

Spiegel – 03.06.2015

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Angels and Demons: Ukraine, One Year After Poroshenko

Ангели та демони: Україна, один рік після Порошенка

За один рік своєї роботи на президентському посту Петро Порошенко зробив багато, але не зробив ще більше. Однією з основних проблем в Україні, з якою взявся боротися Порошенко, є корупція. Для цього створення одного лише антикорупційного бюро мало. Необхідно відокремити органи державної влади один від одного і дійсно зробити їх незалежними. Стимулювання потребує українська економіка, яка знаходиться в стані стагнації. Також амбітною є мета Порошенка щодо вступу України до 2020 року до лав ЄС. Основною ж проблемою наразі є війна на сході України.

<http://www.spiegel.de/international/europe/ukrainian-president-poroshenko-struggles-to-fight-oligarchs-a-1036789.html>



When Ukrainian President Petro Poroshenko congratulates him with a handshake, Artem Sytnyk presses his lips together and blinks. The reporters' flashes bother him. Still. Until recently, the 35 year old didn't even have a Wikipedia page, and now he's one of the most important men in Ukraine. A jury selected him from a pool of 176 candidates to make him the head of the country's new anti-corruption office.

The reformers first learned about Artem Sytnyk because in 2011, under the previous administration, he had left his job as a state prosecutor to protest the ways politics had become entangled in the country's justice system. At the time, the gesture was unprecedented. Now it has qualified him to become the new government's top corruption fighter.

Sytnyk is no politician -- he is a more quiet man of action, a fussy and unflinching lawyer. Now he is setting up a 700-person agency, directly subordinate to the parliament, tasked with chasing down corrupt lawmakers, checking public tenders and driving back the political influence of oligarchs.

When Poroshenko presented Sytnyk to the country in Kiev this April, he said, "This frontline in the fight against corruption is no less important than the frontline being defended by the heroes in the eastern part of the country."

Petro Poroshenko, a chocolate manufacturer and billionaire, has been in office for exactly a year. He won the presidential election in May 2014 by a surprisingly large margin. Poroshenko then tried to shatter the old order -- a highly corrupt and inefficient system, the second coming of the bureaucratic Soviet government.

Fighting Against the Past

Today, the system is still defended by the people who benefit from it in various agencies and departments -- and by the country's oligarchs. Those men managed to extract the best parts from the bankruptcy estate of communism in the 1990s, and then used them to become rich. With their money they bought politicians and judges.

Their most popular exponent was Poroshenko's predecessor, Viktor Yanukovych, who used Ukraine as a self-service shop for whatever he wanted. On Feb. 21, 2014, he fled from the furious masses to Russia, but many of his stooges and accomplices remain in Ukraine -- along with a belief that politics and politicians can be influenced, that they are not independent.

Poroshenko is now also fighting against the past, and he has a long path ahead of him: He needs to separate the authorities of the state -- the judiciary from state power and government administration -- and he needs to stimulate the economy. The country wants to become an official candidate for entry into the European Union in 2020, an ambitious goal. Meanwhile, in the eastern part of the country, war continues to rage against pro-Russian separatists.

Ukraine has become a battlefield for a new conflict between East and West. Now the country is asking itself very fundamental questions -- about whether it still belongs to Europe and about whether it is a liberal, democratic constitutional state or a post-Soviet one -- corrupt, opaque, with elements of authoritarianism, like Vladimir Putin's Russia.

Like the other Soviet Republics, the country became independent in 1991. But while the Baltic States moved Westward, Ukraine stayed on its own for 20 years.

A first popular uprising failed in 2004 before the protests on the Maidan, or Independence Square, finally brought reformers like Poroshenko and Prime Minister Arseniy Yatsenyuk to power ten years later. Yatsenyuk's government, which has been in office since December, has a solid two-thirds majority in the parliament, and the new leaders have promised to steer their country to the West.

