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# INSIDE UKRAINE

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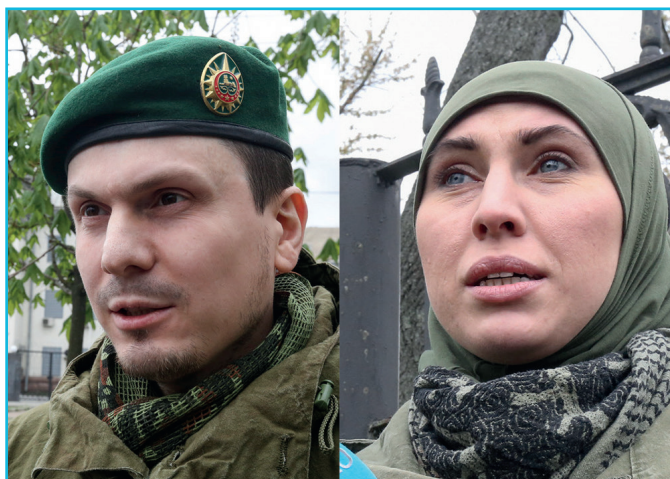
# PUBLIC POLICIES



## HOW TO RESTORE SECURITY TO THE STREETS OF UKRAINIAN CITIES

***In recent years, the security situation in Ukraine has significantly deteriorated not only in Donbas but also in Kyiv and other regions that are hundreds of kilometers away from the conflict zone. Information about terrorist attacks, assassinations and criminal clashes appear in the news every day, and law enforcement agencies are unable to investigate and prosecute the organizers and executors of the most resonant cases. The deterioration of the security situation is due to the following: the war in Donbas, sabotage, activation of criminal groups, activities of paramilitary forces that are not under the state control, growth of illicit arms circulation, increase of radicalism in society, etc. The urgent systemic actions by the state are needed to improve the security situation, as their absence will have serious negative political, economic, social and image consequences.***

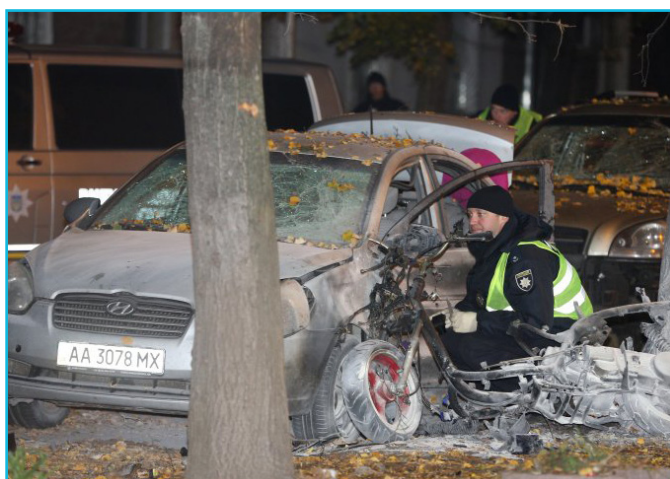
Car explosions and assassinations have become a part of the Ukrainian reality. On October 28, for example, a terrorist attack near the Espresso TV channel was carried out resulting in the death of two people, and the injuring of MP Ihor Mosiychuk. On October 30, another attack on spouses-participants in hostilities in Donbas A.Okuyeva and A.Osmayev took place near Kyiv resulting in one person was killed and another injured. On November 2, the Head of the local BPP faction S. Samarskyi was killed in Severodonetsk. On the same day, the premises were mined in Kyiv, where celebrations with the participation of a large group of people had to be held. In the evening on November 3, a man with a grenade was detained in Kyiv, and in the late evening in the center of Kyiv an explosion of a homemade device occurred. In the evening on November 4 the US diplomat, Second Secretary of the US Embassy in Ukraine, Omar Cardentey was beaten up, and on November 5 in the center of Kharkiv, unknown criminals shot down businessman E. Akselrod with automatic weapons. One cannot ignore



the growth of ethnic crime, as there is now an increase in the number of ethnic criminal groups, from other former Soviet republics, which are actively creating networks in Ukraine.

