



Razumkov
centre

UKRAINE: 30 YEARS ON THE EUROPEAN PATH

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The publication presents three thematic chapters and sociological data. Each chapter includes corresponding sections (from social sphere and economy to domestic policy and security sector), highlighting key events (and their impact) in all vital spheres of society during the 30-year history of independent Ukraine.

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Authors

Yu. Yakymenko (Project Director), A.Bychenko, V.Zamiatin, K.Markevych, O.Melnyk, M.Mishchenko, V.Omelchenko, M.Pashkov, P.Pynzenyk, O.Pyshchulina, O.Rozumnyi, A.Stetskiv, P.Stetsyuk, M.Sunhurovskiy, S.Chekunova, L.Shanhina, V.Yurchyshyn.

This publication includes material by V.Sidenko, Senior Research Fellow in
Economics at the Razumkov Centre.

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INTRODUCTION

30 years ago, on 24 August 1991, Ukraine adopted the Act of Declaration of Independence, which was then confirmed in the All-Ukrainian referendum on 1 December 1991. These events drew a line under the Soviet period of Ukraine's history and became the logical outcome of the historical process of political self-organisation of the Ukrainian nation and the Ukrainian people, highlighting the start of the country's existence as a sovereign independent state.

During the 30-year history of independent Ukraine (1991-2021), the state underwent radical changes in all areas. Early legislative acts defined, and the Constitution of 1996 ultimately enshrined the principles of building Ukraine as a democratic, legal and social state. The list of citizen rights and freedoms guaranteed by the Constitution, especially political ones, has expanded considerably, while creation of real opportunities for their realisation and protection became a key achievement. New institutions have been established, including private property, market economy, free enterprise, multiparty system, pluralistic civil society, freedom of speech and censorship-free media, and many others.

Since the first years of independence, Ukraine has declared its European choice, which is reflected in relevant laws, regulations and international legal instruments. This vector was supported by most Ukrainians as a prerequisite for democratic development, high level of socio-economic well-being and protection of citizen rights and freedoms. At the same time, Ukraine's movement towards Europe was not easy. Often the government actions did not match the defined guidelines for social transformation; there were frequent attempts to slow down the European integration process, inspired both inside and outside Ukraine.

Ukraine paid a heavy price for its European choice. A historic milestone on Ukraine's 30-year journey was the Revolution of Dignity of 2014 and the heroic resistance of the Ukrainian people to Russian aggression, which confirmed the readiness of Ukrainians to defend the sovereignty and independence of their country and its European path at the cost of their own lives. These events marked the end of Ukrainian society's transition from the post-Soviet state to the actual adoption of European values. Signing of the Association Agreement between the EU and Ukraine in 2014 enabled comprehensive reforms, which, despite oftentimes mixed results, took root on Ukrainian soil. Today, Ukraine is confidently pursuing its strategic goal of full membership in the European Union.



During the 30 years of independence, the entire generation has grown up in Ukraine, whose socialisation already happened in fundamentally new settings of having own state and living in democracy. Unlike Ukrainians raised in the Soviet Union, the values of these citizens, their identity and political choices, their practical displays of patriotism and civic position suggest a greater focus on European values, European ways of work and life. Gradually but confidently, Ukrainian society gets rid of the rudiments of Soviet mentality. Therefore, the mental evolution is arguably one of the most important social transformations that occurred in Ukraine during independence.

The present publication of the Razumkov Centre is an attempt to comprehensively review the evolution of various spheres of Ukrainian society in 1991-2021 and to assess progress, problems and prospects of development in various spheres in terms of their impact on civil, political, economic and social rights and freedoms, as well as their contribution to the practical implementation of Ukraine's European course. The authors also wanted to recall some key milestones in the 30-year history of our independent state, highlight the main stages of transformations, emphasise the significance of changes that have taken place, and outline trends leading Ukraine to a European future.

The Razumkov Centre was founded in the early years of Ukraine's independence, conducting active research for over 27 years. Therefore, the authors of this publication include both experienced experts who were personally involved in the described events, and younger colleagues born in independent Ukraine. The publication uses materials from previous multiyear studies by the Razumkov Centre, as well as data from public opinion polls conducted by the Centre's own sociological service for over 20 years.

The Razumkov Centre expresses special gratitude to the Konrad Adenauer Stiftung Office in Ukraine, our partner since 1994, for the financial support of this project.

Yuriy YAKYMENKO,
President of the Razumkov Centre,
Editor-in-Chief of the *National Security and Defence Journal*

I. UKRAINE'S SOCIETY AND ECONOMY: DIFFICULT TRANSITION AT THE EDGE OF MILLENNIA

Article 1 of the Constitution of Ukraine defines it as a sovereign and independent, democratic, social, and legal state. The state, according to the Fundamental Law, aims its activity at ensuring citizens' rights and freedoms, at creating conditions that ensure worthy life and free development of people, combining, while this is being done, ensuring the well-being of the society as a whole and of every individual.

An important feature of Ukraine's development over the entire period of its existence as an independent state has been the fact that **despite difficulties, contradictions of the development, and counteraction from both within and without, it has managed to not allow the economic collapse happen** (although such scenarios were produced almost annually), retain gains and positive trends in relations with strategic partners. The country had passed «the point of no return» on its Eurointegration course, stipulated in the Constitution of Ukraine in 2018; modernisation and adaptation of the legal basis for partnership between Ukraine and the European Union continues; trade-and-economic cooperation becomes wider.

Over the 30 years after independence was proclaimed, Ukraine has traversed a complicated, often controversial, path of building a new society of free and affluent people. Although at the moment our country is not perceived by the EU countries as a future member of this union, the following should be emphasized nevertheless: whatever path Ukraine is traversing, however controversial its steps may seem, there is no doubt that the values and principles on which the European community is based are the ones that the country follows to move forward.

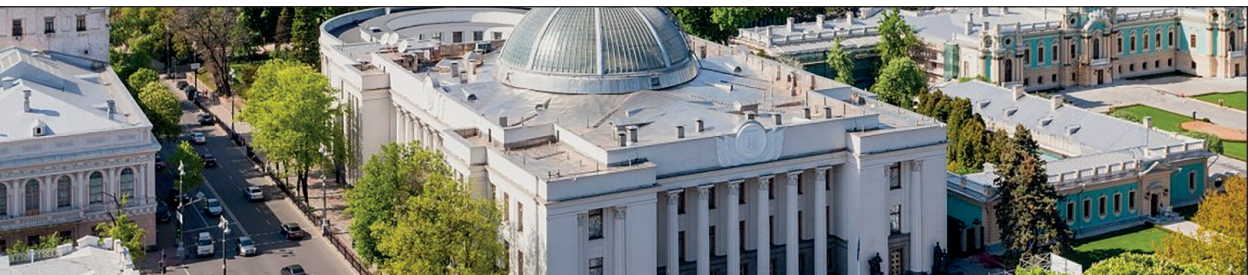


In order for our movement to be successful, we should get rid of the feeling of inferiority of Ukraine compared to EU countries in particular, and in relation to the more economically developed countries of the world in general. It is true that by many parameters Ukraine is still lagging behind the best standards and examples. However, the awareness of this should not become a depressing factor leading to the blocking of reforms, freezing the lag, and conserving the inferiority but should be an incentive to overcome barriers. At the same time, we should be self-critical enough in order to correctly evaluate our own negative experience, draw the right conclusions on this basis, and take them into account when the next steps along Ukraine's European path are taken.

Economic development is an important prerequisite for the existence of a social state, hard to imagine without a competitive economy, favourable conditions for free, productive, well-paid-for labour, for satisfying a high level of citizens' requirements in education, medical care, recreation. At the same time, results of economic development are correctly assessed when based on the level of achieving progressive social standards. The main criterion for the efficiency of functioning of social market economy is the system where **active social policy does not limit but catalyses economic growth**. It is such social organization that is a landmark for our state.

1. SOCIAL SPHERE AND HUMAN CAPITAL

The Constitution of Ukraine recognises a person, their life, honour, and dignity, inviolability and safety as the highest social value and stipulates that human rights and freedoms and their guarantees determine the contents and direction of the state's functioning. Declaring Ukraine a social state obliges it to ensure the social direction of economy, thus suggesting regulation of economic processes, establishing and using just and efficient forms of redistributing the society's revenue with the aim of providing for the well-being of all citizens.



The Constitution of Ukraine stipulates the following social rights and guarantees:

- ✓ equality of Constitutional rights, including those of men and women (Article 24);
 - ✓ the right to social protection (Article 46);
 - ✓ the right to housing (Article 47);
 - ✓ the right to a sufficient level of life for oneself and their family (Article 48);
 - ✓ the right to health protection, free medical assistance and medical insurance (Article 49);
 - ✓ the right of orphaned children and of children deprived of parental care to state care (Article 52);
 - ✓ the right to education (Article 53).
-

In defining the tenets of its policy in the social sphere, Ukraine has used a powerful international-law basis, in particular, The Universal Declaration of Human Rights (1948), The International Covenant on Economic, Social, and Cultural Rights (1966), The International Labour Organisation's (ILO) Social Security (Minimum Standards) Convention (No.102 of 1952), the ILO Social Policy (Basic Aims and Standards) Convention (No.117), etc. All these documents stipulate that it is the state that shall use all the measures to provide for citizens' worthy level of life and help progress in such spheres as public health, residential construction, provision of food, education, and shall demonstrate care for the well-being of children, women's situation, labour conditions, remuneration of hired workers and independent manufacturers, protection of migrants' rights, social care, etc. Our state has joined a majority of universal treaties on human rights, it recognizes the jurisdiction of the UN Human Rights Committee and the European Court of Human Rights which means making the national legislation compatible with the international obligations.

It is clear that the legal basis *per se* is not a guarantee of the declared rights' realization. There are problems in the legal provision for the international obligations in the social sphere that Ukraine undertook, and a regular monitoring of their observance is not provided for. However, despite problem moments, Ukraine is establishing itself on the international scene as a country, it is consistently trying to implement worthy standards of human rights, and to observe them.



Active and efficient social policy is meant to become a solid foundation of the all-round innovative, social development of the country, of the integration into the European Union, a prerequisite for the construction of the social state with competitive socially oriented market economy capable of ensuring human development, a worthy level of life and quality of life of the citizens.

Social Standards under Conditions of Market Transformations

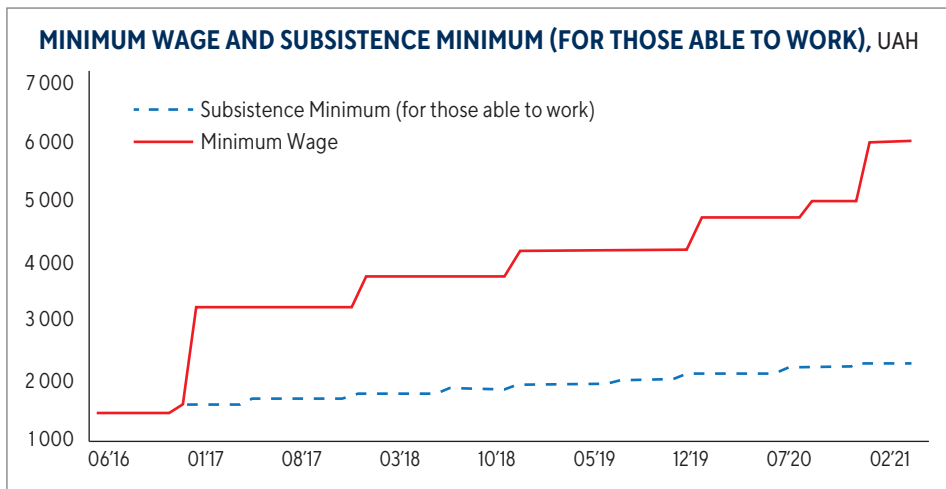
After independence had been proclaimed, Ukraine has chosen the course at democratisation and of socio-economic reforms due to which opportunities for forming socially oriented market economy have opened. The independence's first years turned out to be overly difficult for the country: the real GDP had fallen by more than a half over 1991-1995. The process of market transformations lasted until the end of the decade (over 1990s, the GDP had fallen by almost 60 percent) and was accompanied by worsening of socio-economic situation, declining levels of life of the people, demographic crisis, hyperinflation, rising unemployment. Social policy at that time was directed at strengthening social protection of the population, however, its principles had not yet been reformed.

From 2000, the socio-economic situation has improved essentially, reflected in the rise of the GDP, the improvement of business climate, decrease in the unemployment level, and the rise of incomes. Ukraine demonstrated relatively stable economic growth which helped to consistently increase the national wealth and form prerequisites for improving the social situation in the country, in particular, there were tangible positive changes in implementing the determined development tasks. On average, the rate of the GDP growth in Ukraine over 2000-2007 amounted to almost 7.5 percent.

Over this period, Ukraine's GDP had grown by almost 80 percent, while labour productivity had risen by more than 70 percent which was significantly more than the growth of labour productivity in developed countries. Significant achievements were recorded in the ways of implementing the social policy which in general helped raise citizens' quality of life, build a social state with competitive socially oriented market economy capable of ensuring human development, and a worthy level and quality of life of the people.

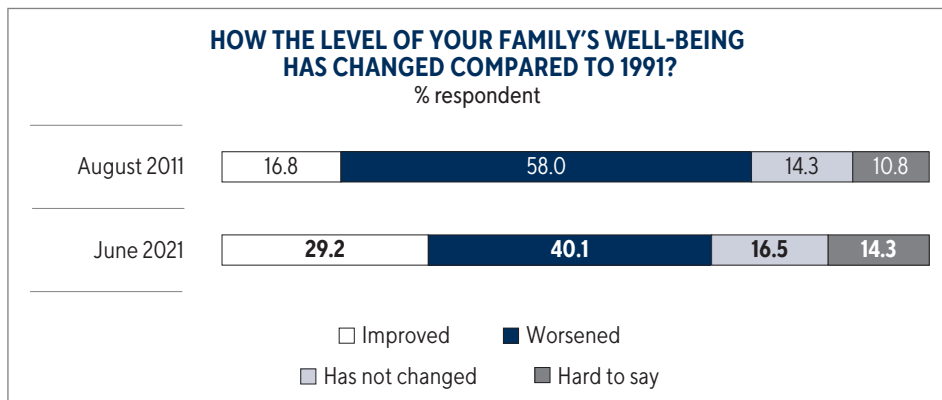
A characteristic feature of the development of the socio-economic policy of Ukraine, starting from 2000, was stable growth of people's incomes, in particular, of the nominal income, real and nominal wages, with simultaneous acceleration of growth of basic social standards: minimum wage, subsistence minimum for people able to work and for those who had lost their ability to work, minimum age pension, etc.

Social standards were going up even under circumstances of the overall slowing down of dynamics of economy. The minimum wage was gradually growing almost every year, and in October 2016, grew twofold at once, according to the government's decision, and then the process of growth has consistently continued (Chart *Minimum Wage and Subsistence Minimum*).



Sociological surveys of the Razumkov Centre also recorded the improvement of people's well-being. Thus, if in 2011, when compared to 1991, 16.8 percent of those surveyed noted improvement of the situation with the level of well-being, in 2021 improvement of the situation was noted by almost one-third of those surveyed (Chart *How the Level of Your Family's Well-being Has Changed Compared to 1991?*, p.12).

It is worth noting that in 2020 the minimum wage had gone over the actual subsistence minimum for those able to work, calculated along the lines of clauses of the ILO Conventions (No.117 and No.131), ratified by



Ukraine, and also taking into account the European Parliament Resolution 2008/2034 (INI) recommending to establish the minimum wage not lower than 60 percent of the average wage.

It should be admitted that the wage level in Ukraine remains among the lowest in Europe. However, *on the one hand*, it should be taken into account that over 30 years Ukraine has traversed an extremely complicated way of rise and trial resulting in significant losses of socio-economic nature. *On the other hand*, despite domestic and external restrictions, Ukraine's socio-economic environment has been developing at rather significant rates. Although today few are satisfied with their own income and well-being, there are numerous proofs of entirely positive tendencies in strengthening Ukrainians' economic capability.

The «sceptical» attitude to the raising of the level of remuneration for labour in Ukraine results, to a significant extent, from the fact that for a long time wages in Ukraine were not considered as one of the main factors of growth and of well-being. Moreover, one of the substantial factors of socio-economic slowness was the wrong perception of the role of wages in shaping the modern economic environment.

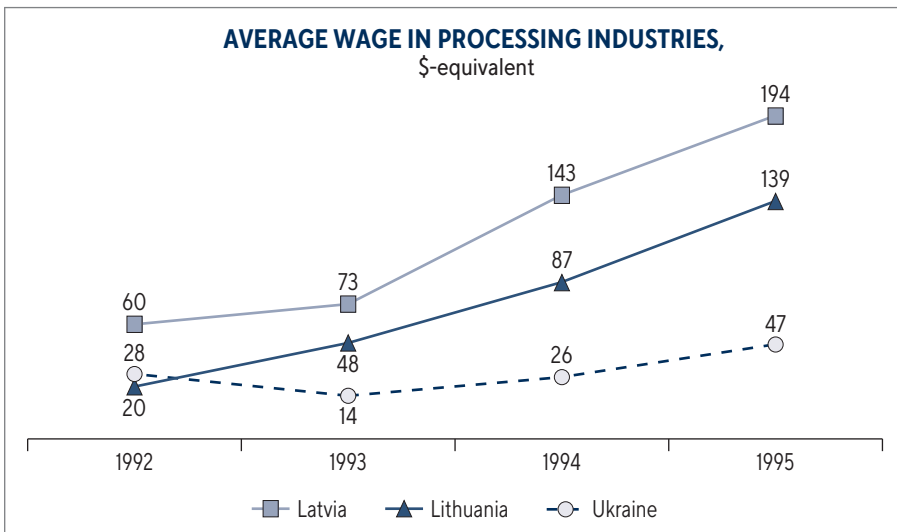
A considerable proportion of top officials who, at the beginning of transformation processes, had no idea about market mechanisms were scared by forecasts of some experts that growth of wages would inevitably lead to rising inflation. To confirm this, the example of sharp increase in inflation in 1993 was quoted, when it had risen to 5,000 percent (December

to December, over 10,000 percent). However, it was not the wages that were «to blame», they rather tried only to catch up with the hyperinflation resulting from the general economic decline.

Instead, the fact that wages may be a good incentive for raising the work quality and skills, was entirely ignored. Meanwhile, the Baltic countries, after the deep economic shock of 1991-1993, had launched an accelerated enhancement of competitiveness, productivity, and wages (Box *Wages in Latvia, Lithuania, Ukraine*).

WAGES IN LATVIA, LITHUANIA, UKRAINE

Leaving the years of «shock therapy» in the Baltic countries was marked with a rather fast rise in the level of remuneration for work. Thus, within just 3-4 years (after the most knockdown 1992), wages in those countries had grown manifold (Chart *Average Wage in Processing Industries*), this obtaining a decisive significance for the irreversibility of transformation processes.