A Long Road Ahead

And they have had their first successes: They've started to disentangle the energy and bank systems -- both of which run deficits -- and have founded the anti-corruption office. They are also pursuing privatizations and reforming the health care system. But is it enough? Ukraine still isn't a constitutional state -- the bureaucracy is swollen, the judiciary is often partisan and at most the oligarchs have only partly been deprived of power.

"We are forced to institute the reforms with only one hand, because with our other hand we have to keep our hostile neighbors at a distance. Am I happy with the speed of the reforms myself? Of course not," Poroshenko said self-critically at the anniversary of the deadly Maidan shootings in February.

Poroshenko and Yatsenyuk may have a parliamentary majority on their side -- but it's unclear to what extent they can really rely on it. Experts claim that 25 percent of the lawmakers in the Verkhovna Rada, the Ukrainian parliament, are secretly on the payroll of the oligarchs.

According to polls, the majority of Ukrainians want to get rid of the old system despite their growing impatience and displeasure. This year alone, the economic output of Ukraine could shrink by up to 12 percent. This has led to demonstrations on the Khreshchatyk, Kiev's grand boulevard. Sometimes the protesters are unsatisfied army veterans, sometimes they are miners or citizens who can no longer pay their foreign currency loans. The prime minister's popularity is in free fall -- at the moment Yatsenyuk's People's Front party would only receive 3.9 percent of the vote.

'A Question of Honor'

The reformers' greatest bit of political capital is the young people dreaming of a different Ukraine. Vladyslav Rashkovan is one of them. The former banker could have had a career in an international private bank, but he decided against it -- in favor of starting a new era in the country. The 37 year old is currently reforming the National Bank of Ukraine. "For me, duty called," says Rashkovan. "Our country is currently at a decisive point."

Whoever enters the lobby of the central bank is told by an employee of a new innovation: The elevators no longer go straight to the executive floor, on the third story, as they did in the past -- now they also stop at the second floor, which means that regular employees no longer need to take the stairs.

Rashkovan, the new vice chief of the bank, was born in Odessa and has studied in Italy and Austria. When the protests on Independence Square started, he was leading the Ukrainian business of Unicredit, the large Italian bank, in Kiev. He could look out the windows of his office in the second story of the bank at the Institutskya Street, where government troops fired on demonstrators during the Maidan protests. Dozens of people died. Rashkovan could have been one of them. After work in those days, during the winter of 2014, he would trade in his suit for an improvised armor: skateboard knee-pads, a homemade breastplate and a helmet. Thus armed, he would venture onto Independence Square and use the company car to bring injured people to safety. When the otherwise relaxed banker describes this, his eyes tear up. Back then, he published a letter on Facebook to the citizens of his hometown of Odessa, passionately calling on them to support the Maidan against the "criminal rulers."

Rashkovan sketched out the National Bank's reorganization with a few lines on a piece of paper: The plan is to make the apparatus, with its 10,000 employees, thinner. He wants to get rid of the matted structures and the favoritism. He has simplified the bank's decision-making: There were previously 16 hierarchy levels between everyday employees and the head of the bank. Now there are only five. Next Rashkovan wants to strip power from the bank's 25 regional divisions. "They are leading their own lives like small kingdoms."

At first, the apparatus resisted. In the early days, not even a workroom could be found for Rashkovan, so for two months, he demonstratively worked in the bank's cafeteria. The head of the personnel division told him that he has "seen many reformers come -- and many reformers go." The man has now been released from his job.

Rashkovan says there are still too few reformers working in Ukrainian agencies. "We would need to be at least 1,000, otherwise we are sacrificing ourselves on the altar of the revolution, without accomplishing anything." He likes to talk about angels and demons. For him, angels are for those who dream of a European, modern Ukraine. Demons are the powers supporting the old system -- that sabotage every reform.

