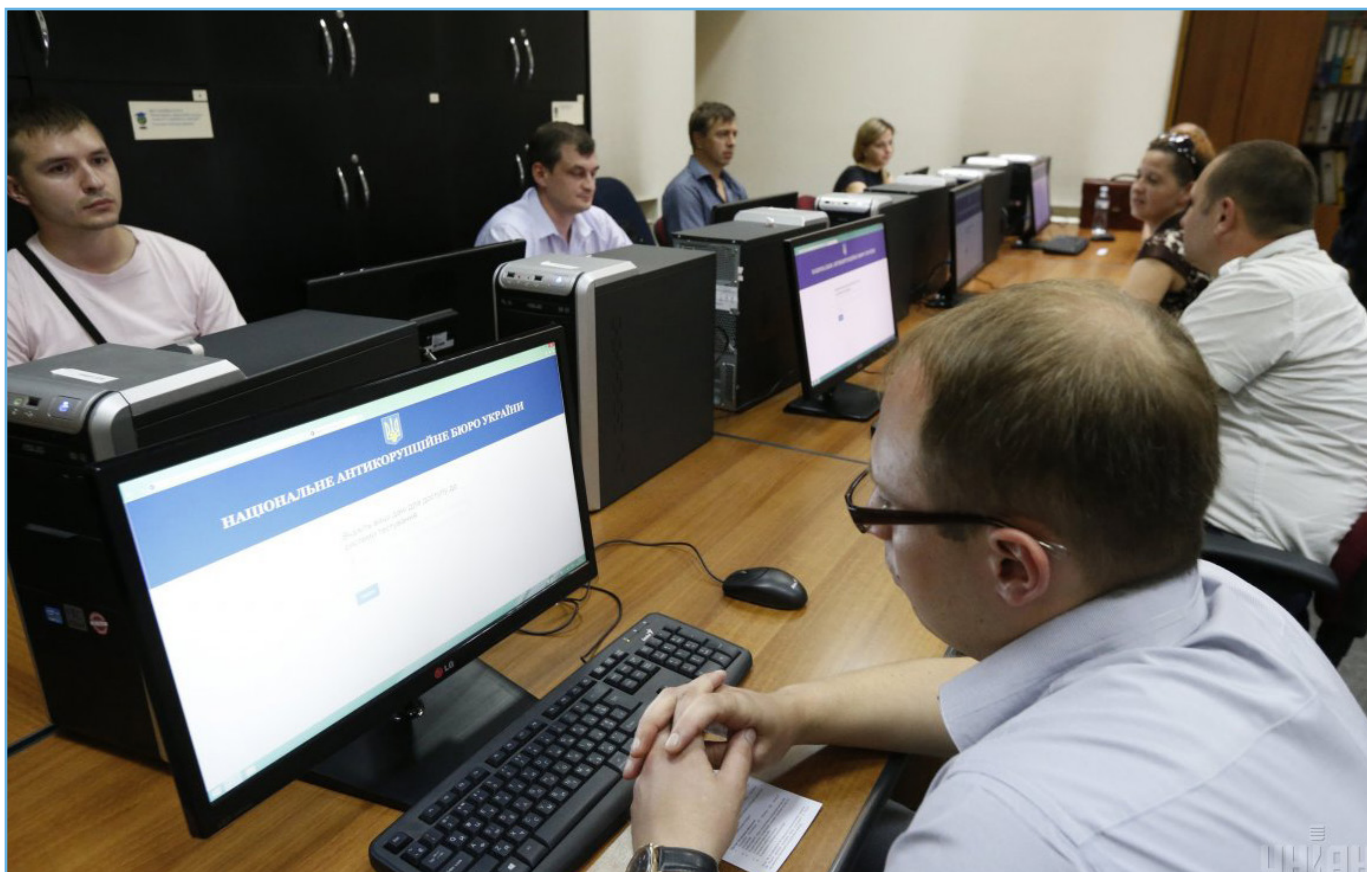


Is Ukraine Ready to Combat Corruption in Exchange for IMF Assistance?