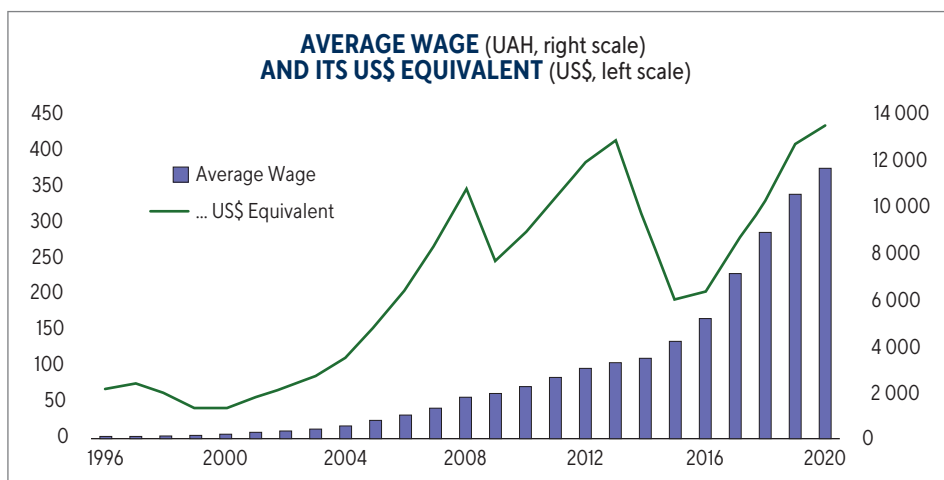
Mind here that Ukraine, in the first turn, had been trying to curb unemployment (this was considered the main aim of stabilising processes), this being accompanied with ignoring inflation risks, unfolding the inflation-devaluation spiral, and with this, an extremely weak dynamics of wage growth until 2003-2004. As a result, Ukraine had not been able, over the entire 1990s, to achieve continuous macroeconomic stabilisation or ensure an acceptable employment level.



From the beginning of 2000s, the economic acceleration in Ukraine has simultaneously aimed at **the accelerated growth of remuneration for work** not only in Hryvnyas but also in the US\$ equivalent. Despite crisis processes, the wages' \$-equivalent has demonstrated the tendency to grow, and in recent years has achieved the highest level over the times of independence. In Autumn of 2020, the average monthly calculated wage was higher than \$420, this being more than 10 times more than the level of the beginning of the 2000s (Chart *Average Wage and Its US\$ Equivalent*). Of course, this is not the reason for satisfaction but this is already the level that allows an «average» Ukrainian to leave the state of poverty.

Although nominal indicators of the growth of wages (as the foundation of the people's well-being) have notably risen, however, of course, more important is **the purchasing power of incomes gained**. In other words, numbers of actual goods and services that households can acquire for their own incomes.

There exists **an erroneous allegation** that **Ukrainians' purchasing power becomes worse year in, year out**. This idealisation of the Soviet past is probably linked to psychological mind set whereby «everything used to be better before». However, statistical data testifies to erroneousness of such allegations.



Really, before 2000, when economic decline in the country was still in progress, a weak growth of wages could not catch up with the growth of consumer prices which meant the decrease in purchasing power, and actual well-being with it. However, over the last 20 years, despite periodical inflationary and currency shocks, the purchasing power has been gradually growing. **So today those who receive an average wage can buy several times as much main foodstuffs** than at the beginning of the century (Chart *Prices and Quantity of Foodstuffs for Average Wage*).

PRICES AND QUANTITY OF FOODSTUFFS FOR AVERAGE WAGE						
	Prices for some foodstuffs, per 1 kilo/litre			Quantity of foodstuffs, for, average wage, kilos/litres		
	1996	2000	2020	1996	2000	2020
Average monthly wage, UAH	126	230	11 591			
Pork	3.71	11.8	115.9	34.0	19.5	100.0
Boiled sausage and bangers, highest class	6.28	12.59	230.0	20.1	18.3	50.4
Butter	5.98	11.48	44.5	21.1	20.0	260.5
Oil	1.77	4.3	42.1	71.2	53.5	275.3
Milk	0.67	1.55	25.6	188.1	148.4	452.8
Eggs, 10	2.1	3.97	44.5	60.0	57.9	260.5
Sugar	1.04	2.82	20.9	121.2	81.6	554.6
Rye and rye-and-wheat bread	0.75	1.54	22.1	168.0	149.4	524.5
Potatoes	0.41	0.77	10.2	307.3	298.7	1136.4
Fresh cabbage	0.37	0.7	5.0	340.5	328.6	2 318.2
Apples	0.7	2.08	18.2	180.0	110.6	636.9



Not less eloquent is the level of possession of modern technical devices. As early as the beginning of 2010s there came the «saturation» of households with household utensils of prolonged use: TV sets, refrigerators, washing machines, electric vacuum cleaners (practically every family can afford these goods). Even cars and personal computers are now in possession of every third family (Chart *Possession by Households of Some Goods of Prolonged Use*).

POSSESSION BY HOUSEHOLDS OF SOME GOODS OF PROLONGED USE (average number for 100 households, units)							
	2000	2005	2008	2010	2014	2018	2020
Colour TV	69	91	107	110	119	116	118
Personal computers	1	9	22	25	37	37	37
Refrigerators, freezing chambers, freezers	93	99	106	109	117	124	133
Microwave ovens, multicookers	1	9	29	33	49	54	71
Washing machines	74	77	84	85	88	91	93
Electric vacuum cleaners	56	62	74	75	79	81	83
Cars, vans	17	16	20	21	23	25	30
Laptops, netbooks				6	26	35	38
Tablets						19	22

It is worth noting that **where non-food goods are concerned comparisons like this do not even seem feasible**. This is because today many goods are in wide everyday use (and which people are used to) of which people in 1990s mostly only had some idea: laptops, tablets, mobile phones. Today they are customary even for residents of villages and small towns. And there is no sense in comparing the quality of «customary» cars, TV sets, refrigerators, etc. because their quality is incomparable. Moreover, IT goods are functioning not just and not as much as convenient and accessible things but they broaden access to information and communication, this being another component of well-being.



Another characteristic of remuneration for work is its so-called justice or «the depth» of differences in paying for work in various industries or spheres of activities. Traditionally in Ukraine remuneration for work in manufacturing branches, in particular, in industry, was notably higher than in humanitarian spheres where human capital is being consolidated and shaped to a significant extent. Such differences and disproportions have been provoking the drain of skilled experts (teachers, professors) thus weakening the stimuli for strengthening all the spheres of activity with human capital.

In recent years, although rather weakly, processes of «levelling» of remuneration in manufacturing and humanitarian spheres have been initiated, which may be regarded as enhancing justice in the distribution of wealth. Of course, it is not about «uniformity» but about the employee's remuneration being related to economic and societal usefulness.

Wages perform an important social function: they are one of the important components of the formation of the so-called middle class regarded, in most cases, as the basis for the formation and strengthening of the social state. It was in 2000, the time when the Ukrainian society was leaving the long and deep transformational crisis, when the notion of middle class came into official use at the state level. From this time, the policy of forming the middle class has been proclaimed at the official level, with the middle class regarded as «*the basis of social stability*» and «*the main component of the civil society*». **Over the period of October 2002 to June 2021, the percentage of people who consider themselves middle class has grown from 52 to 61 percent** (Chart *If the Ukrainian Society is Conditionally Divided into Three Social Classes...?*, p.373).

Regrettably (and this should be admitted), the state care of the middle class is not characterised by consistency. Despite the fact that state programme documents suggest development of socially-oriented economy, for which the sufficient level of social protection is a necessary condition, it has not been possible so far to stop the rise of poverty in Ukraine. As assessed by the World Bank, 15 percent of Ukraine's population lived beneath the poverty line, while in 2021, as a result, among other factors, of the crisis caused by the Russian aggression, and, later, by the spread of the *COVID-19* pandemic, this number has grown to 25 percent. International experts consider completion of reforms already in progress and implementation of new reforms and the use of Ukraine's existing economic potential a real way to exit the crisis.



The problem of the low remuneration for work in Ukraine, provoking a high poverty level, is a result of the erroneous policy of cheap labour force. The low share of remuneration for work in the GDP directly influences the productivity of labour and the efficiency of economy in general, as well as consumer and investment demand. Cheap labour force does not stimulate employers to introduce new technologies. This situation is the main reason for impoverishment and mass labour migration of Ukrainians.

The level of property stratification remains high, being, to a significant extent, a result of the period of «primary» redistribution of national wealth in the early 1990s. The practice of socio-economic development of countries with various models of social policy proves that if the GDP is stably rising, but along with this social inequality in the society becomes sharper, such growth cannot be considered of quality. Also, low social responsibility of employers and the inability of trade unions to really protect employees' rights can be named among the problems of the system of paying for work in Ukraine.

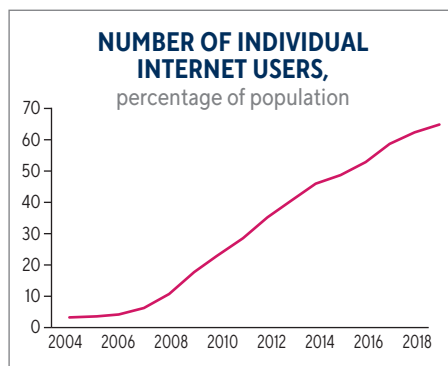
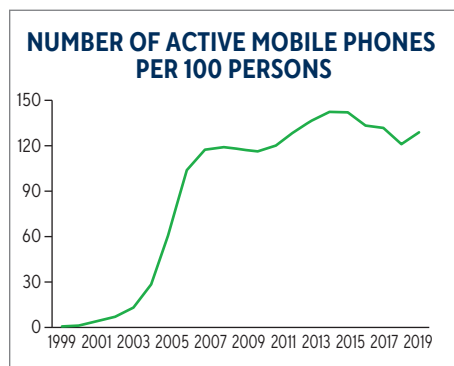
It should be emphasized here that a significant part of the components of the problem of poverty lies in the political sphere as it pertains to implementing a transparent, responsible policy of the state in every sphere, and ensuring a just distribution of results of work.

Social Standards' Civilizational Dimension

Evidently, well-being is not determined only by the number of consumer goods that households can buy for their wages. A sign of economic and societal development is ensuring people's access to civilizational achievements, rights and freedoms of individual and of society. In modern society, a significant role is played by opportunities of accessing information, technological, cultural sources, and their unrestricted use. In this context, the Ukrainian society has already become a real part of the global civilizational environment.

Thus, if by the end of the 1990s less than 1 percent of people in Ukraine were using mobile phones, in 2006 practically every person could be a registered owner and user, and today it is correct to talk of «saturation» of population with mobile phones (*Chart Number of Active Mobile Phones...*, p.19). Also, if in the mid-2000s 4 to 5 percent of the population

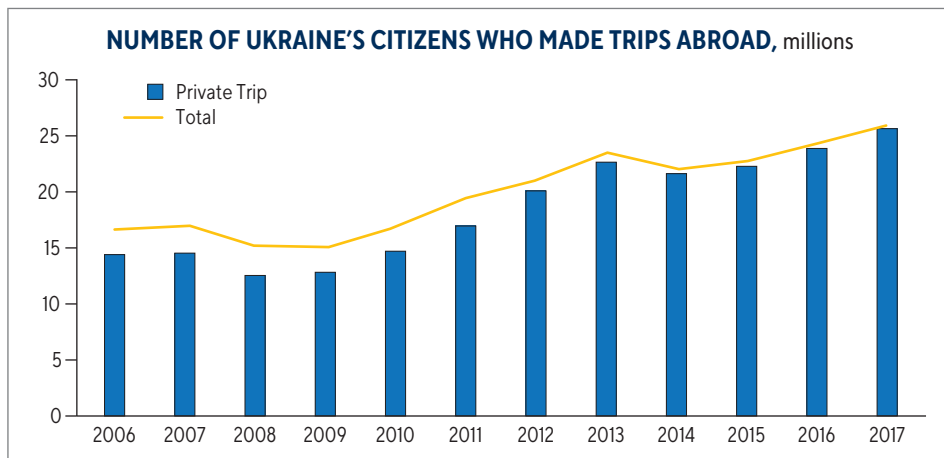
were individual users of the Internet (while the number in most European countries exceeded 50 percent), as soon as in 2018 their number was more than 60 percent (this is less than in Europe, however, the gap is not critical, taking into account the dynamics) (Chart *Number of Individual Internet Users*). This means that Ukraine is actively and at accelerated rate fitting into the modern world which is built, among other angles, on information-and-communication technologies.



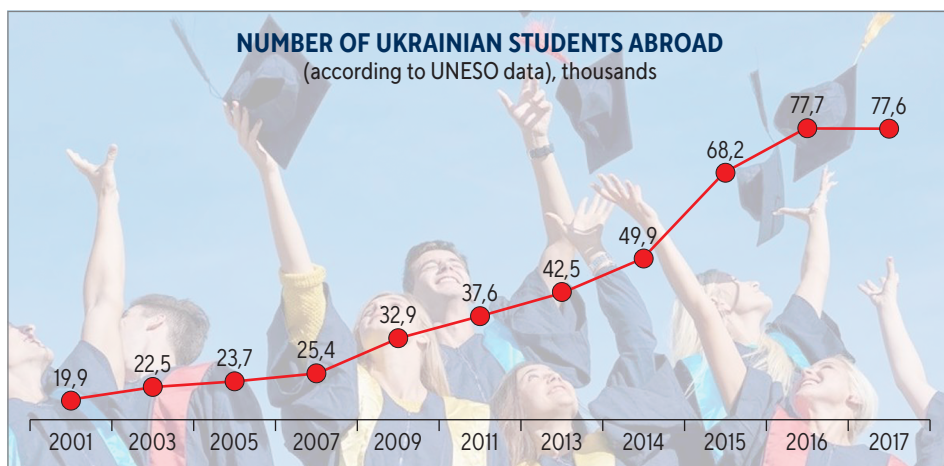
It is worth noting that present-day technology novelties (computers, laptops, iPhone, audio systems, etc.) are rather expensive. However, as many people are using them, this means that they can afford these things for their own money.

An important component of human development and human capital is unrestricted access to foreign culture, and one of the tools to achieve this is, doubtlessly, trips abroad (including visiting relatives and acquaintances, as well as recreation). Over the last decade, the overwhelming majority of such trips (with their share growing rapidly) was of private nature and was paid for by people's own money (Chart *Number of Ukraine's Citizens...*, p.20).

Just within one year of the visa-free regime, 18 percent of Ukraine's adult population used the opportunity to visit EU countries, including 7.6 percent who went on tours, 5.4 percent visited their friends or family, 4.7 percent were looking for work, 0.5 percent went for studies, 1.1 percent attended professional events (exhibitions, conferences). The most frequent visa-free visitors to Europe were young people under 30, and people with higher education.



Trips of young people abroad with the aim of receiving or improving their education should be also marked. Over the 2010s, the number of young citizens of Ukraine who had studied in foreign universities had been rising fast: from 19.9 thousand people to 77.6 thousand, amounting in 2017 to approximately 8 percent of the total number of those who study at day-time higher education programmes. Of this number, 33.4 thousand people were studying in Poland, 9.6 thousand in Germany, 17.8 thousand in other European countries, and 5.4 thousand in Canada, the USA, and Australia. The corresponding figures had significantly grown in the following years.



The rise in the number of students who study abroad should be assessed from two points. On the one hand, you cannot but rejoice at the opportunity for Ukraine's citizens to gain quality education abroad. On the other hand, we should be aware that for a significant proportion of these students the studies are an opportunity to continue their further life abroad. This causes significant problems and losses for the country's life capability. This, however, is also **the evidence of the free and conscious choice** of their further life road by young people, which Ukrainians could not do until recently.

Worthy Work, Worthy Employment

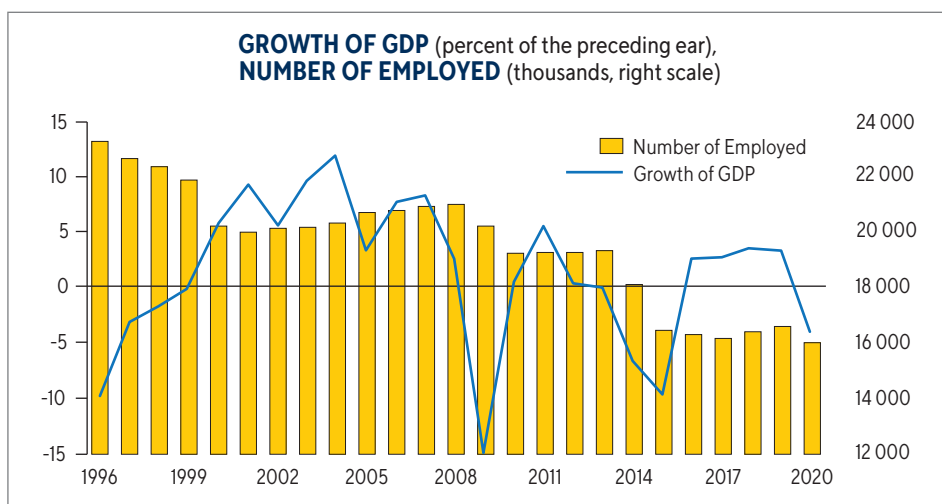
At the start of the period of market transformations in Ukraine, the following was done at the labour market:

- ✓ such basic institutions were introduced as minimum wage (MW), the unified tariff chart for paying for the work of employees of public establishments, state programmes for ensuring the population's employment, the system of insurance against unemployment;
- ✓ associations of employers were set up, trade unions were re-formatted, the Trilateral Commission began its work as the highest body for agreeing the interests in the social-and-labour sphere, etc.;
- ✓ amendments to labour legislation were made with the aim to adapt it to the new market relations, the legislation's adaptation to the EU standards had taken place, as well as the adaptation of the labour legislation with taking into account the ILO's recommendations.

Over the first years of economic transformations in Ukraine, the dynamics of the number of employed population was clearly similar to the production dynamics: both indexes demonstrated a trend to decrease. However, starting from 2001, the trend had changed: the swings in the level of employment were weakly synchronised with the swings in the volumes of production (Chart *Growth of GDP and Number of Employed*, p.22).



As was noted earlier, the threat of a high level of unemployment in Ukraine has always been considered the major danger for social and political stability of the country. Proceeding from this, the economic policy was always constructed in the way that was supposed to help avoid mass dismissals, including support for inefficient jobs. As a result, the nature of the Ukrainian unemployment is non-typical for market-economy countries. The trajectory of changes of unemployment level is smooth, without sharp rises and falls linked to the influx of a significant number of unemployed to the labour market. Thus, significant rates of economic decline had not led and do not lead to a fast decrease in employment.



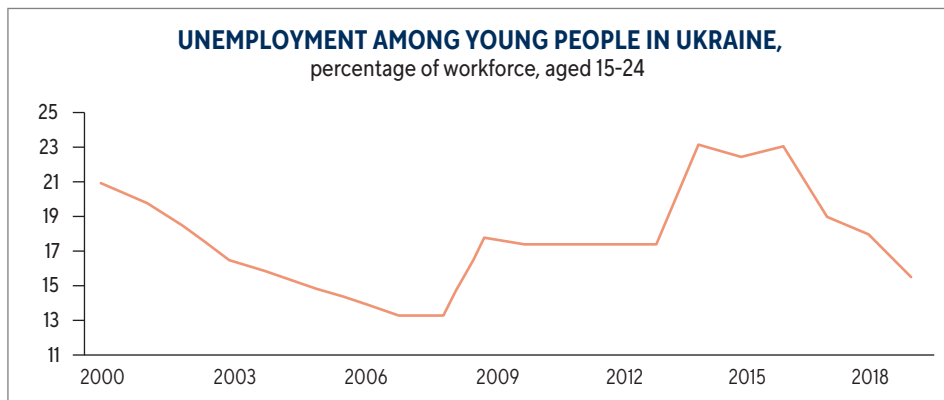
Overall, the labour market in Ukraine is liberal and self-regulated, however, spontaneous adaptation to market conditions and weakness of the state regulation caused the formation of stable «institutional traps» exerting negative influence. The major problem in the way of the formation of the efficient model of the labour market is low productivity of the latter.