### Explosions in the streets and assassinations have become a part of the Ukrainian reality

Although statistics of law enforcement agencies shows a decrease in the number of intentional murders (according to the Prosecutor General's Office in Ukraine in 2014, there were 5.9 thousand intentional murders, in 2015 - 8.2 thousand, in 2016 according to the National Police – 1.4 thousand, in the first 9 months of 2017 – 1.2 thousand), residents of Kyiv and other cities and villages feel that the statistics does not reflect the current security situation. Moreover, the media (<https://www.slovoidilo.ua/2017/10/06/infografika/pravo/statystyka-rozsliduvannya-vbyvstv-ukrayini-2014-2017-roky>) regularly shows other data on the number of intentional murders based on data from regional branches of law enforcement agencies that charac-



terize the security situation in the country: in 2014 - 11466 intentional murders, in 2015 - 8224 murders, in 2016 - 5992 murders, in 2017 - 4789 murders.

In any case, the streets of the Ukrainian capital ceased to be safe for politicians, businessmen, journalists and ordinary citizens. This situation is due to a set of reasons, among which the following should be noted:

1. The reduction of the level of professionalism by law enforcement agencies, low effectiveness of the reformed police and unreformed Prosecutor General's Office, the low utilization of law enforcement and intelligence services to combat crime and terrorism. On the part of Ukrainian and foreign businesses and investors, and recently, from public organizations or anti-corruption activists, there are direct allegations of law enforcement officers in direct intervention in their activities. Instead of fighting crime there is a struggle with dissidents or interference with economic or business activity. Evidence of the insufficient level of professionalism of law enforcement agencies is that until now the organizers and executors of the murder of journalist Oles Buzyna, journalists Vyacheslav Veremiy and Pavel Sheremet, officers of special services Maksym Shapoval, Ivan Mamchur and Oleksandr Haraberyush, mayors of Kremenchuk and Starobilsk cities, local level deputies (in Dubno, Mykolayiv, Odesa, Severodonetsk, Cherkasy cities), murders on inter-religious grounds (the deaths of several Jewish rabbis in Zhytomyr and Lviv) and through interethnic hostility (Arab students in Odesa and Kharkiv) have not been investigated or punished. It should also be noted that the imperfection of the legislation in the field of interagency cooperation of law enforcement bodies in the fight against organized crime, as well as the ongoing processes of creation or reform of the entities involved in the fight against organized crime, should also be noted. The limitations of legislation in the field of interagency interaction of law enforcement agencies in the fight against organized crime should be noted, as well as ongoing processes of creation or reform of actors involved in the fight against organized crime.

The streets of the Ukrainian capital ceased to be safe for politicians, businessmen, journalists, ordinary citizens

2. The war in Donbas has contributed to an increase in the dissemination of weapons from the conflict zone to the entire country. Officially, as of the beginning of this year, Ukrainian citizens owned more than 909 thousand registered weapons, however, according to the Ukrainian Gun Owners Association, before the ATO, in circulation, there were about 2.5 million unregistered firearms. As of 2017, according to the Association, the number of light firearms in Ukraine is more than 5 million units. Arms prices have fallen significantly and the ease of their acquisition has increased. Despite the presence of such a huge amount of uncontrolled weapons, there has not been a campaign to search and seize illegal weapons by the police. Campaigns for the voluntary decommissioning of weapons cover only law-abiding citizens and no innovative attempts to take control of the flow or the preservation of illegal weapons was not carried out. Lack of real action to stop the illicit trafficking of weapons can lead to the creation of a smuggling market in Ukraine for the arming of criminal elements and terrorist organizations in the region and the continent, such was the case in the former Yugoslavia.

The number of illegal light firearms in Ukraine is more than 5 million units

3. Subversive activities. It has become commonplace to accuse Russia of most crimes that have a public resonance. Undoubtedly, the Russian Federation is actively working to destabilize the situation in Ukraine but other causes of deterioration of the security situation should not be ignored and the very subversive activity of foreign states should only stimulate the preventive work of law enforcement agencies, not justify the terrorist attacks. Law enforcement agencies and special services are obliged to prevent such activities. Today in Ukraine there is no single reliable anti-terrorist system, which could carry out a preventive counter-terrorism program. That is why not direct clashes of

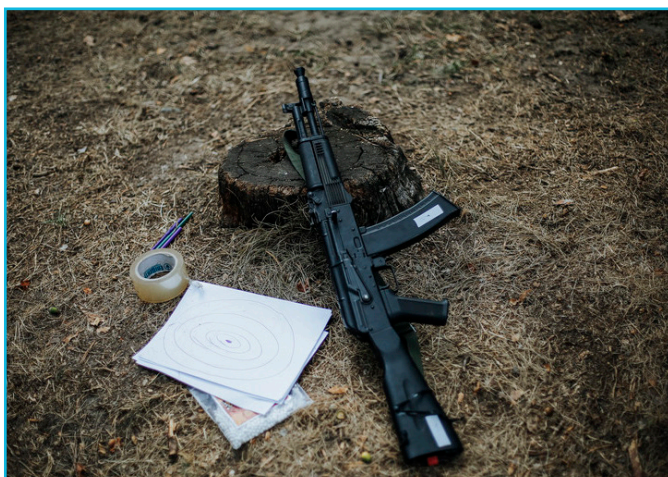


power structures with terrorists and the arrest of potential terrorists are taking place, but an investigation into the consequences of terrorist attacks.