By the end of this year Ukraine has to focus on three main directions in the anti-corruption area: strengthening the institutional capacity of the National Anti-Corruption Bureau of Ukraine (NABU); ensuring the publication of e-declarations of Ukrainian top officials; laying the legal foundation for the creation of the high anti-corruption court. Entitling the NABU with a legal right for intercepting communications will increase the efficiency of pre-trial investigation, though will not solve a systemic conflict between the NABU, on the one hand, Prosecutor General's Office and Security Service of Ukraine, on the other hand. While pursuing a goal to establish visa-free regime with the EU Ukrainian authorities are to ensure publication of top officials' e-decla-

rations. However, full operation of the e-declaration system will be impossible, unless a comprehensive reform in the public service field is implemented. The creation of anti-corruption court will complete the formation of a full cycle of anti-corruption bodies, but their effectiveness will depend on political will and readiness of the Ukrainian leaders to make real anti-corruption revolution, rather than just build "Potiomkin village" for the next IMF tranche.

Following the second review under the Extended Fund Facility (EFF) Ukraine has signed an updated version of the Memorandum of Cooperation with the IMF. If Ukraine successfully meets the so-called "structural benchmarks" it might receive the next IMF tranche by the end of this year. For these purposes Kyiv undertook the following commitments in the anti-corruption area: 1) to submit to the Parliament and adopt legislative amendments to strengthen the insti-



tutional capacity of the NABU by the end of November 2016; 2) to ensure the publication of all e-declarations of Ukrainian top officials by the end of October 2016; 3) to adopt a law on the establishment of anti-corruption court.

Ukraine undertook commitments to strengthen NABU, to publish e-declarations of Ukrainian top officials and to adopt a law on the establishment of the anti-corruption court

However, the first reaction of Ukrainian political elite to these commitments has already shown that their implementation will not be an easy task to achieve. All previous anti-corruption experiences have proven that the Ukrainian government is not ready for the radical changes in anti-corruption field and hopes either to postpone their implementation for the indefinite future, or to make façade changes.

The effective NABU – independent from the Security Service and Prosecutor General's Office

Strengthening the institutional capacity of the NABU envisages its opportunity to use a wide range of investigative techniques with no obligation to rely on the infrastructure of other law enforcement agencies. This includes undercover operations, intercepting communications, access to computer systems and control over correspondence. According to the Memorandum with the IMF, it is necessary to provide protection from the leakage of information at the stage of registration of pre-trial cases and investigative judges' rulings.

Strengthening the institutional capacity of NABU means its independence from the other law enforcement agencies

The legally approved right of the NABU to conduct independent intercepting of communications is a necessary prerequisite for the more effective solution of corruption crimes. According to the existing mechanism, the NABU has to request the Security Service to carry out interception of communications. Moreover, such a request has to be approved by the court. This mechanism allows the Security Service to abuse their position being able to intercept not only their suspects, but also the suspects of other law enforcement agencies. Thus, the Security Service possesses information on all operational developments of other law enforcement agencies. Additionally, by having an exclusive right for interception, the Security Service guarantees its own security. According to the article 216 of Criminal Procedure Code of Ukraine, the NABU detectives shall carry out pre-court investigation of crimes committed by senior military officers of the Security Service. Since the NABU shall carry out pre-court investigation regarding the Security Service high-ranked officials, there is a danger of information leakage which may have a negative impact on the effectiveness of the undercover operations.

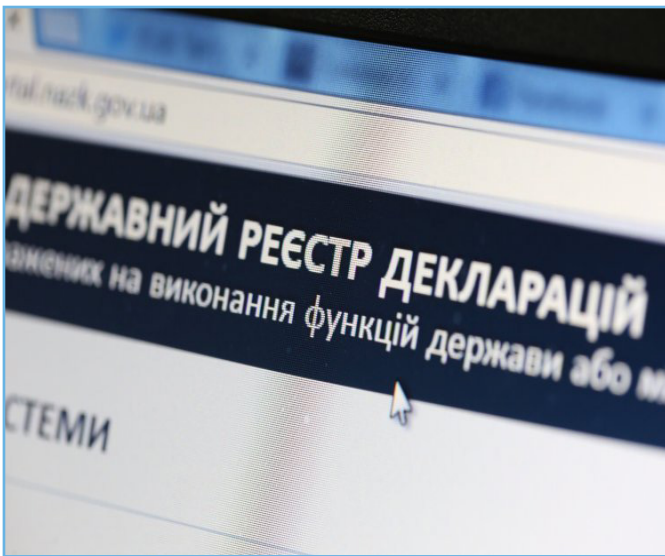
The Security Service of Ukraine' monopoly on interception of communications limits the NABU's opportunities to investigate corruption offenses