International comparisons of labour productivity (GDP per one employed person by the purchasing power parity) prove that Ukraine is significantly lagging behind according to this indicator (Chart *Labour Productivity...* p.23). This could be a result of not only Ukraine being in the crisis state for a rather long time, leading to the diminishing GDP volumes, but also of a significant proportion of «shadow economy» in the country.

LABOUR PRODUCTIVITY IN UKRAINE AND THE WORLD, \$				
	Ukraine		World	
	Production per one employee (by PPP in 2011 prices), \$	Annual rate of production increase per one employee (in constant GDP 2011 prices by PPP)	Production per one employee (by PPP in 2011 prices), \$	Annual rate of production increase per one employee (in constant GDP 2011 prices by PPP)
2001	4 827.2	10.7	19 274.2	0.7
2004	6 192.8	12.3	20 232.2	2.5
2007	7 320.6	7.7	21 795.4	2.6
2010	6 831.2	3.3	22 211.2	3.2
2013	7 178.7	-1.1	23 381.4	1.6
2016	6 959.9	3.7	24 492.4	1.4
2019	7 766.9	4.3	25 699.6	1.4

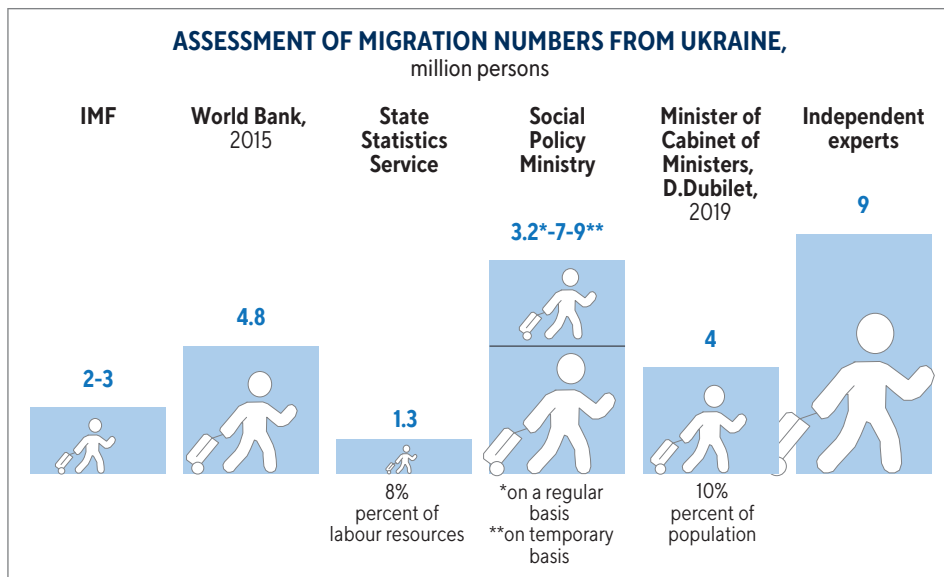
A special problem is unemployment among youth. It should be emphasised that constant attention is being paid in Ukraine to youth problematics, and the respective legislation was formed in the early years of independence. However, doubtlessly, decisions and resolutions themselves are not sufficient (even when they are nice and attractive) when the real implementation does not match the needs. Young people are the most vulnerable at the labour market, the level of unemployment among youth after the crisis shock of 2008-2009 remains high, this being linked to the lack of systemic state policy of employment for this category of people able to work (Chart *Unemployment among Young People in Ukraine*, p.24). In the circumstances of the pandemic, the issue of employment for young people becomes even sharper, the economic crisis from *COVID-19* narrows opportunities, especially in searching for the first job, this is why the negative trends can become stronger.

Lack of the opportunity to find a job (with a competitive salary) in their own country, complexity of conditions for opening their own business, and in the final count, lack of vision of social prospects in the country prompts young people to look for a job abroad. Labour migration, regrettably, has become one of the most characteristic features of modern Ukraine, like



earlier this very problem was experienced by Poland, Bulgaria, Romania, and other countries which are EU members now.

All the researchers of migration processes without exception agree that it is currently impossible to find the exact data on migration and, correspondingly, to assess the number of Ukrainians who study and work abroad or remain there forever. Expert assessments are very different, ranging from 3-4 million to 9 million.

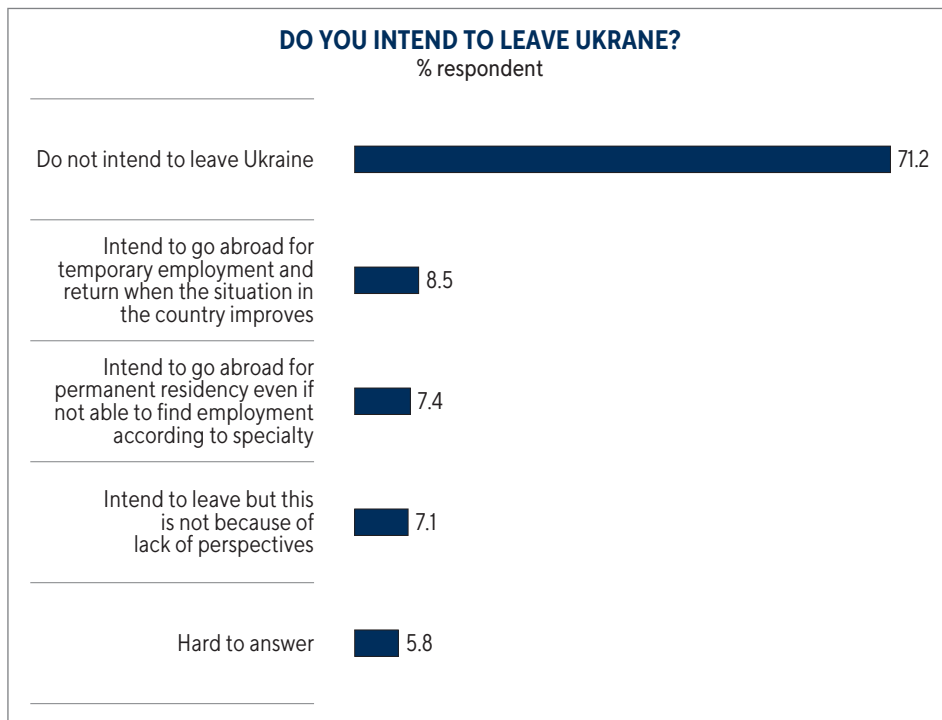


Ukraine's citizens began to actively go to the EU in 2016. The main aim of the overwhelming majority of the polled citizens, according to the Razumkov Centre's data, was looking for employment (Chart *Main Aim of Ukrainians Going Abroad*).



According to the Eurostat data, Ukrainians have received significantly more permits to reside in EU member states than citizens of other countries. In 2016, Ukrainians had received almost 590 thousand permits out of 3.4 million of all those who applied, and in 2019 there were already 756.5 thousand such Ukrainians. Most of these residence permits were issued by Poland: 79.2 percent (599.5 thousand).

Regrettably, in contrast to the world tendencies of attracting and stimulating labour resources, Ukraine is losing its most talented and competitive citizens. At the international labour market, Ukraine is represented mostly as a supplier of highly-skilled personnel for many countries of the world. However, there is hope that the flow of labour migrants will finally decrease. Thus, the population's moods recorded, in particular, with the help of sociological surveys by the Razumkov Centre (September 2020), bear evidence to the fact that only 7 percent of Ukrainians have intention to go abroad for permanent residence, while 71 percent of Ukrainians do not intend to leave the country.



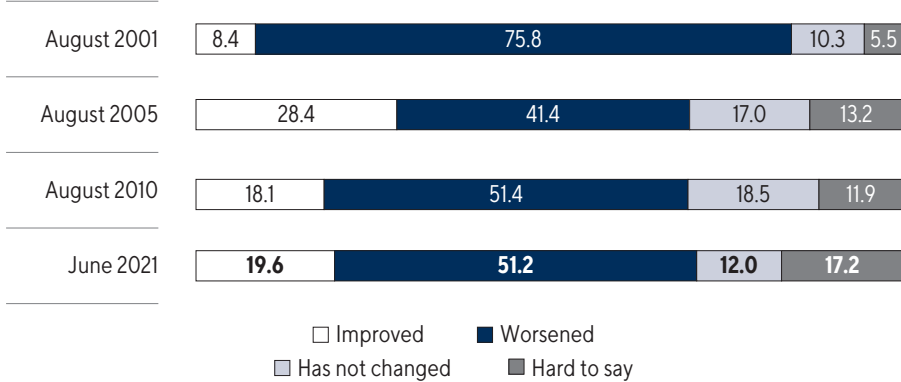
Social Protection Is the State's Care

The high level of societal «demand» for the active social policy requires active steps from the authorities, aimed at reaching targets of social protection and social development. Compared to 2001, the share of people who positively assess changes in the situation with the level of social protection has grown twofold (Chart *How the Situation with the Level of Social Protection Has Changed, Compared to 1991?*, p.27).

Over the period of 2000-2021, the socially directed expenditure of Ukraine's aggregate budget has increased by almost 70 times: from 5.9 billion UAH to 346.7 UAH. The biggest increase of the rates of growth of expenditure of social character was observed in early 2006, by 63.2 percent compared to 2005, and in early 2009, by 40.9 percent compared to 2008.

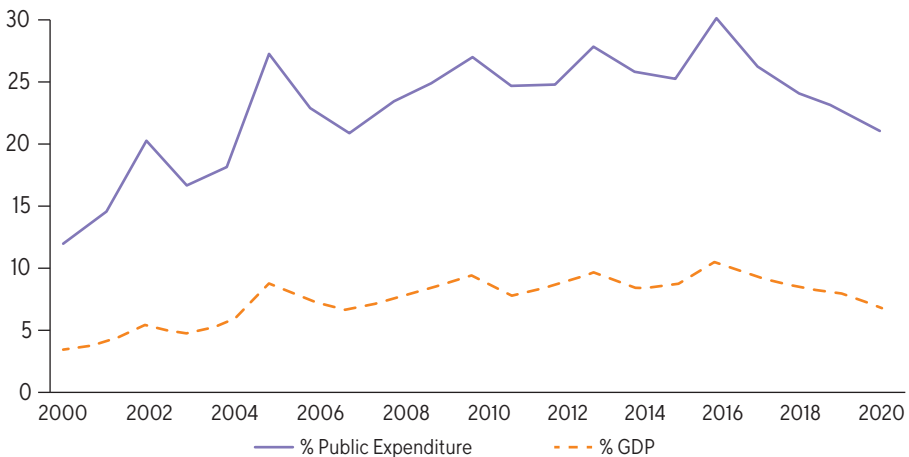
HOW THE SITUATION WITH THE LEVEL OF SOCIAL PROTECTION HAS CHANGED, COMPARED TO 1991?

% respondent



One of the most indicative features has been constant increase of the share of spending for social needs in the aggregate public expenditure. The maximum was noted in 2005, 2013, 2016, 2017, when the spending of the aggregate budget for social protection was in excess of 27 percent and reached 9-10 percent of the GDP (Chart *Spending of Ukraine's Aggregate Budget...*).

SPENDING OF UKRAINE'S AGGREGATE BUDGET FOR SOCIAL PROTECTION AND SOCIAL CARE





The biggest share of budgetary spending allocated for social protection is made up of spending for the social protection of pensioners (over 50 percent). This is explained by fast rate of the population growing older which results in a big number of people older than the age of able to work. Besides, the increase of social spending has been significantly influenced by the existence of the well-branched system of benefits, subsidies, and social payments.

The system of benefits had its biggest development after Ukraine had gained independence. However, for a long time this process had been not of systemic nature, combining preservation of outdated post-Soviet features with stand-alone attempts to introduce modern European approaches. Thus, the systemic introduction of targeted approach to giving benefits to some categories of the population with taking their incomes into account has started only in 2014. Also, **the gradual transition of the state** from the system of benefits to money transfers began, with the list of conditions clearly defined, whereby an individual (a family) can claim irrevocable state help to be provided in the amount sufficient to provide for its normal life activity.

In 2016, Ukraine had ratified the ILO Convention No.102 (of 1952) thus undertaking the obligation to support the minimal norms of social provision for all the nine kinds of assistance recognized internationally.

An important component of the social protection system had been the introduction, in 1998, of the institute of universal mandatory state social insurance taking the leading place in the system of social protection of people, as it stipulates support for the most active, able to work part of the society which creates material and non-material wealth meant for consumption by the society overall. Due to the introduction of the system of social insurance the role of employers and employees has grown significantly, and the state social funds were separated from the state budget.

Depending on the insurance case, the following kinds of the universal mandatory state social insurance are stipulated: pension insurance; insurance connected to temporary loss of ability to work and to expenditures connected to funerals; insurance against accidents at production and professional diseases resulting in the loss of ability to work; insurance

against unemployment; medical insurance. The system of institutions was created through which the respective kinds of social insurance are implemented.

SOCIAL INSURANCE				
Insurance against unemployment	Insurance connected to temporary loss of ability to work and to expenditures connected to funerals	Insurance against accidents at production and professional diseases resulting in the loss of ability to work	Pension insurance	Medical insurance
The Fund of universally obligatory social insurance of Ukraine against unemployment	Social Insurance Fund		The Pension Fund of Ukraine and non-state pension funds	Voluntary medical insurance and corporate medical insurance

Despite difficulties and imperfection, social insurance in Ukraine is gradually acquiring features and traits characteristic of European countries which are regarded as examples in many cases. At the same time, Ukraine does not have a national doctrine of social insurance which would scientifically define opportunities of the system's development in organic connection to the system of wages, tax legislation, labour market policy, demographic situation, etc.

The biggest number of people in Ukraine are now covered by such a component of the system of social protection as **the pension care**. As the share of pensioners in the population's structure amounts to 27.5 percent, the share of pension payments in the aggregate social transfers is significant.

The Ukrainian pension system is in the state of long-lasting reforming. The first official document which spoke of the pension reform, was the President's Decree, «On Main Directions of Reforming the Pension Provision in Ukraine» of 13 April 1998. It was there that it was stated for the first time that it was impossible to resolve the issue of worthy pension provision within the framework of the monopoly of the state solidary system, and the task of transition to the three-level pension system was set.



Before the Law «On Universal Mandatory State Pension Insurance» came into force, the pension system built mostly according to the distribution, not insurance principle, functioned in Ukraine. The necessity for reforming this system resulted from a number of socio-economic factors like the establishment and development of market economy, the process of formation of social state, the need to adequately react to the demographic situation in the country. The methods of forming and using finances of the pension system, and the mechanism of administering it required improvement.

The attempt to formally introduce in Ukraine, after the experience of other countries, the three-tier pension system was made in 2003. The law had not determined the date for the introduction of the mandatory saving system but just listed conditions after the implementation of which the law might have been adopted on creating the Savings Fund and introducing payment of insurance contributions into it. However, the authorities had not used the period of stable economic growth to introduce «the second tier», the universal mandatory saving system. It was planned to be introduced as early as 2007, and then in 2009, 2011, 2018, 2020, but it has not been introduced until now.

«THE SECOND TIER» OF THE PENSION SYSTEM: AMBIGUOUS INTERNATIONAL EXPERIENCE

In fact, many countries of Central and Eastern Europe and of Latin America pinned their hopes on the introduction of the pension system of the second tier in the mid-1990s. Their experience, however, shows that the introduction of mandatory private pension schemes has not resulted in the presumed macroeconomic influence and has not ensured the increase in the population coverage. Besides, significant transitional expenditures connected to the introduction of those systems were added to fiscal deficit of those countries.

During the global crisis which began in 2008, the disadvantages of the second-tier pension systems manifested themselves to the full extent, and many countries decided to cancel the reform by decreasing contributions channelled to private pension funds (Slovakia, Poland, Romania) or by completely cancelling the second-tier system and transferring the assets of private pension funds to the state pension system (Hungary).

As a result, such international organisations as the World Bank, ILO, under current circumstances **do not recommend Ukraine to introduce the second-tier pension system.** It is recommended to rechannelled any additional resources to the state pension system in order to cut the deficit and improve the adequacy of pension payments.

At the same time, today **the institutional infrastructure of «the third tier», non-state systems of pension provision** have practically been formed, namely:

- ✓ entities of the institutional infrastructure function at the market (non-state pension funds, administrators of non-state pension funds, keepers) whose number matches the market's needs and remains relatively stable over recent years;
- ✓ legislative basis is of a sufficiently high quality and **corresponds to the best world practice, generally**. Since 2003, the Law «On Non-State Pension Provision» saw an insignificant number of amendments of non-conceptual nature;
- ✓ the quality of state regulation and monitoring by the State Agency for Financial Services matches the best world standards, overall.

But it should be admitted that «the third tier» is still developing very slowly and has not yet reached the targets proclaimed during its introduction. The real share of the able-to-work population covered by the system of non-state pension provision does not exceed 3 percent.

The main reason for low rates of non-state pension insurance is the fact that the rise of voluntary saving pension systems has historically happened in developed, rich societies. In Ukraine which as yet does not belong to those, there are in fact no motivation factors playing the decisive role, especially when money for the future pension start competing with other expenditures (food, clothes, longer-use goods, education, medical treatment). The high level of paternalism *in the social awareness of Ukrainians* also influences the state of things. According to the survey by the Razumkov Centre (2017), the overwhelming majority of respondents single out the role of the state when answering the question «*Who has to take care of the worthy provision for your old age?*» with 41 percent answered «the state», while 49 percent opt for «both the state and myself».

Among the main problems of the pension reforming is the insufficiency of money of the Pension Fund for paying pensions. Although pension payments are gradually rising, the solidary system «on its own» cannot cope with demographic problems and the lack of money of the Pension Fund of Ukraine. Thus, though from the beginning of 2021 the average amount



of the assigned pension payment has gone over 3,700 UAH, it amounts only to close to 30 percent of the average wage. Pension savings also have not yet become an efficient tool of ensuring the worthy old age. The average amount of pension assets per one participant in private funds totals 7,700 UAH, equalling approximately half of the amount of the average wage.

In order for the existing pension system to become a sufficient source of income for the people of pensionable age serious measures are necessary to stimulate the level of employment, its formalisation, prevention of the spread of undeclared labour and of dodging payment of contributions to pension funds. Besides, there is a need to widen people's access to the minimum guaranteed pension provided by the pension system.

Taking Care of Children and Families is the Principal Duty of the State

Human rights begin with the rights of a child: this is a generally accepted norm in the EU, also recognised in Ukraine. Protection of the rights of children is one of the most important priorities of Ukraine, as treatment of children, the level of their security and protection in the state, the state of their all-round development is among indicators of a society being civilized and humane. Having ratified, in 1991, the UN Convention on the Rights of the Child, Ukraine has undertaken the obligation to implement its main principles and requirements into the norms of life of children and the society, aimed at protecting and guaranteeing children's rights and interests.