Today, in Ukraine there is no single reliable anti-terrorist system, which should carry out a preventive counter-terrorism actions

4. The presence of a number of paramilitary formations. Such formations, first of all volunteer battalions, were a definite phenomenon at the beginning of the conflict in Donbas which helped to stop aggression but today such formations are mainly concentrated in Kyiv and in large cities, often take part in raider attacks, organizing power or provocative actions in the interests of sponsors of their activities. A separate network of "security", detective and other private security structures should also be mentioned separately. Today, there are more than 5 thousand private organizations that have the appropriate licenses for security activi-





ties, which are poorly or not at all controlled by the state and are often used not only to provide premises security or transportation of assets, but also to carry out unlawful actions.

5. Increase of intolerance, aggression, and radicalism in society together with further complications of the socio-economic situation is another important systemic problem. The devaluation of the national currency, a high level of the shadow economy, a high level of unemployment, and the low level of minimum and average monthly nominal wages create a favorable background for deteriorating security situation. There is a manifestation of aggression based on political, religious, ethical views, aggression against minority representatives, such as LGBT, are often perceived as a norm, rather than an offense. For today, public authorities don't demonstrate that they have strategies and tactics to combat radicalism and intolerance, and that the efforts of the public sector are not enough.



The deterioration of the security situation has a number of direct and indirect negative consequences:

First, as the distrust of society towards power and state structures deepens, migratory sentiments are intensified or vice versa - the role of non-state paramilitary structures is strengthened, as well, which can provide security, or citizens themselves assume the functions of self-defense, including the use of illegal weapons. Given the abundance of illegal firearms, this can contribute to the rapid militarization of society in order to protect their lives, safety and property. It will also lead to the weakening of democratic institutions, the rule of law, and European political culture.

Second, it reduces tourism and the investment attractiveness of Ukraine. Foreign investors and tourists will try to avoid Ukraine in favor of more calm neighboring countries because of fear of their safety or lack of property guarantees.

Third, the powerlessness of law enforcement agencies can lead to "erosion" of the state as the only institution authorized to use violence in society, which will lead to strengthening the image of Ukraine as a weak state or failed state. As of today, the weak state capacity of the power apparatus is one of the main indicators that hold Ukraine within the "Fragile State Index" with other nations such as Tunisia and Gabon.

The powerlessness of law enforcement agencies can lead to "erosion" of state apparatus with the threat of transforming Ukraine into a "failed state".

Fourth, a rapid decline in the level of security within Ukraine may lead to suspension of the visa-free regime with the EU. The visa-free regime is one of the few well-known tangible achievements of Ukraine in recent years. However, if the law enforcement agencies of Ukraine are not able to give an adequate response to the "flowering" of crime in Ukraine, the European Commission under the submission of several EU countries may initiate such interim measures for security reasons.

It is possible to note a number of other negative consequences of the deterioration of the security situation. But the above mentioned is enough to recommend that urgent steps are needed to improve the security situation. In particular, we can offer the following solutions:

1. Activation of systemic reforms in the law enforcement sphere. First of all, the reform of the PGO, in particular the restriction of its competence to represent the interests of the state in court and a significant reduction of its number, prohibition of the PGO to intervene into the business domain. Another task is the reform of the special services; the SSU and the introduction of effective parliamentary and public control over it. It is necessary to completely remove law enforcement agencies from interference in business and make them concentrate on the fight against crime.
2. Depoliticization of law enforcement agencies. This requires their removal from the influence of political parties and individual politicians through the development of complex changes in the political system and the development of an optimal system of checks and balances.
3. Improvement of coordination between the law enforcement agencies, in particular the need to create a united anti-terrorist center based on the SSU, the Ministry of Internal Affairs and the Ministry of Defense. It is necessary to develop a new instruction on the complex interaction between law enforcement agencies in the field of combating organized crime and terrorism, taking into account the current operational situation in the state, the challenges and threats of our times.
4. Efficiency improvement of law enforcement agencies, which includes attracting high-quality personnel. Similar challenges have already arisen for other countries in Europe and the world and now it is possible to quickly identify the best examples of the actions of law enforcement agencies in other countries in order to improve the security situation. As an example, one can consider the experience of disarming paramilitary groups and redemption of illegal weapons on the