Two draft laws (No. 4812 and 4721) granting the NABU the right for independent interception of communications were registered in the Parliament. The adoption of these draft laws may increase the efficiency of pre-court investigation and ensure independence of the NABU from the other law enforcement agencies. However, no one knows whether there will be enough votes in the Parliament in favor of such a decision.

The President is not interested in fully independent status of the NABU, which makes it uncontrolled by the authorities. Therefore, with the help of MPs from his own faction Petro Poroshenko is gradually trying to transform PGO into a parallel structure to combat corruption. Even in case the ruling coalition approves the draft law entitling the NABU with the right for independent intercepting communications, he will try to compensate this by the limitation of investigative jurisdiction of crimes being in competence of the NABU. In this context the draft law No. 5212 has been registered in the Parliament. According thereto, Prosecutor General of Ukraine has the right, in exceptional cases, to entrust the pre-court investigation of the corruption offenses to the body that has started a pre-court investigation, notwithstanding the fact that such body has no jurisdiction to investigate such types of crimes. In addition, the draft law authorizes the Prosecutor General of Ukraine to resolve disputes regarding jurisdiction of different law enforcement agencies. The main advantages of this solution named by its supporters include the prevention of unreasonable delays of pre-court investigation. If the draft law is adopted, it will fully neutralize the previous efforts to build institutional capacity of the NABU. PGO of Ukraine on its own will determine the cases that the NABU may or may not investigate. PGO of Ukraine will consider issues regarding allies and business environment of the President while the NABU will be punishing disloyal officials and political opponents. The latter will be actively shown to the public as significant achievements in the fight against corruption.

The President is trying to transform PGO into a parallel structure to combat corruption

Thus, pursuing the goal to receive IMF tranche the Parliament may adopt the law allowing the NABU to conduct independent interception of



communications. Although the PGO may be turn into some kind of “shadow” NABU managing the most important cases that are sensitive for Ukrainian authorities. The international community is recommended to increase the pressure on the Ukrainian ruling elite with regard to strengthen the NABU and ensure its independence from the Security Service and Prosecutor General’s Office. In this context it is necessary to actualize the issue of genuine reform of PGO.

E-declarations: organized system or formality?

According to the Memorandum with the IMF, Ukraine undertook the commitment to publish e-declarations of Ukrainian top officials. The financial assistance from the IMF and the EU and also a visa-free regime with the EU are at stake. However, Ukrainian top officials are very reluctant to disclose information about their income and assets. As of now, nearly 2 thousand public servants filled in the e-declarations, including the single MP. In this list there are no ministers and those responsible for investigation of corruption offenses – the NABU detectives. There are several explanations for this phenomenon. Firstly, officials are likely to hope for the failure of e-declaration system and, therefore they play for time. Secondly, the NABU detectives agree to submit their e-declarations after the improvement of

the quality of e-declaration system and correcting of the existing mistakes on inconsistencies between e-declaration system and the Ukrainian legislation. Recently, some MPs have made so far unsuccessful attempts to pass amendments regarding e-declaration and hide the information about the property and assets of public servants.