Family is the primary and basic cell of the society, being, for children, a natural environment for their physical, spiritual, intellectual, social development, their material provision. The Constitution of Ukraine determines that family, childhood, motherhood, and fatherhood are protected by the state. Children are equal in their rights irrespective of their origin, as well as of whether they are born into marriage or outside it. The Law of Ukraine «On Childhood's Protection» defines protection of childhood in Ukraine as a strategic nationwide priority

A tangible achievement has been the consistent policy aimed at **improving protection of families and children**, in particular those who need the state's additional support. Priority of in-family upbringing is recognized in Ukraine, and the need to ensure all-round support for people

who state their desire to take abandoned children for upbringing, and as a result the priority of development is given to such forms of taking care of children as care, adoption, adoptive family, **children's home of the family type**.

Since 2005, Ukraine has seen deep systemic changes resulting in ever more children getting opportunities to realise their right to upbringing in families. During 2005–2013, the number of adopted orphans and children deprived of parental care had significantly grown, as well as the number of those who were placed in the family forms of upbringing, while the level of those placed in boarding schools had been on decline (Chart *Placement of Orphans...*). For those families who took children with disabilities for upbringing, initiatives were introduced for providing additional financial support. The emphasis in ensuring the family placement of children has moved from looking for a child for parents to looking for a family for children. This made it possible to re-orient families from adopting almost exclusively new born children (there were almost 90 percent of such adoptions in 2006) to older children.

PLACEMENT OF ORPHANS AND CHILDREN DEPRIVED OF PARENTAL CARE IN CHILDREN'S HOMES OF FAMILY TYPE (CHFT) AND ADOPTIVE FAMILIES						
	2005	2009	2010	2011	2012	2013
CHFTs	149	484	535	598	740	881
Children in CHFTs	1 025	3 185	3 185	4 041	4 932	5 890
Adoptive families	180	2 931	3 195	3 445	3 856	4 199
Adopted children in adoptive families	288	4 934	5 451	5 949	6 819	7 579

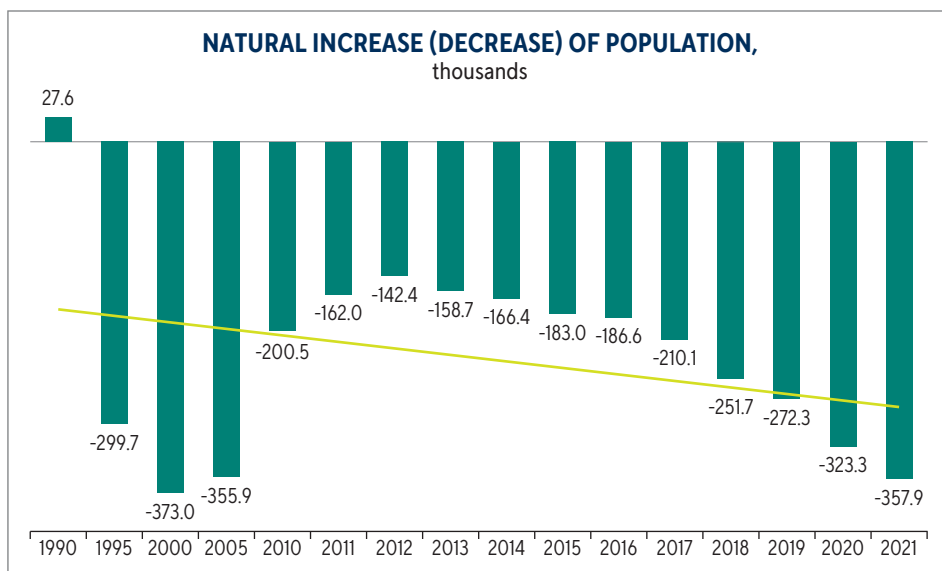
Demographic challenges are among the most serious for Ukraine.

Since 1991, the stable tendency of natural decrease in population has been observed in the country, its rates having demonstrated a tendency to falling only in 2000–2013, with increasing from 2014 under the influence of the socio-economic crisis and the military conflict in Donbas. Over 30 years, the country's population has decreased by 10 million: from 51.9 million in



1991 to 41.5 million in 2021 (Chart *Natural Increase (Decrease) of Population*). Among the main reasons for depopulation are: «the demographic trend», migration, and the loss of territories.

By forecasts of Ukrainian demographers and the UN, by 2050 Ukraine's population will decrease by 21.7 percent (to 35.1 million), and by the end of the 21st century, by 41.1 percent (to 26.4 million. Ukraine, along with such European countries as Bulgaria, Romania, Serbia, Croatia, Latvia, Lithuania, is listed among the countries that especially need active state policy aimed at overcoming a profound demographic crisis. The main reason



for the process of constant depopulation, the diminishing birth rate, has been observed in Ukraine since the mid-20th century and, in general, corresponds to the all-European tendencies. From as early as the 1960s, the number of born children does not provide for the substitution of generations: the aggregate coefficient of birth rate amounts to 1.2 children per woman while to provide for the simple reproduction of the population it has to be 2.1.

The answer to the spread of the demographic crisis was the formation and development, from 2005, of the new family policy characterised by the *pro-natalist* vector, i.e. aiming at increasing the birth rate. Its

important instrument became the increase in social payments related to the birth of a child and its upkeep until three years of age, assistance to less-provided people and to families with children with disabilities, and to the establishment of reproductive norm for families (two and more children) (Chart *Levels of State Assistance...*).

Although the state assistance to families with children became a significant compensator for losses related to individual family members leaving the labour market, the increase in payments at the birth of a child insignificantly influenced the improvement of the structure of births..

LEVELS OF STATE ASSISTANCE AT A CHILD'S BIRTH AND THE AGGREGATE COEFFICIENT OF BIRTH RATE IN UKRAINE (2004-2014) (Subsistence level SL, birth rate coefficient BRC)		
Year	Sum	BRC (per 1,000 population)
2004	725 UAH (8.5 SL)	9.0
2005	8,500 UAH (23.4 SL)	9.0
2006	8,500 UAH (20.7 SL)	9.8
2007	8,500 UAH (18.3 SL)	10.2
2008-2010	For the first child: 12,240 UAH (22.7 SL)	11.0 (2008)
	For the second child: 25,000 UAH (46.4 SL)	11.1 (2009)
	For the third and every next child: 50,000 UAH (92.9 SL)	10.8 (2010)
2011	For the first child: 24,960 UAH (30.5 SL)	11.0
	For the second child: 49,920 UAH (61.1 SL)	
	For the third and every next child: 99,840 UAH (122.3 SL)	
2012	For the first child: 27,330 UAH (30.6 SL)	11.0
	For the second child: 54,660 UAH (61.2 SL)	
	For the third and every next child: 109,320 UAH (122.4 SL)	
1 December 2013	For the first child: 30,960 UAH (28 SL)	11.0
	From 1 July 2014	
	For the third and every next child: 123,840 UAH (112 SL)	
Since 1 July 2014	Single amount of 41,280 UAH (40 SL) irrespective of children's order of birth (first, second, third or every next)	10.8



A tangible achievement on the way of preventing the violation of human rights and of aligning Ukraine's legislation with European standards was the adoption, in 2017, of the Law «On Preventing and Counteracting Domestic Violence». Today, Ukraine's legislation on preventing and counteracting domestic violence is rather progressive and aims at attaining real results.

The state recognises that today the responsibility for taking care of children and upbringing them is put on parents in a significantly larger extent than on the state. This is exactly why Ukraine's legislative acts define the ways of resolving the most important general societal problem of Ukraine: the stable existence and development of the family, improvement of its level of life, creation of socio-economic, political, organizational, legal conditions and guarantees for determining their lives, intellectual, spiritual, physical development of personality starting from childhood age.

Gender Equality: Equal Rights and Responsibilities

Ukraine's state policy is aimed at creating preconditions for ensuring equal rights and opportunities for women and men in all the spheres of the society's life, overcoming all forms of discrimination according to gender, at the fullest realisation of natural abilities of women and men in the labour sphere, social and personal life.

Development of the gender legislation in Ukraine is going at a rather fast rate. One of the main achievements is the creation of legislative basis on the issues of gender equality, gradually brought in compliance with international standards. **Ukraine's legislation is gender-neutral**, i.e. it does not contain discriminatory clauses related to women or men and does not establish different legal status of women and men. Overall, there are reasons to say that Ukraine's legislation **supports and enhances the course on ensuring gender equality**.

The Constitution of Ukraine, where Article 24 stipulates equality of rights of women and men, is among the main legislative acts aimed at the realisation of their equal rights and opportunities by women and men. These notions are detailed at the level of sectoral legislation and bylaws of Ukraine. In 2005, the special Law «On Ensuring Equal Rights

and Opportunities for Women and Men» was adopted. It has become the practical implementation of the main principles of equality of sexes having launched the fast development of the national gender legislation. It is necessary to make note also of «The State Programme of Establishing Gender Equality in the Ukrainian Society for the Period until 2010» (2006); «The State Programme of Ensuring Equal Rights and Opportunities of Women and Men for the Period until 2016» (2013), the Law of Ukraine «On Basic Principles of Preventing and Counteracting Discrimination in Ukraine» (2012).

Besides, gender-legal expert examination of legislative acts and drafts is carried out, fully covering the process of upgrading the legislation of Ukraine, and the implementation of international standards of equal rights and opportunities. Bodies of executive power can set up consultative-and-advisory bodies, appoint advisors on the issues of ensuring equal rights and opportunities for women and men. At the same time, collective agreements (contracts) have to provide for putting duties of a controller on gender issues upon one of the workers on unpaid basis.

Despite significant changes in the forms of economic relations, it was possible to retain the norms directly assisting in combining family life and work duties in legislative acts regulating labour issues (the Code of Laws on Labour). The right of representatives of both sexes to equal payment for the work of similar value is stipulated in the European Social Charter, in the International Covenant on Economic, Social and Cultural Rights (1966). At the same time, Ukraine's legislation fully meets the requirements of the Maternity Protection Convention (1952).

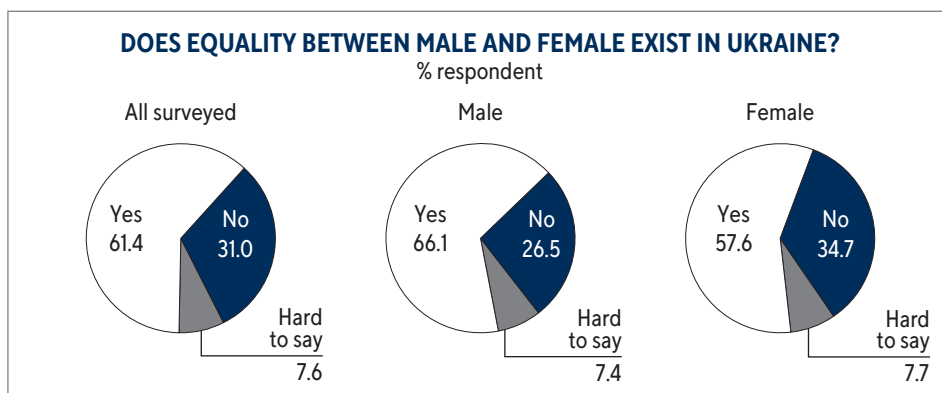
The specifics of the social protection of women in Ukraine include the existing conceptual scheme of gender contract, in particular, that of working mother, implicitly concluded by the state, men and women, and is consolidated by the state in the form of social guarantees. Making the gender gap in wages narrower was ensured by the introduction of the Single Tariff in 2005, resulting in gradual raises of payment for work in the public sphere, leading to gradual increases in the level of paying for work in the most «feminised» kinds of economic activity embracing sectors of social sphere.

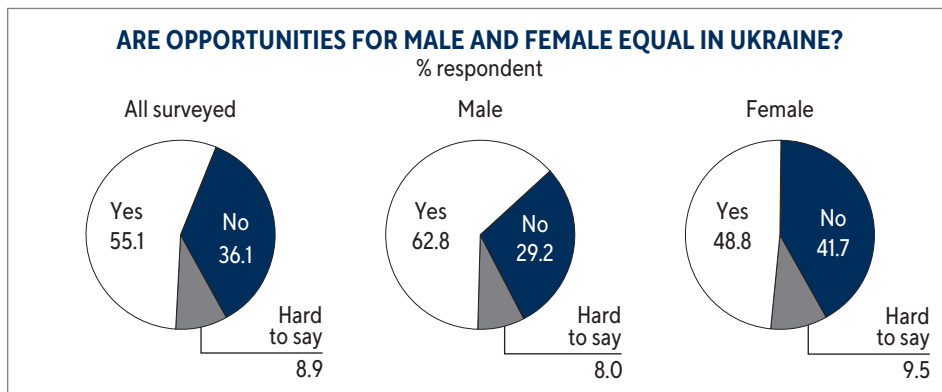


The labour market is anti-discriminatory in Ukraine. For Ukraine, high indicators of women's participation in the composition of the workforce are characteristic, with the stable target of full employment (Chart *Levels of Economic Activity ...*). The level of female unemployment, reflecting the tendency of women's economic activity, is lower than male unemployment in Ukraine, and lower than the average female unemployment in the EU countries.

LEVELS OF ECONOMIC ACTIVITY AND UNEMPLOYMENT OF UKRAINE'S POPULATION IN 2004-2020, percent				
	Economic activity		Unemployment	
	Female	Male	Female	Male
2004	57.6	66.8	8.3	8.9
2007	57.1	68.9	6.0	6.7
2010	58.4	69.6	6.8	9.3
2013	58.8	71.6	6.2	8.0
2016	55.9	69.1	7.7	10.8
2019	49.2	64.8	8.1	10.1
2020	48.1	56.3	9.1	9.8

Public opinion surveys empirically testify to the existence of gender equality and equality of opportunities in the Ukrainian society. More than a half of Ukraine's citizens agree that equal rights and opportunities exist in the country for men and women.





DO YOU CONSIDER DISCRIMINATION ACCORDING TO GENDER A REALITY OF THE UKRAINIAN SOCIETY?			
	% respondent		
	All surveyed	Male	Female
No, there is no discrimination in the country, women and men have equal rights	52.5	57.9	48.1
Yes, there is discrimination against women	17.2	11.4	22.0
Yes, there is discrimination both against men and women	15.8	15.7	15.8
Yes, there is discrimination against men	2.0	2.4	1.6
Hard to say	12.5	12.5	12.5

Although it has to be admitted that despite the existence of developed gender legislation in Ukraine and significant progress in the sphere of gender equality there still are certain gender disparities in accessing resources and economic opportunities, as well as in expressing political interests.



Education is a Key Component of Human Capital

30 years of consolidating Ukraine's independence have passed under the sign of shaping, implementing, and modernising the state policy of its own in the sphere of education, with taking into account the general civilizational tendencies and changes of conceptual nature.

According to Ukraine's Constitution, citizens have the right to free education in all state-owned educational institutions, independently of gender, race, ethnicity, social and property status, the kind and nature of work, world outlook, party affiliation, attitude to religion, beliefs, the state of health, place of residence, and other circumstances.

This right is ensured by: the branched-out network of educational institutions founded on the state or other forms of ownership, scientific institutions, after-graduate education institutions, creating conditions for choosing the education profile and upbringing according to abilities, and interests; various forms of learning: day, evening, extramural, as well as pedagogic patronage. According to the Law «On Education» the state ensures access and free character of pre-school, complete general secondary, vocational, higher education in state-owned and communal educational institutions.

In recent years, it was possible to broaden the directions of education policy and improve the mechanisms of its implementation, in particular, through the introduction of a number of targeted state programmes for different levels of education.

The following can be listed among the achievements of the education sphere: creation of a new generation of education standards; adoption of the National Qualifications Framework and the National Strategy of Education in Ukraine for the period up to 2021; the improvement of the mechanism of the state commission for preparing specialists and re-training personnel; modernisation of profiles and directions of professional training; more active implementation of innovative education technologies; restarting the development of out-of-school education; development of the state-public management of education; making the system of monitoring up-to-date; more active image-and-information policy of higher education institutions, etc.

Ukraine's tangible achievement is bringing the legislative and legal basis for general secondary education of children with special educational needs in line with international norms, in particular, with the UN Convention on the Rights of the Child.



Ukraine preserves rather high indicators in the education sphere (the population's literacy, coverage by complete general secondary and higher education).

The principle of life-long continuous education is the basis of pre-school education in Ukraine, i.e. the education process starts at once and continues as long as life goes on. Modern pre-school education is represented by institutions for babies, for children of younger, middle and senior pre-school age. The state policy aims at raising the level of involvement in education of children of 3-5 years of age due to such systemic measures as the legislative establishment of the mandatory character of pre-school education for children of senior pre-school age (2010).

The state guarantees (since the first years of independence) the mandatory and free character of complete general secondary education. Besides, sources of acquiring it are diversified in Ukraine. At present, the trend for youth simultaneously acquiring complete general secondary education and profession/qualification is on the rise.

Ukraine holds rather high (from the 40th to the 60th) slots in the international rankings of the level of assessment of the work of higher education system and the population's education rate. As for the involvement in higher education, Ukraine holds the 11th position in the world. Almost 80 percent of people between 20 to 26 years of age are receiving higher education, while this indicator used to be even higher than 80 percent before the mandatory External Independent Evaluation was introduced (although, due to filtering, no more than 50-55 percent of young people do receive higher education).

44 percent of students are learning at the expense of the state budget, while 56 percent are learning at their own expense. Also, there are no gender restrictions in accessing all levels of education. There is even a gender misbalance in favour of women among the population involved in higher education.

Overall, the dynamics of the involvement of youth in higher education testifies to its enduring accessibility, due to the increase in state financing, social support, and removal of institutional obstacles to receiving higher education, among other factors. An important direction of educational policy in this context is improvement of objectivity, openness and transparency of admission campaign, improvement of the system of pre-university training of young people, their professional orientation at receiving higher education. Almost 25 percent of state-funded places



in higher education belong to the categories with benefits, and this proportion is obligatory for all state-run institutions of higher learning. Despite current thinking, entering universities for rural youth in Ukraine is no less accessible than for urban youth. Rural inhabitants have opportunities to choose both their future professions and educational institutions.

An enormously large number of higher educational institutions is named as one of the «record» indicators of the development of education in Ukraine. Ukraine's higher education system has almost 290 higher educational institutions of the 3rd and 4th levels of accreditation (universities, academies, institutes) and 370 higher educational institutions of the 1st and 2nd levels of accreditation (technical schools, colleges). From 1991 to 2005, the number of higher educational institutions of the 3rd and 4th levels of accreditation grew more than twofold. Access of private capital to higher education was opened in Ukraine, private higher educational institutions appeared. At present, the proportion of state-owned higher educational institutions amounts to 80 percent.

Taking into account Ukraine's population numbers, there are 6.35 higher education institutions per 1 million people on average, which is an overly high number, compared to EU countries. For example, Great Britain has only 280 universities, and 42 of them are on the list of 500 top universities in the world rankings (with nine on the list of Top 100). There are 2.48 universities per 1 million people in Great Britain, while Sweden and Germany, respectively, have 4.95 and 5.28 universities per 1 million people.

At the same time, the best Ukrainian universities, which are listed in the international ranking of the world's best universities *QS World University Rankings*, still do not make it to the list of 400 best higher education institutions, holding positions starting from the 500th slot.