territory of the Balkan countries. With the help of clear rules of the game, the threat of serious punishment and financial incentives, it is possible to quickly radically reduce the number of illegal weapons. The experience of the United States, Israel, France, the United Kingdom and other countries in coordinating anti-terrorist activities, identifying potential terrorists and preventing terror is also worth to mention..

[Ukraine needs to use the best world experience in the fight against terrorism](#)

5. Strengthening control over the illicit movement of weapons. We need a revision of firearms from the population, search and seizure of illicit weapons, including the purchase of weapons.
6. It is extremely important to strengthen preventive work, including the identification of potential terrorists in the criminal environment, to comply according to the legislation the activities of paramilitary groups, and to regulate and control the activities of security structures.
7. Elimination of the social basis for crime that will require a comprehensive approach to the problem. The level of crime is inversely proportional to the standard of living. As a result, positive socio-economic transformations can reduce incentives for citizens to engage in criminal activity.
8. Implementation of state programs to support tolerance and mutual respect in Ukrainian society, including jointly with foreign partners and donors

If urgent action is not taken, the level of security in Ukraine can be at a dangerous level, when the state will not be able to meet the basic needs of society, which inevitably will result in the destruction of statehood. The final disappointment in state institutions will lead to an increase of migration processes and other negative social consequences, as well as the reduction of the level of economic activity and further political degradation of society.

## INTERNATIONAL SCANDAL WITH THE LAW ON EDUCATION

***The Law of Ukraine 'On Education' has become a subject of international scandal due to an article that increases the use of Ukrainian language in educational process. Language provision de jure does not contradict European conventions in the sphere of national minorities' rights, though it was adopted in disregard of certain European democratic traditions. The language issue has resulted in the deterioration of Ukraine's relations with neighbouring states, particularly, Hungary and Romania. As a result, Ukraine risks losing significant support provided by the West. Improving relations with neighbouring states will depend on the willingness of Ukrainian leadership to dialogue with national minorities, expert circles, and leaders of respective countries as well as taking into account recommendations made by the Venice Commission.***

On September 5, 2017, the Verkhovna Rada adopted a new law 'On Education' which was signed by the President on September 25, 2017. This law is meant to reform the educational system in Ukraine by means of, inter alia, deeper

integration of national minorities into the educational process. Article 7 of this law provides that 'the state language is the language of educational process in educational institutions'. At the same time, 'persons belonging to national minorities are guaranteed the right to learn in the language of their respective national minority, along with the Ukrainian language, in municipal educational institutions in order to obtain pre-school and primary education'.

**Educational law makes learning in state and communal educational institutions in Ukrainian language**

A previous educational law regulated this issue with reference to the Law of Ukraine 'On the Foundations of State Language Policy' (known as Kivalov-Kolesnichenko law). Article 20 of the notorious law defines that 'the free choice of the language of education is an inalienable right of the citizens of Ukraine ... provided that the teaching of Ukrainian language is ensured to the extent required for the integration into Ukrainian society', as well as assures citizens with 'the right to obtain education in the state language and the regional or minority languages' in state and communal educational institutions at all levels.

Thus, the new educational law provides for an increased share of the state (Ukrainian) language in educational process. Children belonging to national minorities will obtain pre-school and primary education in their mother tongue along with learning the Ukrainian language. From the 5th grade, they will learn in the state language while several subjects may be taught in minority languages.

From a legal point of view, the new educational law, including Article 7, complies with norms of international law. The Framework Convention for the Protection of National Minorities (1995) and the European Charter for Regional or Minority Languages (1992) are rather flexible instruments covering language issues. In accordance with Article 14 of the Framework Convention for the Protection of National Minorities, 'the Parties shall endeavour to ensure, as far as possible and within the framework of their education systems, that persons belonging to those [national] minorities have adequate opportuni-



ties for being taught the minority language or for receiving instruction in this language' in areas where they compactly reside 'without prejudice to the learning of the official language or the teaching in this language'. Article 8 of the European Charter for Regional or Minority Languages obliges Ukraine to make available education at all levels or a substantial part of education at all levels in the relevant regional or minority languages. However, some states may question if teaching several subjects may amount to a 'substantial part of education'.