Ukrainian top officials are very reluctant to publish their e-declarations

The abovementioned factors and lack of trust in the NABU activities may lead to the consensus between officials regarding breakdown of e-declaration system’s full functioning or its postponement. It should be noted that the requirements to the e-declaration system in Ukraine are too high comparing to those in the other European countries. According to the law “On Prevention of Corruption”, there are the following minimum levels of declaring assets, in particular: valuable movable property – \$4685; cash and expenditures – \$2340. To compare, in Latvia there is no requirements for the declaration of valuable movable property (other than transport), and the threshold for declaring cash and expenditures is set at the level of \$8270. Lithuanian officials are not bound to declare cash. Their colleagues from Romania do not declare both cash and expenditures. In general, given the level of corruption of Ukrainian public service, there is an impression that e-declaration system in its current form is being a reachless commitment. Its proper functioning is impossible without a comprehensive public service reform and substantial increase in salaries of Ukrainian officials.

The proper functioning of e-declaration system is impossible without a comprehensive public service reform

The emergence of the anti-corruption court in Ukraine: advantages and opportunities

The new version of the Law “On the Judicial System and Status of Judges”, which implements the new constitutional principles of justice system, provides for the establishment of high anti-corruption court. However, it is necessary to adopt a separate law to ensure its full functioning. As of now, the development of such a draft law is in progress. At the same time the civil society presented the concept of anti-corruption court, which provides for the creation of two structures: the high anti-corruption court (considering cases under the competence of the NABU) and anti-corruption judicial chamber of the Supreme Court (serving as an appeal court). The selection of judges will be conducted on a competitive basis. The composition of the competition commission will include the representatives from the President, the Parliament, the EU, the Council of Europe, the US and Canada Embassies. The competition commission shall take the final decision on the winners. It is proposed that the President and the Parliament will not be able to refuse to approve the results of the competition. Such a selection procedure of anti-corruption judges will ensure its independence from all branches of power. However, it seems unlikely that Ukrainian authorities will agree to such conditions and lose control over the appointment of the judges.

The development of the draft law on anti-corruption court is in progress, however a concept was presented to the public

What benefits will Ukraine receive from the creation of anti-corruption court? Firstly, the anti-corruption court is the final element in the system of anti-corruption bodies. Due to its creation, being specialized in only one area, it will



consider all cases of within the NABU competence. Secondly, it will significantly increase the effectiveness of the fight against corruption due to the ability to pass the final verdicts in corruption cases. Thirdly, given a very low rating of trust in the judicial system and high level of rejection of corruption, the anti-corruption court will play an important role in restoring population's trust in Ukrainian courts.

However, given the absence of a draft law on anti-corruption court and the time frames for its creation in the Memorandum with the IMF, the chances of its creation in the short-term perspective remain low. The public debate and discussion of this topic are expected. Ukraine should learn from the international experience and best practices including the idea of “hybrid justice”, similar to Guatemala case, where the creation of an independent International Investigation Commission under the auspices of the UN made it possible to significantly reduce the level of corruption in the country.

Chances of the creation of anti-corruption court in the short-term perspective are low

Thus, while declaring a commitment to conduct reforms the government is ready to perform only those measures which not directly affect its in-

terests. Steps that are more serious are taken only under the pressure from the West and the public. Observing the signs of some unaccountability of the NABU, the ruling political elite is trying to deprive the body of the leading role in anti-corruption field by delegating some of its powers to the PGO. Possible failure of e-declaration system in Ukraine will discredit all anti-corruption policy. Ukraine will lose credibility of western partners in addition to the financial support of the IMF and the EU and the prospects for visa-free regime. The President is in extreme need

of small victories to demonstrate its effectiveness and increase the chances to keep his post for the second term. Therefore, Petro Poroshenko will take all the measures to receive visa-free regime for the continuation of his own political career. However, the true comprehensive fight against corruption is impossible without a truly independent anti-corruption court, which is the last essential element in the anti-corruption bodies. Due to its activity, new and impartial anti-corruption judges will pass final verdicts in criminal cases against the corrupt officials.

ECONOMIC ANALYSIS



Financial Police in Ukraine: Another Attempt to Reorganize State Fiscal Service of Ukraine

A draft law “On Financial Police” has been submitted to the Verkhovna Rada of Ukraine. It is aimed to dissolve the tax police, concentrate the powers of different governmental bodies which fight against economic crimes and create a law enforcement agency with the exclusive competencies to combat crimes in the field of public finance – financial police which will be subordinate to the Ministry of Finance. The elimination of the tax police and creation of the governmental body specialized in investigation of financial and economic crimes is a requirement of the IMF, reflected in the current memorandum of cooperation with Ukraine.