The reason for the increase of the number of higher educational institutions is in the fact that since 1990s, essentially uncontrolled opening of new higher educational institutions was happening, as well as changing profiles of the existing institutions, without deep scientific-and-analytical rationale and without taking into account scientific, pedagogical, financial and material-and-technical potential, as well as without taking into account real budget potentials. The excessively branched-out network of higher schools (the reason being, in particular, the existence of detached structural units), and the possibility of educating «a wide range» of specialists without taking into account their major profile (including at the expense of individuals) are harshly criticised. However, in recent years,

the main negative tendencies have been overcome (in particular, by using the mechanisms of «external» regulation: licencing and accreditation), and since 2010, the number of higher educational institutions began decreasing.

When assessing the quantity indicators of Ukraine's education (involvement in the first-level education, average duration of learning, numbers of adult population with secondary and higher education, budgetary expenditure for education), Ukraine can be called a country with powerful human capital according to these indicators.

However, the main problem of the sphere of education is still the insufficient quality of education training. The spread of the sphere of paid services does not guarantee access to quality education, higher education in the first turn. Attention should be paid to discrepancy in the resource component of the education system (material-and-technical and learning-and-methodology basis) and to the new requirements of the time. The issue of overcoming the existing difference in conditions of learning in educational institutions of different levels and kinds is still topical.

Against the general background of many positive changes topical remain the issues of overcoming inter-settlement disproportions in accessing quality educational services, harmonisation of professional education and labour market, using economic regulators and incentives in order to stimulate initiatives in the sphere of education.

NUMBER OF HIGHER EDUCATIONAL INSTITUTIONS (by the start of academic year)				
Academic year	Higher educational institutions		Students in higher educational institutions, thousands	
	1 st and 2 nd levels of accreditation	3 rd and 4 th levels of accreditation	1 st and 2 nd levels of accreditation	3 rd and 4 th levels of accreditation
1991/92	754	156	739.2	876.2
1996/97	790	274	595.0	976.9
2001/02	665	318	561.3	1 548.0
2006/07	570	350	468.0	2 318.6
2011/12	501	345	356.8	1 954.8
2016/17	370	287	217.3	1 369.4
2017/18	372	289	208.6	1 330.0



It should be noted, in general, that over the years of independence the functioning and self-sufficient national education system has been created which retained the progressive traditions of the past, at the same time it now better meets new societal relations and has accumulated innovative potential for further development. Over this period, the state educational policy has been implemented under conditions of broadening the range and increasing the strength of transformational influences of European integration and worldwide globalisation.

Public Health is a Strategic Component of Sustainable Development

A strategic aim of Ukraine's state policy in the sphere of public health is the improvement of the state of people, raising the real accessibility of medical assistance for all the strata of population, confirmed at the legislative level by state guarantees.

Ukraine's legislation guarantees the right to health protection and free medical aid to all citizens: Article 49 of the Constitution emphasizes that «The state creates conditions for efficient and accessible to all the citizens medical service. Medical help in state-owned and communal institutions of health is provided free of charge, the existing network of such institutions cannot be decreased. The state promotes the development of health institutions of all forms of ownership.» At present, more than 340 laws are in action in Ukraine directly or indirectly related to the issues of public health.

The level of the state's orientation to the improvement of citizens' health, the improvement of functioning of the public health system (PHS) become a sort of test for further humanisation of national development, a confirmation of the status of social orientation of the state. Regrettably, of late the real situation with observing guarantees in the PHS runs contrary to the norms of the current legislation and stands in the way of implementing European standards of life in Ukraine and of our state moving to leading positions in the world.

Processes of reforming the public health system in Ukraine are among the most complicated. For a long time of Ukraine's independence, the public health system had retained features of the Soviet «Semashko system» which was almost ideal in theory but absolutely unreal in practice. It stipulated financing of public health institutions according to the number

of beds. In times when many people lived in villages, and there were no private medical institutions in cities to create competition for state-owned medical institutions, this system was entirely justified. However, it had not taken into account new realities like, in particular, social-and-democratic changes, development of the non-state sector of medicine, as well as constant deficit of money for its financing.

The sphere of medical services has not remained aside of market transformations. In spite of the main attention being paid to the reform of state-run medicine, the private sector is developing swiftly as well.

According to the Licencing Register of Ukraine's Ministry of Public Health, 5,034 public health institutions work now in Ukraine, of both private and collective form of ownership, which is more than the total number of state-run (801) and communal public health institutions (3,421). Among private institutions slightly more than a half (2,534) specialise in dentistry. Other well-developed directions of private medicine are therapy, ultrasound diagnostics, obstetrics and gynaecology, neurology. Besides, 13,553 (59.3 percent) individual entrepreneurs work in the sphere of private medicine, among them 6,688 (65.1 percent) dentists, 726 (5.3 percent) ultrasound diagnostics specialists, 583 (4.3 percent) obstetricians and gynaecologists, 418 (3 percent) specialists in dermatology and venereal diseases, 163 (1.2 percent) urologists, 92 (0.7 percent) surgeons.

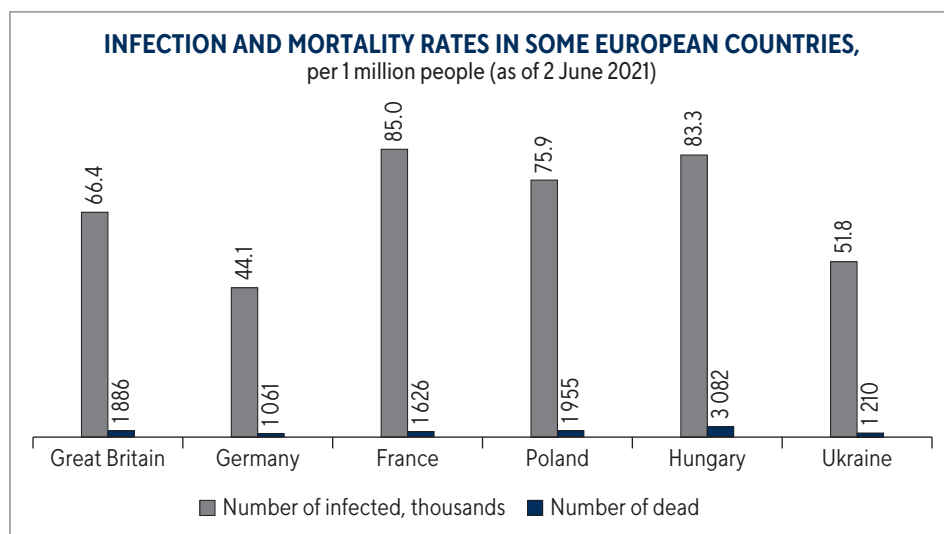
The medical reform, started in 2014, changes approaches of the system of medical services in principle: at present, the state monitors not the number of beds but services given to specific patients. 2018 saw the beginning of implementing the first stage of the reform, the new system of financing medical institutions providing primary medical aid. The National Public Health Service of Ukraine (NPHSU) was created, the central body of executive power, implementing the basic principle of the medical reform, «money follows patients», i.e. it pays the cost of actual medical services provided. In the sector of financing medicine, a gradual transition to contractual relations between medical institutions or doctors who are individual entrepreneurs and the NPHSU will be implemented. In 2019, Ukraine has directly approached the second stage of the medical reform, the second link, specialised medical aid. However, the reform has slowed down because of the lack of financing and political uncertainty, as well as because of the beginning of the *COVID-19* pandemic. The reform of the third link, stationary clinics, is awaiting its implementation.



So far, there are varying assessments of the medical reform in the society. A significant part of people has more favourable attitude to the better understandable, «Soviet» mode of organizing medicine. Also felt is the factor that the Constitutional norm on «free medicine» turned out to be a mere declaration, to a significant extent, as the state's obligations are not supported by respective financing. As a result, Ukraine's citizens do not have financial protection in case of illness, paying their own money for health services (medicines, medical equipment, etc.).

According to the Razumkov Centre survey, in 2020 people rated the progress of the medical reform at 2.77 points on the 10-point scale.

Last year, Ukraine and the world fought a new threat: the *COVID-19* coronavirus pandemic. Ukraine's authorities faced new challenges: fighting an unknown virus, urgent treatment of the infected, closing borders, quarantine restrictions for all spheres of economy, social instability. Despite numerous problems in Ukraine's public health system, quantity indicators of those affected by the pandemic in Ukraine look even better than in many developed and rising countries. Thus, infection and mortality rates caused by *COVID-19* in Ukraine are relatively lower than in major European partner countries (Chart *Infection and Mortality Rates in Some European Countries*).



The main challenges in the public health sphere are formed on the side of demography. In most publications (both scientific and analytical), Ukraine is called a European region country with unsatisfactory health indicators, low indicators of the average expected longevity, wide-spread «non-healthy» behaviour of the population (consuming tobacco and alcohol, obesity, low level of physical activity, high stress levels).

Nevertheless, over the years of independence Ukraine managed to achieve certain success. **Ukraine reached significant progress in the sphere of preserving lives of babies** where intensity of deaths was swiftly rising in the first half of the 1990s but displayed a stable trend to decrease in the following years. Overall, since the early 1990s the rate of babies' mortality in Ukraine has fallen by almost 51 percent: from 15 percent in 1991 to 7.4 percent in 2016. In 2016, there were 2,955 children who died before the age of one year, this being 10.9 percent less than in 2015.

Since 1995, the fall in children mortality became notable. In 2018-2019, the record low mortality rate for children under one year of age over the last 20 years was registered in Ukraine: seven cases per 1,000 of born alive, being twice as low as the 1991 figure. The positive dynamics of children's mortality rate was ensured by implementing the measures of the Nationwide Programme, «The National Action Plan for Realising the UN Convention on the Rights of the Child» for the period of up to 2016, the State Programme «The Nation's Reproductive Health» for the period up to 2015, and the Concept of Further Development of Perinatal Aid.

At present, the network of 22 perinatal centres works in the country on principles of combining the work of obstetric, neonatal, and paediatric services, this being a novelty in the system of perinatal aid; creation of the closed cycle of providing aid (i.e. one public health institution provides aid to women with high and medium risk for pregnancy, future mothers, and new born children). Medical aid to the new born in complicated neonatal cases is recognised a priority service in the Medical Guarantees Programme. This means that it is free for the families of babies who are born prematurely and/or are ill.

The indicator of expected longevity is growing in the country, one of the key indicators when calculating the index of human potential



development, the main integral indicator for inter-state comparison of levels and quality of life, as well as of the state of public health.

In 2010, the expected longevity indicator in Ukraine, considering births, reached the level of the last good indicator related to the mortality situation, that of 1990, while this indicator reached its maximum level in 2019, being 72.01 years. In 2018, the historic maximum expected longevity indicator for women was achieved in Ukraine: 76.98 years. For men, this indicator amounted to 66.92 years.

Even taking into account a possible error in calculations caused by uncertainty of calculating data of the gender-and-age population breakdown from the base of the 2001 census, progress in raising the longevity of population in Ukraine is a fact. The change in the expected longevity indicator may be a result of implementing economic, political, and social reforms in Ukraine, as well as of the change of ideology of the Ukrainian societal life.

CHANGES OF EXPECTED LONGEVITY OF UKRAINE'S POPULATION			
	Both Genders	Male	Female
1990	70.42	65.60	74.82
1991	69.56	64.62	74.21
1996	67.08	61.52	72.80
2001	67.89	62.32	73.63
2006	68.10	62.38	74.06
2011	71.02	65.98	75.88
2016	71.68	66.73	76.46
2019	72.01	66.92	76.98

At the same time, by the present-day European indicators, Ukraine is lagging behind the majority of developed countries on the expected longevity, and this gap is widening, sometimes going over 10 years, with almost 15 years for men.

Taking into account the present crisis medical-and-demographic situation in Ukraine, **preserving and improving the population's health becomes one of the most important priorities of the state policy**. It is because of this that the main task today is the drastic and systemic reform



of the public health sphere, aimed at creating the system oriented at patients, capable of providing medical services for all Ukraine's citizens at the level of developed European countries. The EU programme, «European Public Health Strategy-2020» has become the yardstick in implementing the reform.

European Benchmarks in Developing Ukraine's Housing Sphere

Availability of housing is a value standing in one line with other basic values of human life, in particular, such as sufficiency of food, physical and mental health, safety of existence. It is not by chance that Constitutions of present-day democratic countries recognise the right to housing as an inalienable right of every person.

Ukraine is not an exception. Article 47 of the Constitution of Ukraine stipulates that «every person has the right to housing. The state creates conditions under which every citizen shall have opportunity to build a home, acquire it as property or rent it. Citizens who require social protection are provided housing by the state and local self-government bodies for free or for an affordable price according to law».

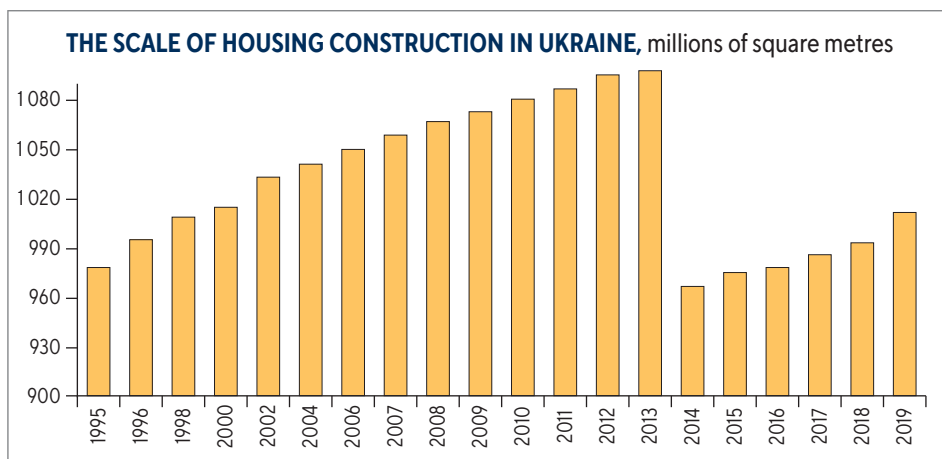
During the USSR period, disastrous lack of housing was arguably the most acute social and societal problem. After independence was gained, private ownership (in particular, of housing) was declared the basis for building the market economy. The massive free privatisation of housing in Ukraine allowed to mitigate the shock of market transformations to some extent. At first, privatisation resulted in lessening inequality: the transfer of ownership of housing was happening in a more even way than, for instance, of other privatised assets, factories or industrial plants. Privatisation of housing and its commodification or transforming into an investment bore serious aftereffects for the Ukrainian economy in general: housing became the most expensive asset in households' budgets while the experience of inflation strengthened the idea of property being a stable low-risk investment. Incentives related to property allow some households to support their well-being by becoming landlords, while the state has lost its capability of directly managing the housing policy by means of public housing fund.

Privatisation, however, has also consolidated inequalities: those who had better apartments had won as a result of transferring considerable wealth, while those who had small homes or had not had a home at the



time of privatisation had lost because of the diminishing publicly owned housing fund.

Before the macroeconomic stabilisation of the 2000s, cities and enterprises in Ukraine had no sufficient resources to continue to build housing. It was only starting from 2000 that, along with the economic growth, the tendency of gradual increase in the scale of housing construction has been observed (Chart *The Scale of Housing Construction...*).

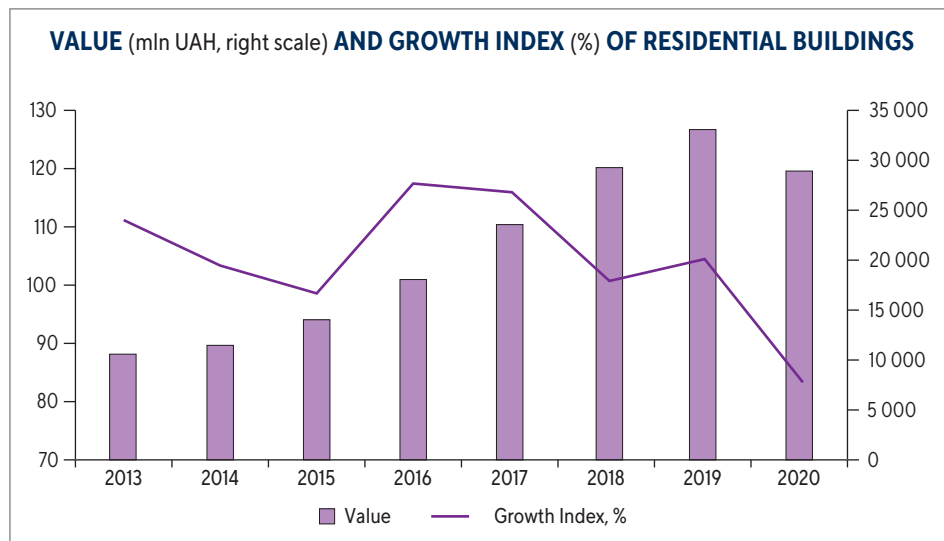


The resumption of housing construction was happening on new, purely market-and-commercial, principles. Housing was constructed for the money of private investors which led to housing construction changing from a tool of state policy to a highly proficient business which, in the process of functioning, tries to solve two rather different tasks: *on the one hand*, to satisfy economic interests of private construction and developer companies, and, *on the other hand*, to satisfy the housing need of a certain (able to pay) part of the Ukrainian society (the middle and higher classes).

Despite economic complications in some years (including complications related to the Russian aggression and the loss of significant territories where economic activity cannot be taken into account in the country's official statistics) housing construction has continued to consistently rise, gradually satisfying consumer demand for various categories of apartments and houses.

Over recent years, high dynamics have been observed in constructing housing and residential buildings mostly for people's own money. Since

the beginning of the 2010s, the scale of housing construction has been growing at accelerated rates (Chart *Value and Growth Index of Residential Buildings*), the overwhelming majority of the newly constructed buildings being in demand.



Although in recent years the dynamics of construction has somewhat slowed down, demand for newly constructed housing remains stable. It is worth emphasizing at the same time that practically all the housing is of commercial nature, i.e. the population is spending their own money: mortgages are still limited in numbers, expensive and cannot satisfy the needs. Thus, by the end of 2020, out of the aggregate almost 210 billion UAH of loans provided by banks to households, mortgages amounted to slightly over 30 billion UAH (less than 30 percent of the general volume) with the rates in excess of 30 percent.

Ukraine's European choice makes it necessary to pay attention to the experience of some EU countries in the sphere of resolving the housing problem. In the last 60-70 years, EU countries have achieved considerable success in this sphere, with the following figures testifying to this: the level of provision with housing per one person in various EU countries swings from 26 square metres (Slovakia, 2001) to 74 square metres (Norway, 2006). France had 37.5 square metres (2002), Germany, 40.1 square metres (2002), Sweden, 44.4 square metres (2003).



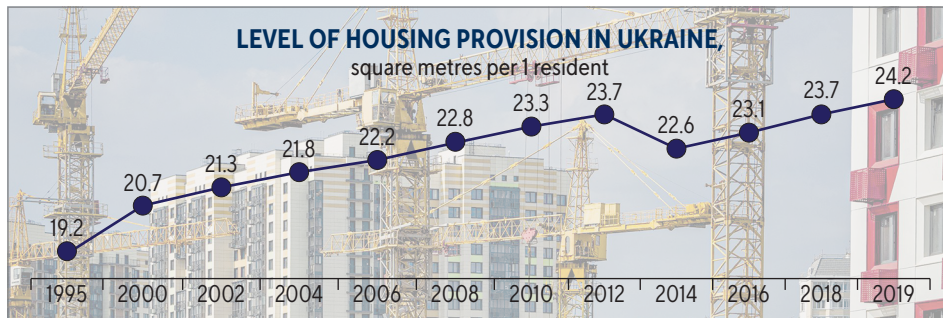
To a significant degree, accessibility of housing for the population of the EU member states is helped by the policy of European governments aimed at developing the sector of social housing. The proportion of such housing is rather significant. Thus, the Netherlands had 150 social flats for 1,000 people; Great Britain, Sweden, Denmark, Germany had 100; France, 70; Italy, 20; Greece and Spain had less than 10.