### Educational law does not contradict to norms of international law

However, domestic political and procedural issues are more important in this regard, which have made the educational law a subject of international debate. First, Article 7 of the law 'On Education' was adopted without public discussions, in particular, without consultations with national minorities in Ukraine. Second, text of the law, including Article 7, was not submitted to the European Commission for Democracy through Law (the Venice Commission) prior to its parliamentary approval. In addition, there is a question if Article 7 of the new educational law conforms to another notable act, the Kivalov-Kolesnichenko law, with regard to the use of regional languages.

### Language issue in the educational law was not agreed with national minorities in Ukraine

Several states voiced protests against Article 7, perceiving that it restricts the rights of national minorities. In particular, Bulgarian, Greek, Polish, Russian and Moldovan authorities expressed concern over the rights of the respective minorities.

The educational law was a cause for worsening relations between Ukraine and several states amid accumulated disparities. For instance, Romanian President Klaus Iohannis cancelled his visit to Ukraine planned for October. However, it triggered the toughest reaction from Hungary. Hungarian Foreign Minister Péter Szijjártó made several strict statements, in particular, that 'Ukraine has stripped Hungarians of their right to study in their native lan-



guage in schools and universities', pledged to review the EU-Ukraine Association Agreement, block Ukraine's further rapprochement with the EU and NATO and even refused to meet with Ukrainian counterpart Pavlo Klimkin during his visit to Zakarpattia region.

### Such decisions are a cause for worsening relations between Ukraine and international partners

On Hungary's and Romania's initiative, on October 12, 2017 the Parliamentary Assembly of the Council of Europe (PACE) adopted a resolution 'The new Ukrainian law on education: a major impediment to the teaching of national minorities' mother tongues' which has several negative messages for Ukraine. First, the PACE deplores the fact that there was no real consultation with representatives of national minorities in Ukraine regarding Article 7 of the educational law. Second, the Assembly expresses dissatisfaction that the Ukrainian authorities have not submitted the text of the educational law to the Venice Commission before the adoption



by the Verkhovna Rada. Third, the resolution specifies that 'the new law entails a heavy reduction in the rights previously recognized to "national minorities" concerning their own language of education'.

### Educational law received mostly negative political assessment

Though this resolution also has some favourable provisions for Ukraine. In particular, the PACE acknowledges that 'knowledge of the official language of a State is a factor of social cohesion and integration and it is legitimate for States to promote the learning of the official language and to ask that the State language be a language of education for all'. In addition, the Assembly 'recommends that the authorities of neighbouring countries, which legitimately call for the protection of their minorities, show readiness to offer Ukrainian communities resident in their respective countries similar arrangements to those that they claim for their own minorities'.

Finally, the PACE recommends Ukraine to examine best practices in European states and fully implement the forthcoming conclusions of the Venice Commission.

Ukraine has received negative political response from the international community due to both insufficient professionalism by state authorities and the state's weak international standing. Amid Russia's aggression, Ukraine is to a large extent dependent on political and financial support from the West, including neighbouring states. Reckless domestic political acts, such as the language provision in the educational law or sensitive historical memory issues, lead to worsening Ukraine's partnership or good-neighbourly relations with other states. Hungary's warning demonstrates that Ukraine risks losing support of important partners in

maintaining sanctions against Russia, facilitating sanctions and approaching with the EU and NATO.

Thus, a language issue is another example of how sensitive policy decisions, adopted in a non-transparent manner, provoke a crisis in Ukraine's relations with international partners. Given Ukraine's current situation, Kyiv should take a number of urgent steps to restore confidence and partnership relations with its neighbours. First, relevant state authorities should hold consultations with national minorities regarding Article 7 as well as make expert circles and civil society more involved in discussing sensitive laws which may have international repercussions prior to parliamentary approval. Second, it is necessary for Ukraine to learn a decision of the Venice Commission in details which should be adopted by December 10, 2017 and make respective amendments to the educational law based on conclusions and recommendations by this advisory body. Third, Ukraine should come to pragmatic relations with neighbouring states, focusing on spheres of common interest: regional security, cross-border cooperation, energy, transport infrastructure etc. Fourth, Ukraine needs to propose to neighbouring states that national minorities issues should be resolved on a reciprocal basis as recommended by Article 18 of the Framework Convention for the Protection of National Minorities.