The idea of reformatting the power unit of the State Fiscal Service of Ukraine is not new. For the last seven years several attempts were made to legitimize the new service to combat fiscal crimes. They all were initiated either by the government or by the law enforcement agencies. However, these attempts were not supported by the Verkhovna Rada of Ukraine since they did not meet the presidential decree, the Coalition Agreement and did not solve the problem of protecting the financial and economic interests.

The elimination of the tax police and creation of the body responsible for the financial and economic crimes is one of the requirement of the IMF



In 2014 there was an initiative to eliminate the tax police and to create a new body on its basis – the Service of Financial Investigations, or financial police. This idea is supported by the current Finance Minister Olexander Danyliuk. After becoming a Finance Minister he called tax police a criminal organization and promised to eliminate it by the end of the year.

The need to reform the power unit of the fiscal service is explained by the massive abuse of the current tax police, excessive, sometimes illegal pressure on the business combined with the high level of corruption. The situation is complicated by the fact that the tax police is not the only fighter with the “shadow”. The fight against the shadow economy is also in the competencies of the Security Service of Ukraine, Ministry of Internal Affairs and National Anti-Corruption Bureau of Ukraine.

The need to reform of the State Fiscal Service of Ukraine is explained by the massive abuse of the tax police

Thus, a draft law No. 4228 was submitted to the Verkhovna Rada of Ukraine. It is proposed to eliminate the tax police and to create a new body with consolidated powers – financial police. Its activities will be directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance. The main aim of the draft law is to ensure the transition of the State Fiscal Service of Ukraine from supervisory and punitive function to a service one. It may improve the general state of the business environment and help to build partnership between business and regulatory structures. Due to this it will be possible to move away from

filling the state budget by fiscal penalties and overpayments.

The powers of the financial police will not be limited to the fight against tax crimes. In fact, it should take a lot of competencies of the Ministry of Internal Affairs and Security Service units responsible for the fight against economic crimes in respect of prevention and investigation of crimes in the formation and use of financial resources of the state and economic security. In particular, the new body will also carry out operational investigative activities and pre-trial investigation of crimes. Basically it is proposed to divide the service and law enforcement functions of the fiscal service.

The new body will also carry out operational and investigative activities and pre-trial investigation of crimes

One of the key issues of public concern in the context of the State Fiscal Service of Ukraine's reform is the issue of guaranties for prevention of the "old" corrupt staff of the tax police from taking positions in the new power structure, as well as the guaranties of its independence.

Management of Financial Police will be chosen on a competitive basis, and the competition commission will be formed by quota principle among the representatives of various governmental bodies and the public. It also provides a limited tenure of the head of the Financial Police and its electiveness.

To prevent all current tax policemen from taking posts in the new financial police quotas for "old staff" will be established. The former tax policemen and employees of the Ministry of Internal Affairs and Security Service units responsible for combating the economic crimes will be able to constitute no more than 25% of the new body;

investigators and operational staff of other public authorities – no more than 5%. Thus, the staff of the new body should be changed up to 70%.

To prevent all current tax policemen from taking posts in the new financial police quotas for the "old staff" will be established

The possible abuse is to be prevented by the draft law by introduction of a system of personal responsibility of the financial police officer for committing an offense. Secondly, it creates the service of internal control.

Some experts criticized the draft law because it provides a formal redistribution of powers, and the new body will essentially be the same tax police with some competencies of the National Police.

ICPS supports the idea of establishment of the Financial Police and the dismissal of the tax police. However, the law itself and its practical implementation may face a number of difficulties. The main risk with regard to the adoption of the draft law is the way in which the new law will be implemented and whether a newly created body will become an attempt for formal redistribution of powers or it will carry out analytical work and investigation of financial crimes, first of all – tax evasion. In addition, it is essential that the introduction of fiscal police will be accompanied by the parallel deep reforms of the judicial and law enforcement bodies.