The above figures doubtlessly point to the active nature of housing policy carried out by European governments and, as a result, to the relatively high level of satisfying housing needs of citizens of European countries. However, they do not provide grounds to allege that the housing problem is completely resolved by the EU member states. Housing poverty does have place in modern-day Europe as well.

For example, in 2008, the share of households who lived in homes of insufficient living space amounted to the following figures among the households with incomes lower than 60% of the median level and with incomes higher than 60% of median level, respectively: Austria, 34.7 and 12.3%; Belgium, 11.6 and 2.8%; Denmark, 22.5 and 5.2 percent; Finland, 16.8 and 4 percent; France, 25.4 and 7.2%; Germany, 18.8 and 4.9%; Greece, 35.2 and 24.6%; Portugal, 25.1 and 13.6%; Spain, 7.2 and 2.7%; Poland, 67.2 and 47.5%. According to the Eurostat, 12.5% of the EU-27 population were spending 40% or more of their incomes for housing. Germany had the biggest share of such people, 24.7%, and then Greece with 24.7%, Romania with 18.9%, as well as Great Britain with 16.7%.

Where subjective perception by households of their level of spending for housing is concerned, the share of households for which these expenditures were a serious financial burden amounted to: 31 percent in Belgium, 20.1 percent in Finland, 29.5 percent in France, 23.8 percent in Germany, 30.7 percent in Greece, 58.6 percent in Italy, 37.7 percent in Poland, 51.5 percent in Spain. Even in the modern-day Europe, according to the WHO specialists, unsatisfactory housing is the reason for more than 100,000 deaths and causes or helps emerge many diseases and traumas.

Positive indicators achieved by the EU member states could serve as basic benchmarks for further development of Ukraine's housing sector because so far Ukraine's quantity indicators lag behind European indicators even of a decade ago (*Chart Level of Housing Provision in Ukraine*, p.53). Meanwhile, some features of the European experience of resolving the housing problem could be rather efficiently used in Ukraine in the process of implementing respective state strategy by bodies of state power.



Main Problems on the Way to Quality Social Development

Accepting the challenges of today, the Ukrainian society strives at modernisation on innovative basis in order to gain acceleration characteristic of the global world progress. However, a wide circle of Ukraine's problems is connected to the fact that the country found itself in the situation of **economy of survival** which runs contrary to the **economy of development**.

Economic reforms had begun without the preliminary assessment of their influence upon human potential, without switching on the necessary social shock absorbers, without finding out the allowable boundaries of the worsening of the country's human capital, and thus they have not always positively influenced the quality and level of life. Now, it is necessary to admit that Ukraine can be only partially considered a «social state».

The conceptual unawareness of the social component and practically «detached» understanding of «the economic» and «the social» resulted in social goals given, in fact, secondary significance, compared to economic, administrative, and political priorities. Main attention is paid mostly to transforming economic and political institutions while the goals of social development, of raising the level and quality of life of the people are not given necessary attention. As a result, the illusion that economic growth will automatically lead to the rise in the well-being of broad strata of population had not come true.

Ukraine needs a cardinal change of the paradigm of development, transition to new principles of strategic planning, with the high quality of life of the population in its foundation, as well as the high quality of the national human capital which has to become the nucleus of the new paradigm and strategy of Ukraine's development.



2. ECONOMIC DIMENSION

Peculiarities of economic dynamics in 1991-2021

Successful socio-economic transformations in countries that managed to move from stagnation or depression to rapid economic development in a relatively short time largely depend on correct setting of the development priorities and on their consistent and effective implementation by the ruling elites. In this context, the Ukrainian way looks rather complicated and contradictory. Therefore, it is expedient to briefly analyse the historical preconditions of losses and problems of the economic reform processes in the country.

Burdensome legacy as a part of an uncontrolled economic collapse

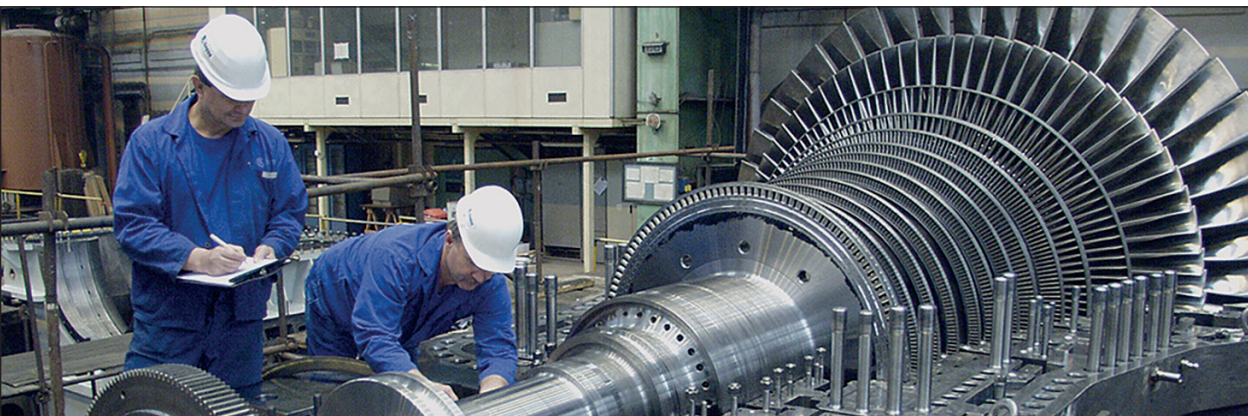
At the time of declaration of independence, Ukraine had a system of centrally planned economy established during the Soviet period. This system did not require autonomy in decision-making and often entailed no liability for (non) fulfilment of obligations. Although they started introducing some elements of market economy in Ukraine before the Soviet Union's collapse, but these were a «fashion statement» rather than practical steps towards a market economy that were already actively implemented in the former socialist countries and the Baltics. Weak budgetary discipline, lack of a strong and efficient owner, politicisation of economic decisions, growth of administrative and restrictive barriers to entrepreneurship are now recognised as the main factors of Ukraine's economic failure in the first decade of its independence and market transition.

Instead of economic growth expected by many researchers during the collapse of the Soviet Union, Ukraine experienced a deep decline – probably the longest among all former Soviet republics with no hostilities during the 1990s. Lots of research has been done into the causes of Ukrainian economy's deep and lengthy decline in the first years of independence. Here, it would be useful to remind about some fundamental flaws and losses that had long-term negative consequences for socio-economic transformations.

First, it should be reminded that Ukraine was ranked high in the Soviet system of planned economy in terms of industrial potential, primarily in heavy engineering and military equipment with obvious centralised financing. On the other hand, such a concentration led to both the «leakage» of value added from the republic and largely uncompetitive production of final consumer goods. Therefore, with the collapse of the USSR, the military industry products and certain types of metallurgical and chemical industries were the only competitive Ukrainian commodities in new markets.

Outdated structure of the economy dominated by large and often inefficient enterprises and a strong lobby of the so-called «red directors» hindered structural adjustments, thus preventing Ukraine's entry into the new market structures in the European space, especially those formed in the countries of the former socialist camp. This waste of time meant that potentially attractive niches for the Ukrainian economy were occupied by other countries that, having identified their priorities, rapidly reorganised their economic environments on a market basis.

As a rule, stronger political will of the national leadership translated into the higher public support of champions of social transformations, leading to wider and effective radical changes in the economy and society. Suffice it to recall that Czech's Vaclav Havel, Poland's Lech Walesa, Lithuania's Vytautas Landsbergis and other leaders of post-socialist European countries rejected the communist ideology of building the country and society, actively and purposefully pursued reforms and enjoyed the undeniable respect of their compatriots, adding to success of relevant transformations.





Sharp and unexpected transition from extremely cheap energy in the Soviet era to international (and even higher) prices was another important factor in Ukraine's lengthy economic decline. As a result, a more than 10-fold increase in oil and gas prices in the early 1990s and the need to consider the new price as an intermediate consumption in production led to a substantial rise in price of the vast majority of Ukrainian goods in international and domestic markets. Loss of competitiveness required «compensation» via subsidies or tariff and quota restrictions, which over time further complicated the implementation of structural changes. Therefore, in the first years of independence, a policy of strict budgetary limitations at all levels – from state and local budgets to the budgets of large SOEs, which dominated the economic structure – was out of the question for then-government.

One should not forget about another legacy of the Soviet management style – the so-called «collective responsibility», or, rather, irresponsibility. Even today, it is often virtually impossible to determine who is directly responsible or should be responsible for the failure to implement the necessary economic recovery measures.

This destructive management style was further exacerbated by political inertia and uncertainty. Ukraine, just like other former Soviet states (excluding the Baltics) could not historically generate strong groups interested in rapid and irreversible transformations. This created a vicious circle, where the absence of reform-minded managers and businesses made it impossible to implement broad and deep economic reforms, while the lack of reforms or their erroneous and inconsistent implementation raised doubts about their feasibility. It was very different from the situation in other CEE and Baltic states, where both the fast-growing private business and the democratic part of the establishment were interested in change and could be the drivers of accelerated transformation.

Choice of landmarks. The first half of the 1990s was almost disastrous for Ukraine, with economic collapse and the decline of citizen's welfare being the worst among all post-Soviet and post-socialist countries. This is despite the fact that first laws adopted by independent Ukraine included those aimed at developing and strengthening economic mechanisms, introducing new forms of economic activity and attracting investment.

Eventually, the understanding of the future vector of Ukraine's economic model became clearer. In 1993, the Verkhovna Rada Resolution «On the Main Areas Directions of Ukraine's Foreign Policy» prioritised cooperation with Western European countries as a basis for the future integration of Ukraine's economy into the pan-European economic space. The European vector was consolidated in 1998 with the Presidential Decree «On the Strategy of Integration of Ukraine into the European Union», which clearly mentioned Ukraine's future membership in the Union. Obviously, Ukrainians' natural and quite understandable desire to feel part of the European community had to be backed by practical actions leading to the improvement of country's socio-economic development. Instead, failures on the way of reforms served as an argument in favour of restoring the former «brotherly economic complex» and revising the pro-European vector.

It is worth recalling that early in independence Ukraine looked quite decent in the international coordinate system. According to the Human Development Index, Ukraine ranked 48th globally, being not inferior to its neighbouring emerging economies in many respects (Table *Human Development Index of selected countries*). However, further uncertainty in the priorities and areas of growth and development policy, as well as the lack of consistency in reforms have significantly hampered Ukraine's socio-economic development.

HUMAN DEVELOPMENT INDEX OF SELECTED COUNTRIES			
	1990		2019
	Rank	GDP per capita, \$ PPP*	Rank
Latvia	35	6 457	37
Lithuania	29	4 913	34
Poland	45	4 237	35
Turkey	73	4 652	54
Ukraine	48	5 433	74

* PPP – purchasing power parity.



All this did not allow Ukrainian society to quickly and effectively use its potential – a relatively high intellectual and cultural level, excellent natural and climatic conditions, the age-long desire of the Ukrainian people to establish themselves as an independent state. Although Ukraine tried to legislate the directions of transformations in various spheres, the practical realisation of mere transition to a market economy was controversial and therefore unproductive.

Steps to stabilisation. In the first years of independence, Ukraine tried to balance between the economic «traditions» of the past and new requirements and needs. Therefore, it is difficult to estimate the scale of losses in those days. For example, the annual (December-December) inflation in 1993 exceeded 10,000%, making any quantitative economic indicators unrealistic and only allowing indicative estimates, which made sense only for official statistical needs and did not reflect the real situation in the economy. Despite the deep economic downfall accompanied by significant frustration in society, domestic and international experts have been persistently searching for stabilisation methods and measures.

The initiation of a stabilisation policy, and hence the creation of preconditions for sustainable positive economic dynamics in Ukraine was largely associated with the support by the most influential international financial institutions (IFIs). Less than a year into independence, Ukraine became a member of the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation and others. Although the attitude to the role of IFIs in Ukraine has been and still remains rather sceptical, one cannot deny that it was international financial organisations that helped Ukraine introduce the first stabilisation programmes, receive resources for foreign exchange reserves of the newly established National Bank (1991), and establish institutions inherent in market economic environments, such as the Antimonopoly Committee (1993), the Accounting Chamber (1996) and others.

The monetary reform was a landmark event that also became possible thanks to IFIs, governments and central banks of leading developed countries – the United States, Canada, the United Kingdom,

Japan and others. In September 1996, the national currency of Ukraine, *the hryvnia*, was put into circulation.

It should be acknowledged, however, that Ukraine failed to effectively use the IFI assistance. The convincing positive experience of the Baltic States, which at the time of withdrawal from the Soviet Union were not much different from Ukraine in terms of potential for growth and development, and which also implemented stabilisation programmes with IFI assistance, was not properly applied in Ukraine (*Box Stabilisation in Latvia and Lithuania in the early 1990s*), and therefore could not provide the country with additional ways of finding rational development solutions.

STABILISATION IN LATVIA AND LITHUANIA IN THE EARLY 1990s

The first half of the 1990s was very challenging for the Baltic States and the rest of the post-Soviet space, as it was accompanied by significant losses in both production potential (which actually halved) and people's wellbeing. To address the crisis, governments introduced different variants of the so-called shock therapy, which meant the accelerated development of entrepreneurial initiative, the introduction of strict budgetary discipline, the strengthening of the national currency, the refusal to subsidize inefficient or loss-making enterprises.

Active anti-inflationary policy became the basis of macroeconomic stabilisation in the Baltic States, and most socio-economic goals were made dependent on the achievement of inflation targets, while the task of supporting employment (or preventing high unemployment) was not decisive. Instead, the focus was on decent pay and growth as incentives for productive initiative. Although Latvia and Lithuania could reduce inflation to single-digit rates only by 1997, the clarity and transparency of the implemented policy led to a rapid transition from economic collapse to positive macroeconomic dynamics (Table *Real GDP growth in the first years of Independence*).

REAL GDP GROWTH IN THE FIRST YEARS OF INDEPENDENCE, % to the previous year

	1990	1991	1992	1993	1994	1995	1996
Latvia	-2.3	-11.1	-35.2	-14.8	2.0	0.4	2.4
Lithuania	-5.0	-13.4	0	-18.4	1.0	3.5	5.1
Ukraine	-3.6	-11.9	-17	-13.0	-21.8	-12.2	-10.0



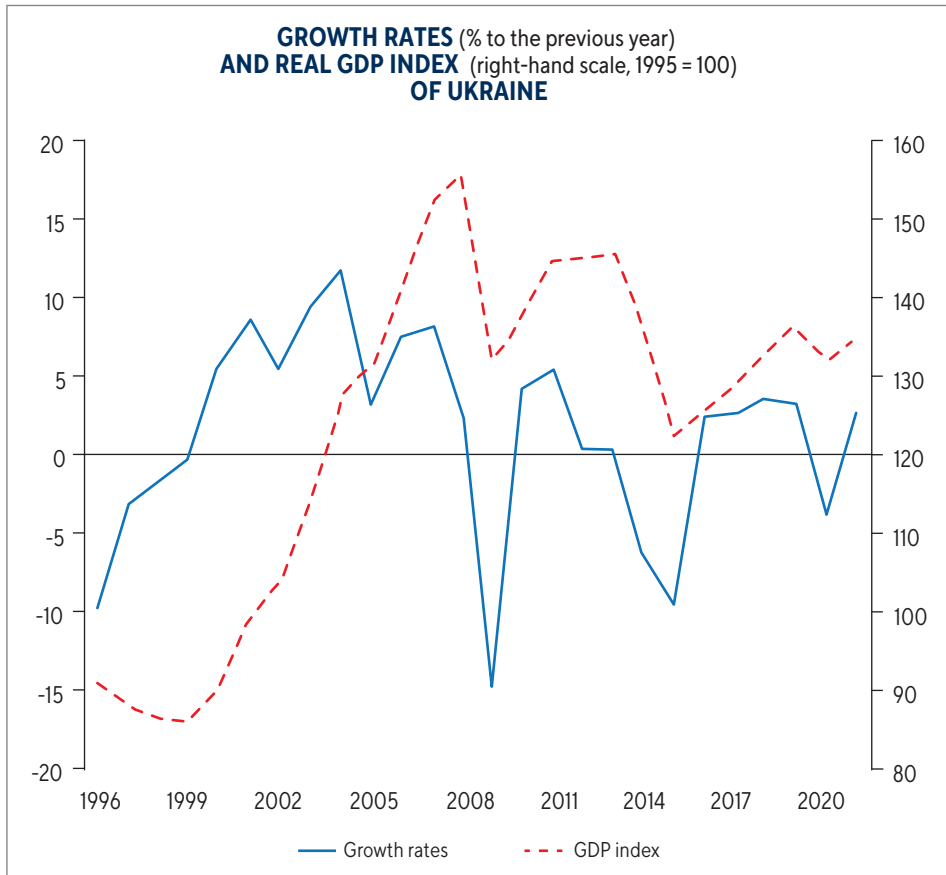
Despite the continuing economic downturn with high inflation and devaluation, by the mid-1990s Ukraine managed to lay the foundations for socio-economic transformation. The report of the President of Ukraine Leonid Kuchma «By way of radical economic reforms. On the basic principles of economic and social policy», as well as the presidential Economic Report for 1994, had an exceptional significance for stabilisation and introduction of the development policy.

These documents formulated key elements of the anti-crisis programme, including implementation of fundamental measures for economic liberalisation, development of new forms of management and acceleration of privatisation, greater transparency and liberalisation of tax policy, intensification of investment process, consistent agrarian reform, regulation of energy sector and prioritisation of the social sphere in economic policy. Although the goals and objectives were formulated rationally (which, in fact, was a great success for that time), they were still far from being properly implemented.