### Ukraine should bring up important policy decisions for public discussions

Foremost, Kyiv should avoid exploiting language, history or other sensitive issues for domestic political purposes. Otherwise, the educational law would not be the last subject where Ukraine is engaged in a scandal with neighbouring states.

# ECONOMIC ANALYSIS



## MONETARY POLICY OF THE NATIONAL BANK: THE PATH TO ECONOMIC GROWTH OR TO STAGNATION?

***On October 27 the National Bank of Ukraine increased its discount rate from 12.5% to 13.5% per annum for the first time in two years after the transition to an inflation-targeting regime in the year 2016. Thus, the NBU is trying to achieve slower inflation and to fulfill its main function of ensuring the stability of the currency. On the other hand, it creates risks of declining the business activity in the country that may negatively affect its further economic development.***

### General situation

The decision of the NBU to raise the discount rate was unexpected by the market, because it affects the movement of capital and the

balancing of payment obligations, as well as the adjustment of the Ukrainian currency rate to the foreign currencies. Such measure also requires the correct planning for the budget 2018, which has not been yet adopted by the Ukrainian parliament and which has to be actively reviewed by the IMF mission that arrived in Kyiv on the 9th of November.

The NBU explains its decision by the fact that the consumer inflation rate in September was higher than the forecast trajectory. Unlike the year 2016, when the housing and utilities sector was the reason for the price increase, the inflation during the year 2017 was caused by the rise in prices for food products. In addition, according to the report of the NBU, the devaluation pressure on the hryvnia on the currency market was caused by the increased demand for foreign currency by the enterprises of the fuel and energy complex, car traders and the pharmaceutical industry.



The NBU explains the increase of the discount rate due to the need to hold back the inflation

According to the NBU, by the end of this year, inflation will be 12.2% instead of 9.1%. At the end of 2018, it will amount up to 7.3%, instead of 6% as predicted in the previous forecast. The regulator left unchanged the inflation forecast of 5% in the year 2019. At the same time, the NBU estimates Ukraine's GDP growth up to 2.2% in 2017, up to 3.2% in 2018 and up to 3.5% in 2019.

The NBU statement says that such policy will help to reduce inflation and will help to approach the target indexes in the year 2018.

### The consequences of the NBU decision

The increase of the discount rate will primarily affect the banking sector. According to NBU statistics, Ukrainian banks are increasing the volumes of lending in the end of 2017. The growth amounted up to almost 5%, or 20 billion hryvnia in the 3rd quarter of the year 2017. This increase was due to the provision of "short"



loans to strategic enterprises and companies with foreign investment. In addition, the number of consumer loans has increased by 9.5% or by UAH 8 billion.

As for the deposits, the NBU has calculated that their volume in Ukrainian banks during October has increased by 0.3% in UAH and decreased by 1.8% in foreign currency. At the same time, the rates of foreign currency deposits and deposits in the national currency are the lowest in the last 6 years. Therefore, interest rates on the interbank market may respond promptly to changing the discount rate.

The National Bank believes that its decision will not significantly affect the banking sector

Thus, the central bank influenced the future interest rates of commercial banks. On the one hand, raising the discount rate can stimulate the flow of savings into the banking sector. On the other hand, raising the discount rate and, as a result, further raising of the interest rates by banks will require a greater degree of adaptation to provide the required level of the financial leverage.

The NBU believes that its decision will not affect the long-term tendency of lowering the interest rates, however it may cause an increase of the short-term funding costs.

As for economic activity, the NBU's previous actions helped to ensure macro-financial stability, which became the basis for the restoration of the Ukrainian economy. However, the current increase of the interest rate can lead to a decline in business activity and may hold back the consumer demand. This may negatively affect the further economic development of Ukraine.

The possible reduce in business activity of the country may be a consequence of the wrong policy of the NBU

The following factors also bring the additional risks to the future prospects:

- Stimulation of inflation due to the increase of minimum wages, the recalculation of

pensions and the peculiarities of the medical and educational reforms

- Cancellation of state regulation for food prices
- Uncertainty about the state budget plan for 2018
- Debt obligations: during 2018-2021 the annual repayment of foreign currency debt will exceed \$7 billion
- Risk of delaying the reforms and suspending the cooperation with the IMF.