It is essential that the introduction of fiscal police will be accompanied by parallel deep reforms of the judicial and law enforcement bodies



Pension reform from the IMF: unpopular steps for Ukrainian government

Terms and major consequences of pension reform have been discussed since Ukraine's declaration of independence. Dozens of bills have been proposed for decades, though an efficient pension provision has not been introduced so far. Instead, nowadays Ukrainian retirees receive a scanty pension while Ukrainian youth bears the risk of being deprived of even such a pension in the future.

Pension reform will be the most sensitive obligation in the social-economic sphere assumed by Ukraine pursuant to cooperation with the IMF. Both parties agreed that the Ukrainian Parliament will approve legislation relevant to: (i)

gradually adjusting of the statutory retirement age and further reduction of the scope requirements for the early retirement; (ii) review of the eligibility criteria for the minimum pension; (iii) consolidation of pension legislation, which is now spread across about two dozen laws, and insurance of a single principle for providing pensions without privileges for any profession (exception for the military); (iv) expansion of the base for the social security contributions; (v) insurance of the equitable tax treatment of pensions; and (vi) building of the better link between the income and the contributions, and encouraging of the declaration of actual incomes. In addition, Ukraine is obliged to separate various categorical pension supplements from the labor pensions, bring their financing from the pension fund to the state budget and improve their targeting starting from 2017.

The IMF has imposed rigorous conditions for pension reform

The IMF has already made similar demands. In particular, Ukrainian Parliament had to approve the pension reform by the end of 2015, which provided for revising the parameters of the solidary system, abolishing special pensions and laying the conditions for the approval of cumulative system. In March 2015 the Parliament approved the Law 'On Amendments to Certain Legislative Acts of Ukraine on Pensions' regulating retirement of various categories, though it does not meet all IMF requirements.

It is important to analyze the risks and implications arising from meeting the IMF requirements in pension reform.

1) Increasing the retirement age, reviewing the eligibility criteria for the minimum pension. A share of retirement age is rapidly increasing in Ukrainian population. According to estimates by the Institute for Demography and Social Studies, a share of persons aged above 60 will reach around 25% of Ukrainian population by 2025 and nearly 33% by 2050. Without pension reform, persons who retire in 10–15 years will be deprived of not only proper living standards after retirement but also current scanty pensions. If the retirement age does not increase, the pension fund deficit is expected to continue growing. It has risen by UAH 60 bln over the past year and exceeded UAH 150 bln as a result of increased budget deficit, state debt and tax burden on employable population. However, the government seems to be far from long-sighted in this issue given obstructive populist decisions. In particular, Volodymyr Groysman stressed that the government does not intend to increase the retirement age, though it will seek other ways to eliminate the pension fund deficit.



The pension fund deficit has already exceeded UAH 150 bln

2) Consolidating pension legislation. Ukraine is in need of consolidated pension legislation, given that there are around two dozen laws that regulate pension provision.

3) Ensuring a single principle for providing pensions without privileges for any profession (except for the military). This measure will help to reduce the pension fund deficit, though abolishing these privileges will affect incomes of such pensioners. If launched, financing from the cumulative system of pension insurance may be a way out of this situation.

Only military privileges may be preserved

4) Expanding the base for social security contributions. This instrument will also help to increase the pension fund revenues, though it will raise the tax burden at the same time. Reducing the unified social tax to 22% was the greatest achievement of last year's tax reform aimed at legalizing shadow incomes. At the same time, expanding the tax base will obstruct advantages of reducing the taxation on incomes at the targeted level. However, it is necessary to take unpopular decisions to prevent the collapse of the pension provision.

5) Building of the better link between the income and the contributions, and encouraging of the declaration of actual incomes. Reduction of the unified social tax was aimed at legalizing shadow incomes, though there are problems in decelerating actual incomes, starting from civil servants who are bound with this requirement. Therefore, the government shall focus on establishing an efficient instrument that will bring the declared incomes in conformity with the expenditures.