Economic waves: ups and downs

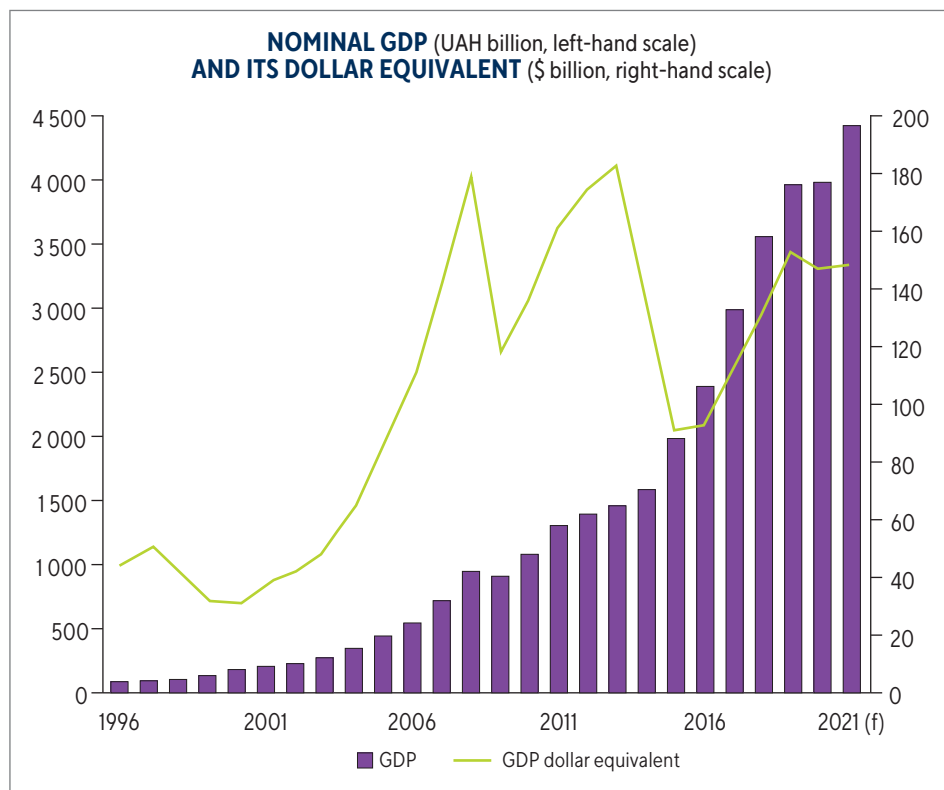
In general, the dynamics of Ukraine's economic situation for 30 years of independence was clearly cyclical (Chart *Growth rates and real GDP index of Ukraine*, p.61). This largely conforms the fact that the formation of market and non-market institutions in Ukraine turned out to be much more complicated and lengthier than initially projected.

New institutional foundations and the acquisition of some theoretical knowledge about the market economy along with the practical and often spontaneous realisation of business ideas contributed to mitigation of the crisis at the end of the first five years of independence. However, despite signs of weakening negative dynamics, the second five-year period (1996-1999) was still difficult and controversial for the country. Since price and currency stabilisation after the introduction of the hryvnia in August 1996 and up until the Asian crisis of August 1998, Ukraine could not intensify budgetary and structural reforms, ending up on the brink of financial crisis at the end of 1998. Luckily, the economic losses from the Asian and then the Russian crisis were not very critical for Ukraine, which managed to localise the negative components, especially in the



foreign economic environment. At that time, this could be seen as a sign of the correctness of the chosen path and the expected further positive changes.

Indeed, starting from 2000, Ukraine initiated a fairly stable first wave of economic growth that lasted until the global financial crisis of 2008–2009. However, the period from 2000 to 2007 demonstrated the potential and opportunities for accelerating the recovery, improving the business climate, reducing unemployment, increasing incomes and corporate profits and maintaining consistent access to foreign markets. The average annual GDP growth during that period was 7.5% (a total increase of 80%) (Chart *Nominal GDP and its dollar equivalent*, p.62).



Although such economic dynamics were mainly due to high external demand, it was, *first*, a source of resources for the upturn of most sectors and industries, and *second*, it became a reliable basis for a new social policy that resulted in significant achievements and improvements in the quality of life.

Rapid positive economic changes have reaffirmed the correctness of a chosen path of the country's development. During this period, Ukraine consolidated its strategic focus on Europe. In April 2002, the President made an extraordinary address «European choice. Conceptual basis of the strategy of economic and social development of Ukraine for 2002-2011» that outlined the pro-European strategy of Ukraine's development. Despite various difficulties and contradictions,



the Strategy began to materialise, and even the political crisis during the 2004 presidential election did not disrupt but even reinforced the strategic European directions and prospects.

However, further implementation of reforms was hampered by the global financial crisis of 2008-2009. By that time, Ukraine was sufficiently integrated into international trade, participating in global investment and capital flows. Under such conditions, emerging economies have become extremely sensitive to external distress. Weakening external demand and problems with entering competitive environments in 2008-2009, coupled with turmoil in financial markets and a significant devaluation of the hryvnia resulted in a significant decline in GDP in real and dollar terms. And although Ukraine again showed high growth rates in the following years, it was still making up for the crisis losses (Ukraine's GDP in dollar terms reached the level of 2007-2008 only in 2012-2013).

Meanwhile, it should be recognised that the country has failed to make consistent progress in building the socio-economic environment, leaving it vulnerable to internal and external shocks that obstructed or even prevented positive plans. The main factor in the weakness of transformations was the low capacity of government institutions to formulate strategic principles and implement them in the complex and contradictory conditions of global development. However, a review of the economic dynamics of the last seven years will be incomplete without consideration of losses caused by the Russian aggression in 2014, which continues today, and which Ukraine will feel for decades to come.

Crisis break of 2014. Today, it is safe to say that Ukraine suffered its strongest economic shock and the ensuing deep decline in 2014, with the onset of the Russian armed aggression, which continues today, albeit on a smaller scale. The country lost significant humanitarian and economic potential as a result of human losses and severed economic and social ties. Therefore, the analysis of the country's economic development in the last seven years needs to take into account at least the direct losses caused by aggression.



In particular, direct losses in the production of GRP in Donetsk region and thus in Ukraine as a whole in 2017-2018 can be estimated at UAH 200-250 billion annually (Box *Comparative losses of Donetsk region...*).

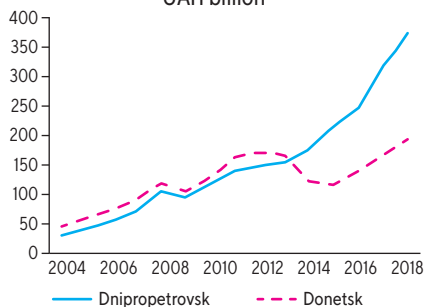
COMPARATIVE LOSSES OF DONETSK REGION FROM THE RUSSIAN AGGRESSION

To illustrate the losses of the Donetsk oblast from the Russian occupation, it is expedient to compare it with the neighbouring Dnipropetrovsk oblast, which was never occupied.

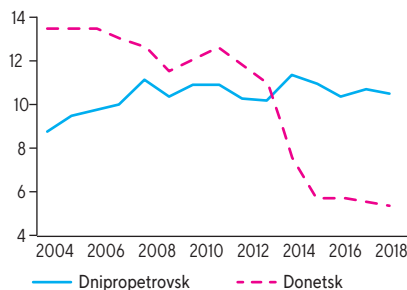
Until 2013, gross regional product (GRP) of Donetsk oblast slightly exceeded that of Dnipropetrovsk oblast (Chart *Gross regional product of Donetsk and Dnipropetrovsk oblasts*), with the share of Donetsk GRP reaching 11-13% of Ukraine's GDP (Dnipropetrovsk – 9-11%) (Chart *Share of gross regional product of Donetsk and Dnipropetrovsk oblasts in GDP*). Russian aggression in Donbas created a shock due to the loss of territory and production potential, disruption of infrastructure and links both within the region and with neighbouring oblasts.

After the initial relative economic «equality» of the two regions, Donetsk oblast GRP is now half of that of Dnipropetrovsk oblast, which maintains economic dynamics commensurate with national indicators. Moreover, Dnipropetrovsk oblast consolidated its leadership among the country's regions, including as a result of the movement of people and capital from the occupied territories to the regions with strong pro-Ukrainian positions.

**GROSS REGIONAL PRODUCT
OF DONETSK AND
DNIPROPETROVSK OBLASTS,**
UAH billion

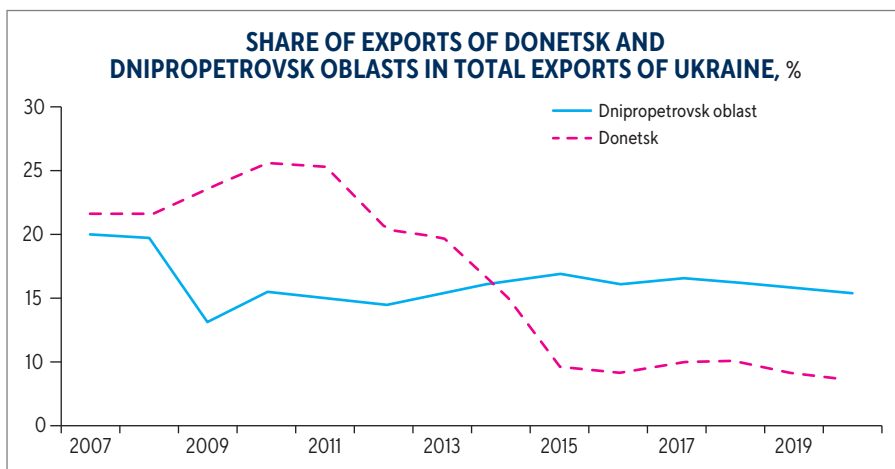


**SHARE OF GROSS REGIONAL
PRODUCT OF DONETSK AND
DNIPROPETROVSK OBLASTS IN GDP,**
% of Ukraine GDP





The aggression caused even greater losses for the export of goods. For a decade prior to 2014, share of exports of Donetsk region in Ukraine's total exports made 20-25%, being of fundamental importance both for strengthening the country's foreign trade potential (filling international reserves as well) and improving the macroeconomic environment in general. After 2015, this share does not exceed 7-8% (Charts *Exports of goods of Ukraine and Donetsk oblast*, *Share of exports of Donetsk and Dnipropetrovsk oblasts in total exports of Ukraine*).





As one can hardly expect a rapid resolution of the Russia-Ukraine conflict, restoration of the territorial integrity of Ukraine and revival of the occupied regions, it is appropriate to measure the level of economic dynamics against the current potential of the country.

Countering the coronavirus attack. Ukraine could barely adapt to the losses caused by Russian aggression, when it was hit hard again by other global factors. The coronavirus crisis that engulfed the entire planet in 2020 revealed the countries' weakness and unwillingness to address global challenges in a coordinated manner. Ukraine once again sustained a socio-economic shock not only because of global distresses but also due to the weakness of national governance.

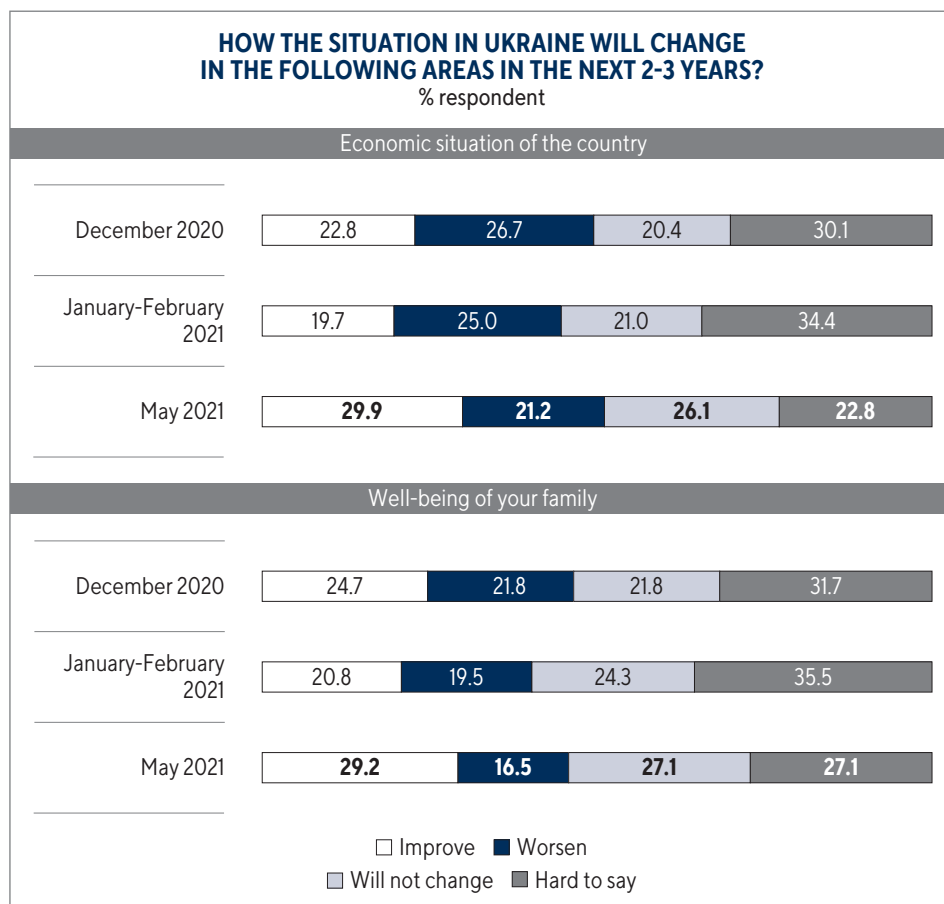
The country's entry into the coronavirus crisis was by no means catastrophic, and although the government response was inconsistent and contradictory, Ukraine managed to avoid the first shock, demonstrating much better rates of decline than many successful European countries (*Chart Real GDP growth in selected European countries*). Meanwhile, the Ukrainian authorities, having announced rather strict quarantine measures in a timely manner, lacked proper tools to preserve wages and incomes and to support businesses.

As expected, current and projected economic dynamics are related to morbidity levels. And even in this context, Ukraine's prospects of overcoming the crisis results of 2020 look quite encouraging.

REAL GDP GROWTH IN SELECTED EUROPEAN COUNTRIES*, % to the previous year						
	UK	Germany	France	Poland	Hungary	Ukraine
2020	-9.9	-4.9	-8.2	-2.7	-5.0	-4.2
2021	5.3	3.6	5.8	3.5	3.5	4.0

* IMF data may vary slightly from the national statistics indicators.

Moderate positive expectations are also confirmed by the growing optimism in citizens' sentiment in the findings of the Razumkov Centre's sociological surveys, including assessments of overcoming the coronavirus crisis (Chart *How the situation in Ukraine will change in the following areas in the next 2-3 years?*).



The coronavirus crisis has once again underlined the Ukrainian society's readiness and ability to overcome economic woes. Moreover, Ukraine confirmed its internal potential for improving economic dynamics and finally initiating long-term positive trends.



Ukrainian economy: dimensions of change

During independence, Ukraine has become increasingly integrated into the global economy, stepping up the formation of renewed world economic ties. «Internal» economic waves in combination with competitive changes and transformations of the international economic environment also produced changes in the country's structure of value added (GDP).

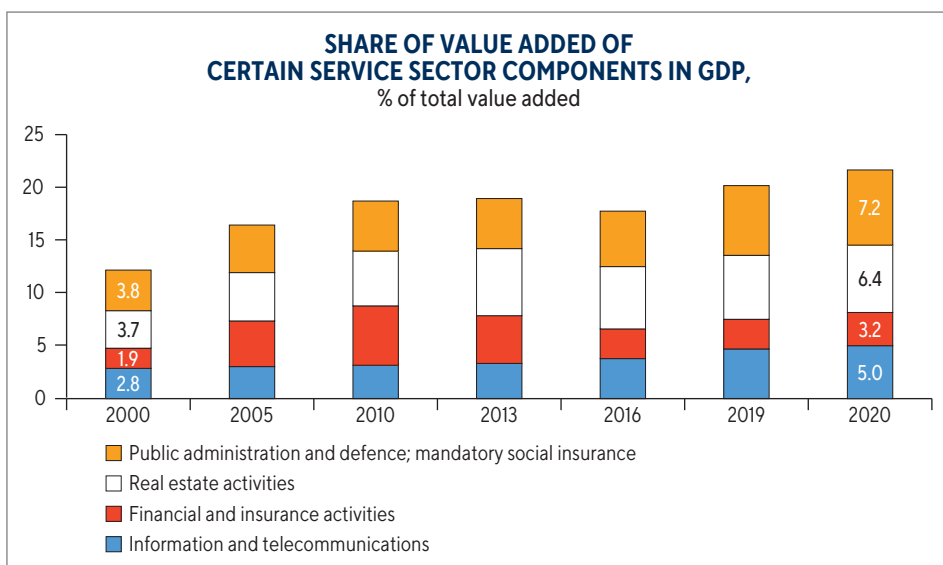
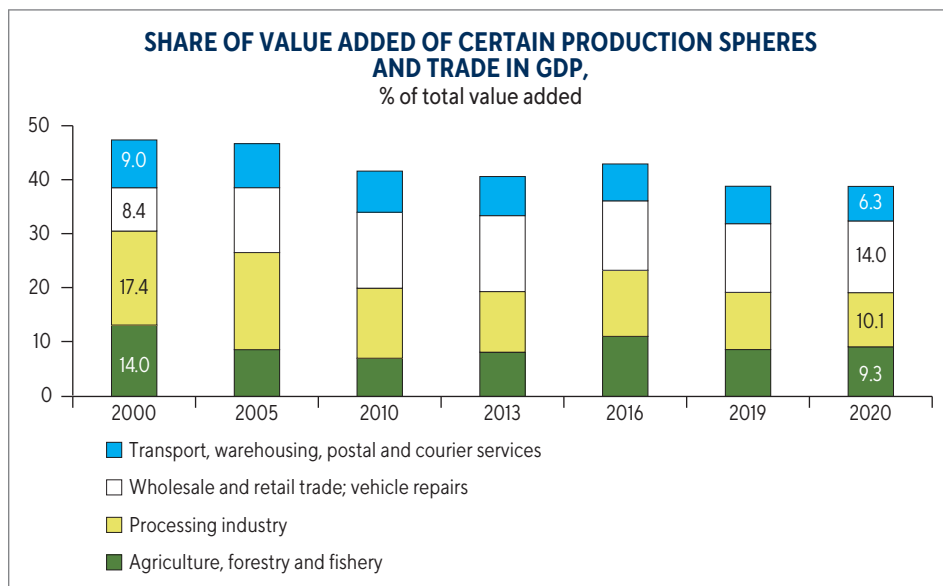
Sectoral changes. As already mentioned, Ukraine inherited quite a distorted production structure with the dominance of energy- and resource-inefficient industries. In particular, Ukraine had a mammoth mining and metallurgical complex (MMC) that remained the country's «business card» for a long time, consuming enormous resources.

Although this structure increasingly burdened Ukraine's competitive renewal, MMC still created significant volumes of metallurgical industry production in the 1990s and 2000s, increasing Ukraine's exports. This allowed to maintain high dynamics of nominal and real GDP up until 2008 and replenished the country's foreign exchange resources from the sale of metallurgical goods in international markets. However, the global financial crisis of 2008-2009 significantly affected the structure of global demand and thus the structure of value added. In particular, the demand for Ukrainian industrial goods has dropped, including due to their high energy and capital intensity, while their quality fell short of the requirements of competitive markets. This obviously affected the overall structure of the domestic economy.

As a result, Ukraine saw a notable reduction of the volume of production sectors (*Chart Share of value added of certain production spheres and trade in GDP*, p.69). Instead, the service sector,



especially financial, insurance and professional services, increasingly expanded the scope of the activities (Chart *Share of value added of certain service sector components in GDP*).