He's currently searching for more angels in his bank. He has hired a personnel expert with the mission of finding young, reliable employees, and in his pants pocket Rashkovan carries a crumpled piece of paper bearing the names of promising candidates.

Reckoning with the Oligarchs

President Poroshenko and Prime Minister Yatsenyuk have similar battles to fight: About 20 oligarchs still dominate the economy. These include Ihor Kolomoyskyi, whose estimated worth is \$1.3 billion (€1.2 billion), and steel manufacturer Rinat Akhmetov, with \$6.7 billion. Dmytro Firtash, who has fled to Austria, was once taxed on up to \$10 billion in assets.

They all built up empires in the wild years after the collapse of the Soviet Union. They held portions of strategically important state companies, made big profits in the energy and commodity sectors and own media companies and telecom firms. In the Yanukovich era, they were the true rulers of Ukraine.

At one point, Rinat Akhmetov and his factories ruled the Donbass. At first he supported the separatists there, until he thought better of it and switched to the Ukrainian side. Because many of his steel mills were now located in embattled areas and in the sphere of influence of the separatists, his power was weakened.

Charges have been brought against Firtash, who is now in Vienna and is fighting against his extradition to the United States. In Kiev, the government confiscated 500 million cubic meters (17 billion cubic feet) of gas because he supposedly embezzled state money.

Kolomoyskyi's story demonstrates how difficult it is for the new government to keep the oligarchs out of politics. When the fighting began in Eastern Ukraine, Kolomoyskyi paid to arm men out of his own pocket. His militias secured the Dnipropetrovsk region for the government in Kiev, and the businessman announced a bounty of \$10,000 for every separatist caught. One year ago, Poroshenko rewarded him with a post as the region's governor.

Then, in March, the parliamentary reformers enacted a law limiting Kolomoyskyi's influence in the semi-public oil and gas concern Ukrnafta. The oligarch reacted as decisively as he did during the conflict with the separatists and had his company headquarters in Kiev encircled by his men. A shootout could only be

prevented at the last minute. He had to give up his post as a governor after that, but Poroshenko replaced him with a confidant of the oligarch's.

According to Wojciech Kononczuk, a Ukraine expert at Warsaw's Center for Eastern Studies, the new rulers are simply not strong enough to truly settle up with the oligarchs. "Kiev is simply trying to discipline the oligarchs. They are supposed to stay out of higher-level politics." But their economic might is not being touched.

The government doesn't want to risk discord. The influence of the oligarchs in the parliament is still too great for that. And new elections in the middle of the war and during an ongoing economic crisis could strengthen the right wingers. Or maybe even the old apparatchiks.

A New Generation

Because Yatsenyuk and Poroshenko also fear the inertial forces of the old regime, they've had an army of consultants flown in from outside the country. Many heroes of the period following the fall of the Berlin Wall are currently walking around Kiev.

A Lithuanian now leads the Ministry of Economic Development and Trade. Former Georgian President Mikheil Saakashvili makes suggestions on the fight against corruption. The former Slovakian finance minister is also part of the staff of consultants. In his day, he replaced the complicated tax legislation of his country with an investor-friendly flat tax of 19 percent.

A year after the people from the Maidan took over the power, many important reforms have been put into motion. But the fight against the inertial forces of the post-Soviet regime is far from won. The people, however, no longer want to return to the way things were. The young reformers from Rashkovan's generation won't allow the oligarchs and apparatchiks to once gain power, as they did ten years ago after the Orange Revolution.

According to the deputy head of the National Bank, many of the laws can't even be rewritten. "You simply need new ones. If our country was a person, it would need a completely new skeleton."

Rashkovan recently invited his employees to an experiment in group dynamics that, at first glance, seems a bit silly. Sixty leading employees were to build a new model for the National Bank out of Lego bricks.

The older ones built a tall tower. "It was completely instable, but had a king at the top," Rashkovan says. The younger ones, however, built a flat building with many windows. He liked that.