Preconditions for pension reform have emerged long time ago. They include decrease in a num-

ber of taxpayers in solidary system, increase in tax burden on employable population, wide gap in a scale of pensions, and permanent deficit in the pension fund. An efficient reform shall be preceded by recovering economic growth, financial sector reform, and real fight against corruption in the public sector. And above all, the government shall manifest political will and willingness to assume political risks. We support a transition towards the three-level pension system, an increase in the retirement age and other IMF requirements as they are the only way for reducing the pension fund deficit and establishing a better pension provision.

POLITICAL COMPETITION



The two poles of the Ukrainian opposition

The power grab and concentration of economic resources in Petro Poroshenko's hands strengthens positions of the political parties which play on the right and the left electoral fields. Extreme right players use anti-Russian rhetoric in protest against the special status of Donbas, and the Opposition bloc and "Batkivshchyna" in favor of a pragmatic, multi-vector foreign policy and reconciliation with Russia.

The Opposition bloc is open for reconciliation and normalization of relations with Russia, whereas Yuliia Tymoshenko, given her close relations with the Kremlin, criticizes unpopular government obligations to the IMF on the pension reform, cancellation of the moratorium on

sale of agricultural land and tariffs increase. With the aim of destabilizing the political situation, the above problems will be actively utilized by the "Batkivshchyna" and "Opposition bloc" representatives, which have the highest ratings, according to the sociological surveys, and stand for the early Parliamentary elections. In addition, a new political party will be established soon on the right flank, headed by the commander of the "Azov" battalion Andrii Biletskyi.

Emergence of a new political player on the political right wing

On October 14, on the Pokrova feast in Kyiv the wide population is expected to arrive for the participation in the presentation of Andrii Biletskyi's political party as well as to commemorate the day of establishment of the Ukrainian



insurgent army (in Ukrainian- UPA). Based on information from various sources, the police expects from 5 to 10 thousand activists who plan to march in the center of the capital to express support for the "Azov" leader. Thus, organizers promise to mobilize not less than 30 thousand supporters of the patriotic ideas.

Arsen Avakov and Serhii Taruta support a new project both politically and economically.

According to the available information, the Donetsk-based businessman Serhiy Taruta and middle businessmen from the Minister Arsen Avakov's team will be the main sponsors of the new project of Biletskyi. Arsen Avakov is interested in the political patronage of the new nationalist party, as he considers Biletskyi's project as a backup base for the promotion of his people to Parliament in the next election. As for Serhii Taruta, due to pragmatic interests he was actively funding "Azov" during 2014–2015 that protected his financial assets in Donetsk region. Up to date, Taruta is likely to benefit from the support of Biletskyi's political initiative, but in the case of changes in the political configuration or the electoral failure of the project – his plans may rapidly change.

The leader of the "Azov" party Andrii Biletskyi stated that his party will focus on a wide electoral base, but its ideology will differ significantly from the traditional Ukrainian nationalism represented by "Svoboda", "Ukrop" and the Yarosh party. The new party of Biletskyi will try to mobilize not only the Russian-speaking citizens of Ukraine but also entrepreneurs, intellectuals, the army, students. Some activists close to the "Azov" claim that in political competition the new party will combine the nationalist and socialist ideas as much as possible to appeal to voters who are disappointed with the government and the old nationalist parties.

According to the available information, the «Azov» party will not use the symbolism of a paramilitary battalion in their ranks will attract only those activists who do not have a criminal record, or problems with the law. Biletskyi also pointed out several times that the party building will not occur on the basis of a paramilitary battalion "Azov", as it contradicts the law and the Constitution that prohibits political parties to use paramilitary battalions. In fact, a new project is developed on the basis of the Civic Corpus of "Azov", which is closely associated with the battalion, widely represented in all Ukraine's regions along with approximately 5 thousand regular members.

The new party is based on the Civic Corpus of «Azov».

It is difficult to assess the political prospects of a hypothetical party of Andrii Biletskyi. The society demands for the emergence of a political party, the activists of which have made a good showing during the war in eastern Ukraine and in the battles outside Mariupol. However, it remains unclear how the party will present itself. If the “Azov” will try to go beyond the extreme right electoral segment, which Biletskyi is associated with, and on a par with the anti-Russian discourse offers interesting ideas for broad electoral groups – the new party has high chance to replicate success of the party “Svoboda” during the Parliamentary elections in 2012.