At the same time, there are additional risks for the economic growth of Ukraine

### Possible scenarios

The decision of the NBU may have the following prospects:

- **Negative:** the NBU's actions may not be sufficient to reach the inflation targets and the inflation will turn to be higher than planned in 2018. In addition, the decision of the NBU can lead to low rates of economic growth and to the weakening of the national currency.
- **Positive:** the inflation will slow down and will approach the target values for the 3rd quarter of 2018. At the same time, the target indicators of economic growth will not be less than planned in the budget for 2018.

The discount rate should be taken as an indicator for the economic development of the country. In particular, in developed countries, the discount rate is less than 1%, and the interest rate of the European Central Bank is now equal to 0%.

Ukraine demonstrates the weak institutional capacity of its key government agencies, which can lead to a negative scenario of events

institutions that greatly worsens the situation. Therefore, it is necessary to take into account the following recommendations:

- During slow and weak development of economy, the changes in monetary policy without ensuring the complexity of measures, both on the part of the NBU and on the part of other governmental institutions, should not be made
- The coordination between the bodies of state power should be improved, in particular the relations between the Ministry of Finance and the NBU, which have different visions of the economic development problems and of the required amount of hryvnia on the market
- A facilitated decision on the issue of electing the head of the NBU
- Concise governmental decisions aimed at improving the business environment while minimizing its populist decisions
- Other economic and political processes in the country should be stabilized.

The failure to comply with sound monetary and state policies will lead to higher inflation, lower economic growth, strong devaluation pressure on the national currency and outflow of investments due to the high cost of credit resources.

At the moment, the sustainable economic growth is one of the main priorities for the Ukrainian economy. Only the correct decisions of the NBU will ensure the balanced development of the state and will help to counteract the internal and external turbulence, affecting the business climate improvement and the investment attractiveness of the country.

Sustainable and balanced economic growth should become one of the main priorities of Ukraine's economic development

Ukraine cannot afford such a discount rate. At the same time, the country shows the weakness of the institutional capacity of its governmental

# POLITICAL COMPETITION



## PROTESTS NEAR THE VERKHOVNA RADA: EVOLUTION AND FORECAST

*For almost a month, a protest rally has been held near the Ukrainian parliament. This protest started as a “movement for major political reform”, but eventually evolved into a protest led by Mikheil Saakashvili and some members of the parliament. Despite the obvious weakness of the protest, it still remains a factor of pressure, as well as a mean of bargaining between politicians, and the ground for broader perspective of protest movement. Despite some “hand-held” nature of these protests, up to now, they have already played an important role – they became an additional incentive for the adoption of healthcare reform, launch of the process of lifting parliamentary immunity, and adoption of the Electoral Code. Also, protests are seen as*

*a kind of evidence of rebirth of citizens' activity and readiness to stand up for their demands.*

### Evolution of the protest

From the very beginning, the campaign “All-Ukrainian gathering” for “the major political reform” was prepared by a number of NGOs and opposition political forces, such as “Samopomich”, “Svoboda”, “Hvylia” by Viktor Chumak and others. On the final stage of the campaign preparation, Mikheil Saakashvili and his “Movement of New Forces” were involved that was seen as a kind of guarantee for massiveness of the protests. Unlike other protest organizers, Saakashvili was preparing for a long-term campaign and from the very beginning strived for more than just announcing three main requirements: the creation of an anti-corruption court, the adoption of new electoral legislation and the abolition of parliamentary immunity.

Saakashvili was preparing for a long-term campaign and from the very beginning strived for more than just fulfillment of the three demands

Saakashvili's tough statements and the decision to set up a tent camp near the parliament led to a split among the organizers, so that some of them refused to take responsibility for the further development of the situation.

In addition, as a demonstration of the minimum result, the decision was made to use the Verkhovna Rada's decision to send draft laws (presidential and parliamentary) regarding the introduction of constitutional amendments on parliamentary immunity to the consideration of the Constitutional Court, as well as the adoption of a new Electoral Code in the first reading. After that, more than 10 organizations and parties, "Movement of New Forces" with Mikheil Saakashvili and the "Movement of Liberation" with Yegor Sobolev and Semen Semenchenko remained near the parliament.

Afterwards, the demands of the protesters were complemented by the necessity of passing the law on the impeachment of the President (No. 7248), which was registered on October 31 by Saakashvili's ally, MP Yuriy Derevyanko. In case of non-adoption of this law by December 3, Saakashvili promises to gather people and announce "people's impeachment".

Saakashvili demands to adopt a law on the impeachment of the President

The protesters used the International Monetary Fund's demands on the implementation of a number of reforms, but after realizing that there was no resonance in the society, they decided to change their "wish list". Thus, the issue on the adoption of law on the impeachment of the President appeared on the agenda and antigovernment rhetoric of the protest rallies became tougher.