Biletskyi's project may replicate the success of «Svoboda» in elections of 2012.

Despite the limitations of the electoral field, Biletskyi will have to go beyond it to expand the number of its supporters. It is also unknown how successful Biletskyi will be in mitigating his personal and radical institutional background, which was fixed for his “Azov” over last years. Given Biletskyi's open radical views, he was deprived of possibility to enter the Parliament through the list of “People's Front”. Its leadership was willing to avoid the scandal by expelling the battalion commander out of the first ten. Then the official went on elections as the inde-

pendent candidate and won the majority district in Kyiv. The success of Biletskyi's party will also not only depend on regular financing, but also on the time frame of the election campaign.

However, the right liberal segment is represented by a number of rival parties, such as UKROP, Svoboda, Pravyi sektor, the Yarosh party and other minor parties. The number of right-wing ideology as reported by sociologists, does not exceed 10%, but in case of a campaign – fight for the right-wing electorate will be difficult. It is worth noting that in the LAST Parliamentary elections of 2014, “Svoboda” and “Pravyi sektor”, as the remarkable nationalist wing parties – obtained only 6.5% of votes in total. Furthermore, none of the parties overcame the 5% barrier. Therefore, it is likely that many party activists will switch to Biletskyi's party. It is also expected that in case of the competent political activity, the new project of Biletskyi may gain political weight and enable a significant part of the nationalist parties to unite in fight against Poroshenko.

Informal collaboration between «Opposition bloc» and «Batkivshchyna»

Strengthening of informal relations between the Opposition bloc and «Batkivshchyna» indicates that both parties realize the degree of threat that comes from the President, and as a result they



can unite against Poroshenko in the struggle for power during the next Parliamentary and Presidential elections.

Both parties are positioning themselves as the pragmatic pacifistic parties that advocate for equitable social standards, improvement of living standards, increase of pensions and other populist issues. Such rhetoric appeals to many Ukraine's citizens.

Petro Poroshenko and his "the BPP-Solidarity" party cast themselves as the centrist party, which after the victory of the Maidan took responsibility for a country, its European integration and implementation of reforms. Using such slogans and rhetoric, Poroshenko's party has almost pushed all the players and the political opponents out from the field. The other coalition partner of PPB – PF keeps on describing itself as the "war party", from time to time producing some radical initiatives, such as introduction of the visa regime with Russia or the martial law.

The party of A. Sadovyi "Samopomich" retains its small liberal niche stores party, which after the so called "garbage scandal," the collapse of its faction and failure in establishing a wide party structure has substantially lost in the ratings. The RPL headed by A. Lyashko acts ad hoc, quickly compromises with the government in case of mutually beneficial terms, and increasingly plays the role of a convenient and systematic opposition force to Poroshenko. Another new pro-Russian party is the "Zhyttia" project, which is head-

ed by Vadym Rabinovich and Yevhenii Muraiev. However, this project is non-systemic along with the well-organized structures only in Kharkiv and Odesa regions. According to the available information, the Presidential Administration is responsible for promotion of the political project "Zhyttia" and the "Nash krai" project – attempting to split the electorate within the Opposition bloc.

Thus, the only parties able to resist Poroshenko still include the "Opposition bloc" and "Batkivshchyna", which according to recent polls have occupied the top positions. It should be noted that in some regions, for example in Kher-son region, "Batkivshchyna" and OB formed a coalition and elected its Chairman for the Kher-son regional council. Such trends are observed in other south-eastern regions. Therefore, these parties continue to actively develop the rhetoric regarding high tariffs and normalization of Ukraine-Russia relations and the multi-vector policy.

As the weather gets colder, the degree of political tension only tends to increase. The government's obligations to the IMF on the abolition of the land trade moratorium, pension reform, tariffs will only increase electoral support of these parties that do not lose any chance to criticize it – both constructively and not. It is not excluded that, in the late November the Maidan anniversary, "Batkivshchyna" is likely to urge people to the street meant to destabilize the political situation and require early Parliamentary elections.

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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