Currently under the parliament there are two camps among the protesters: 1) Saakashvili's "Movement of New Forces" and his allies; 2) Members of the Parliament Semenchenko, Sobolev and ATO veterans. These groups have different views and methods of struggle with



authorities, since one group seeks to re-boot the current government system with the help of early election, while the second one advocates only for the implementation of the three requirements of the "major political reform". On top of that, the level of confrontation between these two groups is quite high.

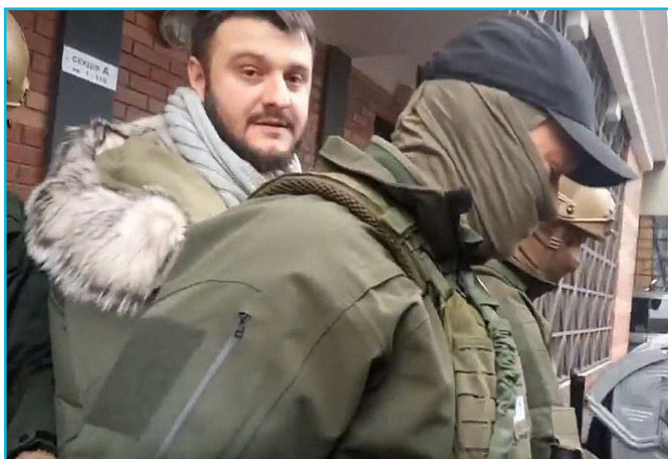
Currently, under the parliament, there are two camps among the protesters

## Political influence

Despite the non-massiveness of the protests and their "handheld" nature, protesters already had small political wins. In particular, under the pressure of the protesters, the healthcare reform was adopted. The Rada launched the process of lifting parliamentary immunity and adopted the Electoral Code in the first reading that provides for the introduction of a proportional electoral system with open regional lists.

The decision of the law enforcement agencies to not hamper the set up of the protest





tent camps near the Ukrainian parliament provoked a worsening of an already complicated relationship between Petro Poroshenko and the Minister of Interior Arsen Avakov. As was the case with the crossing of the state border of Ukraine by Mikheil Saakashvili, Arsen Avakov decided not to use a "violent scenario" and not interfere with the protesters' activities that, in turn, caused dissatisfaction of the President.

Mass protests worsened the relationship between Minister Avakov and president Poroshenko

As a continuation of misunderstandings between Poroshenko and Avakov, the NABU detained a son of Interior Minister Alexander Avakov in the case of purchasing backpacks for the Ministry of Internal Affairs. One of the versions of this case is the desire of President Poroshenko to gain leverage of influence over Minister Avakov. In this case, the Specialized Anti-Corruption Prosecutor's Office (SAPO), as a unit of the General Prosecutor Office of Ukraine served as a tool of pressure. Following the scandal, the "People's Front" fraction and Arsen Avakov personally started to actively advocate for the establishment of an anti-corruption court as soon as possible, although previously held the opposite position. "People's Front" representatives prefer to use this issue as their own leverage of influence over the President, for whom it is rather not beneficial to cre-

ate a separate, independent anti-corruption court.

Consequently, deliberate or not, Saakashvili has deepened a gap between BPP and People's Front, in particular between the leaders of these political forces. Currently, the PF members have changed their rhetoric, increasingly saying about their independence, participation in the presidential and parliamentary elections in a separate way stressing at dishonesty of Poroshenko as a partner etc.

## Forecast

Despite the non-massiveness of protests, they will continue to be a factor of influence on the country's domestic political agenda. Currently, Saakashvili relies on the support of Western political forces; he has immunity from persecution and can quite comfortably conduct anti-Poroshenko rhetoric.

Protests will continue to be a factor of influence on the country's domestic political agenda

Saakashvili and the other wing of the protesters will continue to use the tent camp as a foundation for anti-government rhetoric. So far, the protest movement is almost in a latent condition, but if any controversial issue (implementation of the political part of the Minsk Agreements, the introduction of land reform, etc.) is to be considered, the tent camp under the parliament might become a basis for the deployment of a larger protest movement and a platform for the unification of anti-government political forces.

Thus, despite the authorities' efforts to marginalize and discredit the protest, a rally near the Ukrainian parliament will continue to serve as a tool for political pressure, bargaining between the main players, and if needed, and as a basis for future mass protest movements.

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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