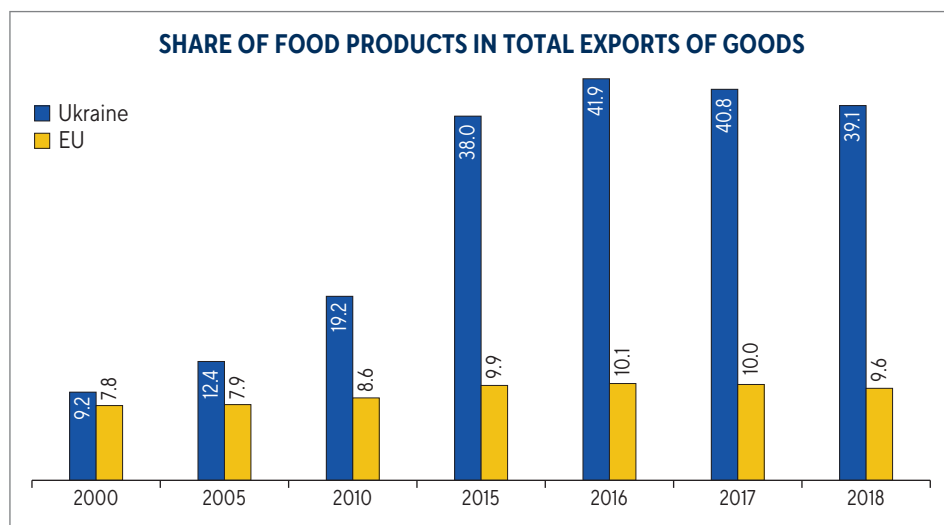




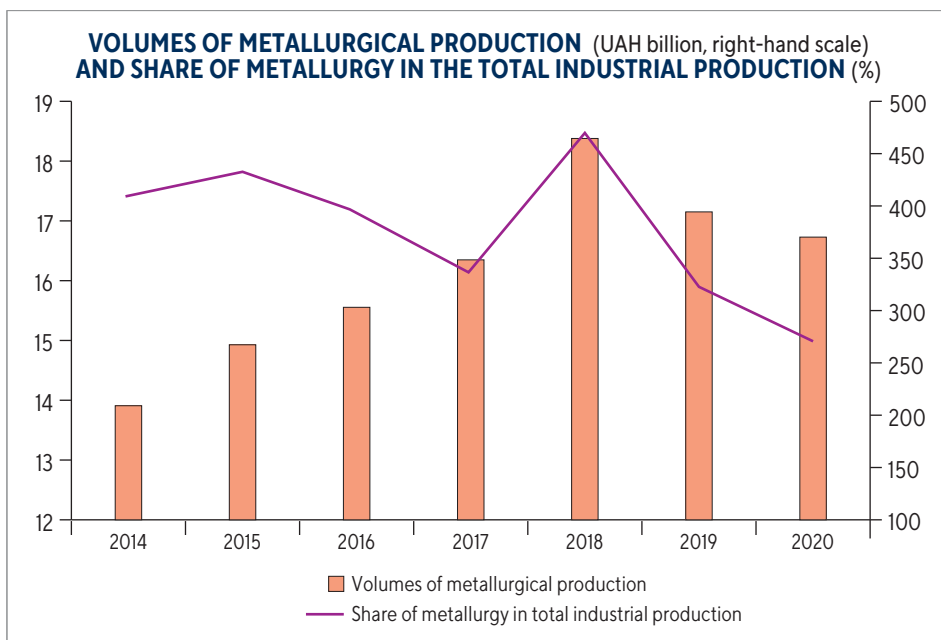
Thus, the share of value added generated in industry over 20 years (including the Donbas losses) has fallen by more than 7 percentage points, from 17.4% to 10.1% of total value added. At the same time, the share generated in information and telecommunications has almost doubled, which is a positive sign in the digital age.

In general, during the 30 years of independence, Ukraine fit well in the global post-industrialisation trend, ensuring the forward-looking development of the services sector. Its share in the country's GDP in 1990-2019 almost doubled, from 28.5% to 54.4%. However, this extensive process of changing structural proportions was largely due to a significant shrinking of the industrial sector, from almost 42.6% of GDP (54.5% in 1991) to 22.6%, which was the outcome of many industries' loss of competitiveness in an open economy.

It should be reminded the main success criterion of economic transformations is the ability to use relative advantages in world markets. In this context, Ukraine's agricultural and food production sectors demonstrate particularly good results, winning niches in world trade. In particular, the share of food products in Ukrainian exports increased from 9.2% in 2000 to 39.1% in 2018 (and even 41.9% in 2016), that is, more than quadrupled in little less than 20 years (Chart *Share of food products in total exports of goods*).



Note that changes in supply and demand after the global financial crisis of 2008-2009 have also accelerated the change in domestic production in sectors that until recently played a leading role in the Ukrainian economy. First of all, it concerns MMC, which, despite territorial and production losses due to Russian aggression, has recovered rapidly on new competitive bases and continued to show fairly stable results, although its significance for the entire economic environment has notably dropped (Chart *Volumes of metallurgical production...*).



Today, Ukraine faces a new challenge generated by significant structural changes due to COVID-19 influences around the world. The further development of Ukrainian industry will largely depend on rationality and quality of fundamental development documents determining the strategic course, tools and mechanisms for implementing state industrial policy. First of all, it concerns the Strategy for the industrial complex development until 2025 and the Strategy for the development of high-tech industries until 2025.



Changes in ownership. As noted, the dominance of large state-owned inefficient and uncompetitive enterprises was one of the biggest problems inherited by the Ukrainian economy. Meanwhile, **slow corporatisation of SOEs**, that is, their transition to market relations, **was another serious barrier for reforms in Ukraine.** Therefore, privatisation of a large array of SOEs was viewed as one of key tools meant to deprive the state of a monopoly in the manufacturing sector and accelerate the development of the institution of private ownership.

In 1991, Ukraine had 45,000 small and 18,000 large and medium-sized SOEs. Only 2.9% of the total workforce was employed in the private sector, and 94% of Ukrainian labourers worked in the public sector. The estimated value of property subject to privatisation was hundreds of billions of dollars.

Privatisation in Ukraine officially started almost immediately after the declaration of independence – on 31 October 1991, with the adoption of the Concept of de-nationalisation and privatisation of enterprises, land and residential housing. The concept declared the right of every Ukrainian citizen to a part of state property, as well as free and paid ways of its privatisation. However, the development of privatisation models in 1992-1994 was mainly done by forces that were directly involved in covert redistribution of property in the late 1980s. This delayed real privatisation for decades, while the lack of transparency and widespread abuse in applying the mechanisms of distribution of preferred shares and voucher privatisation left Ukrainians with an idea of unfair privatisation in general.





In the last decade, Ukraine did not achieve significant institutional and economic progress in privatisation. For example, the state budget never received the expected returns from privatisation over this period. However, one should remember that the significance of privatisation is not so much in filling the budget as in creating the institution of an effective private owner. Therefore, successful privatisation processes and increased investment, including with the access of foreign investors, enhance each other's effectiveness. In turn, companies with foreign investment are usually better integrated into international networks, have stronger technological support and higher qualification of employees, which ensures their technological advantage.

Despite the general missteps and losses of the privatisation process, Ukraine still manages, albeit slowly, to advance civilised and transparent rules of the game, and thus achieve some positive results. For example, in October 2005, *Kryvorizhstal*, Ukraine's largest metallurgical plant was resold to *Mittal Steel* for a record \$4.8 billion – six times its initial sale. So far, this case remains the most successful. Since August 2018, small-scale privatisation is carried out through the public electronic trading system *Prozorro.Sale*. This is another successful example, both in terms of transparency and efficiency. During the first year of operation, the system hosted 1,142 auctions, with the state and local budgets receiving UAH 570 million and 910 million, respectively.

Land issues also deserve special attention, especially private ownership and sales of agricultural land, which are very likely to play a decisive role in Ukraine's economy in the future. It should be noted that particular focus on agricultural sector is largely due to its concentration of large labour resources, while the industry itself is ready for investment expansion, which in the medium term can contribute to a significant increase in production and exports, also raising wages and income of rural residents and boosting the overall development of rural areas.

The development of new mechanisms in agricultural sector could not avoid complications. State and collective farms, founded during the Stalin's totalitarian regime, could not meet the basic needs of the



state and fill the domestic market with agricultural products. Private farms began to increasingly appear in Ukraine in 1991-1993 as an alternative to the state-run agricultural sector, largely owing to the Law on Peasant (Farming) Economy that determined basic principles of farming business.

It is necessary to explain that in the early 1990s, most of the agricultural land in Ukraine belonged to the former state and collective farms, later renamed into «collective agricultural enterprises». In March 1991, the first Ukrainian Land Code entered into force; as a condition for adopting this document with the provisions on private land ownership, left-wing political forces demanded a six-year moratorium. This was reflected in the new version of the Land Code of March 1992.

The Presidential Decree of 8 August 1995 introduced a programme of gradual reform of the collective agricultural enterprises by distributing land shares to their current and former members. As a result, millions of new owners received title certificates for specific land plots. Acts of purchase and sale of these plots were initiated in 2000, and although the volume of trade was insignificant, the government introduced the so-called temporary moratorium already in 2001, initially, for one year. Later, it has been repeatedly extended.

Finally, on the night of 30-31 March 2020, at the height of quarantine, the Verkhovna Rada passed a law introducing a land market. Although numerous good amendments were made to the adopted version of the law regulating the civilised direction of land market development, this part of agrarian reform still faces a strong opposition by the vast majority of rural residents on the one hand, and cannot be properly implemented on the other, due to lack of competent practice, agricultural infrastructure, and the like. It is also questionable that lifting of the moratorium will add incentives for the development of agricultural sectors and generate the inflow of investment, including foreign. Nonetheless, if the state pursues a balanced and rational policy of support and assistance in key economic area — the agricultural sector, this will drive further growth and development of the entire national economy.

Another area of accelerating transformations in ownership is the use of **public-private partnership mechanisms**. This primarily concerns concessions allowing the state or local communities to sell the right to create, build and manage various facilities (usually infrastructure) to a private investor for a specified period or with subsequent full redemption. The concession decisions concern, above all, motorways and seaports, as their development and improvement can really become a «break-through» for economic growth. So far, only one concession agreement has been concluded in Ukraine, but the fact of this first «shift» should be welcomed.

Ukraine in Foreign Markets

Year by year, Ukraine is gaining ground in the world economy as a reliable and growing trading partner. Ukraine was traditionally viewed as a producer and exporter of energy- and resource-intensive goods with mostly low added value, in industries with significant dependence on external conditions. However, the country's competitive position is now showing notable improvement. The loss of export capacities due to the Russian aggression was quickly offset by access to new and even more attractive markets. Idleness in receiving external price and competitive signals is consistently replaced by the country's active participation in world stock markets. Also, the situation in the trade in services shows positive trends and significant potential.

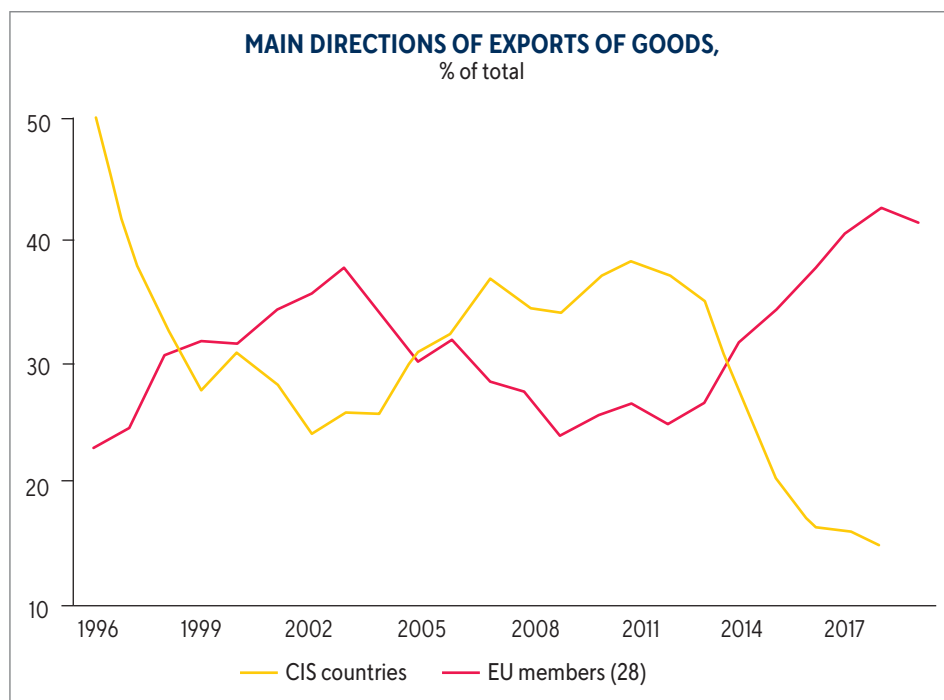
Since foreign economic positions and the competitiveness of the national economy are largely determined by the **volume and structure of exports** of both goods and services, today there are grounds to believe that Ukraine has finally learned to conquer competitive niches.

Push for integration. Ukraine's belonging in the «single economic complex» of the Soviet Union meant long-term losses for the country from the first years of independence. The proclaimed and politically supported «indivisibility» of Ukraine's economic and trade ties with Russia resulted, among other things, in the subordination of the national economy to the demands and needs of the northern neighbour and manifested itself in maintaining a significant trade deficit.



Five-year period after the global crisis of 2008-2009 with its intensive reconsideration of competitive positions in the international economy became a turning point for understanding the most promising directions of Ukraine's foreign trade. During this period, Ukraine found itself at a crossroads between the EU and the CIS, and many «experts» presented numerous «arguments» and «scenarios», according to which any weakening (let alone the severance) of ties with the CIS in general and Russia in particular will destroy the Ukrainian economy. However, history has shown the opposite.

After 2014, there was a radical change in foreign economic priorities and trade partners, as **Ukraine quickly reoriented towards Europe** (Chart *Main directions of exports of goods*).



Severing the dependence and getting off the Russian «gas needle» helped Ukraine establish more open and clear rules of the game and improve conditions for entering European markets. And the unconditional



choice of the European vector has significantly accelerated the reorientation of domestic goods flows to the West at a rate that few expected.

Introduction of a free trade area (FTA) between Ukraine and the EU did not suppress Ukrainian production. Quite the contrary, the focus on European markets has helped Ukraine to stabilise domestic production and the external sector, contributing to the accelerated transformation of export capacity. Already in 2019, exports to the EU-28 amounted to \$20.8 billion – a 24% increase from 2013, the last year before the aggression, when there was no FTA, and this is taking into account the export losses caused by Russian aggression. The share of exports to EU countries in total exports of Ukrainian goods increased from 26.5% in 2013 to 41.5% in 2019.

It is true that Ukraine's exports to the EU are still dominated by agricultural raw materials, iron ore and concentrates, certain types of food products. Exports of engineering products and products with high added value, as well as the entry of Ukrainian companies into European value chains are still sporadic and have not yet become a new quality of the country's export structure. However, it is important that Ukrainian exporters in certain industries are gaining a foothold in European markets, paving the way for entry into other trade niches.

Ukraine's attempts to create a strong institutional basis for integration economic processes are other positive components of further growth and development. In 2020, there have been some progress in concluding the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) – the so-called **«industrial visa-free regime»** that should increase the competitiveness of Ukrainian industrial exports. At the same time, Ukraine and the EU reached an agreement on **updating the Association Agreement**. In particular, it is about mutual easing (or even abolition for Ukraine) of quotas for tariff-free trade – a win-win solution for all, and especially for Ukraine. Despite some contradictions, such as the issue of «localisation» of domestic industry, the development of appropriate mechanisms is still underway, with first positive results expected already in 2022.



In this context, **Political, Free Trade and Strategic Partnership Agreement between the United Kingdom of Great Britain and Northern Ireland and Ukraine**, signed in October 2020, can be an additional argument and incentive for Ukraine's integration acceleration. Its significance for Ukraine lies not only in confirming its partner status in the «free trade» regime with European countries, but also in gaining access to one of the most absorbing markets for agricultural products produced by Ukraine. Moreover, access to the UK consumer markets for domestic producers and exporters will be almost the same as to the EU markets, as said Agreement builds on the provisions of the earlier EU-Ukraine Association Agreement. This basically resolves the contradictions that could arise from Brexit in terms of EU-Ukraine and UK-Ukraine trade regimes.

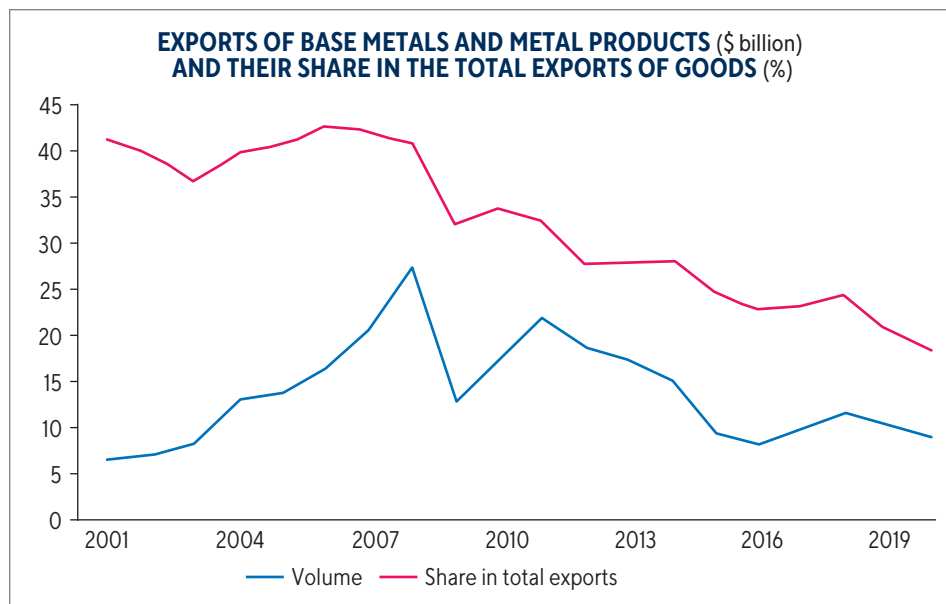
Institutional strengthening will be an important enabler for improving domestic infrastructure and integrating it into trans-European networks — as both transport corridors and logistics hubs. At the end of December 2020, the government approved an updated Seaport Development Strategy. If the strategy implementation helps increase cargo handling, improve the efficiency of transshipment facilities and raise the quality of services, it will significantly strengthen Ukraine's European maritime position, especially in the Black Sea region, which is also vital for security.

Speaking of Ukraine's push for integration, one should admit that although the European vector is unconditional and preferential, it is certainly not the only one. In particular, Southeast Asia (primarily the ASEAN countries) looks very promising, so it is critical for Ukraine to gain the most favourable access to the emerging markets of this dynamically developing region.

Changes in key export areas. Ukraine's export potential still has a narrow range. In fact, there are two major groups making the lion's share of total exports of goods — base metals (products of the mining and metallurgical industry) and agricultural and food industry products.

If in the early 2000s, the export of metals dominated Ukraine's exports, exceeding 40% of total exports, then over time this share fell

below 20% (Chart *Exports of base metals and metal products...*), which is partially due to Russian aggression and the seizure of «traditional» metallurgical facilities in Donbas.



Unfortunately, Ukraine so far could not improve export capacity in other industrially important export groups. The share of machinery and equipment, which were viewed as the country's potential early in the transformation, is stable at 9–11% of total exports of goods, and currently there are no visible opportunities for greater use of Ukraine's industrial potential. The dynamics of Ukrainian supply of high-tech goods, which include products of the aerospace, pharmaceutical and electrical industries, manufacturing of computer systems and scientific instruments, remains unclear. Their share in 2018 was only 5.6% (8.7% in 2015), while their average in EU countries in 2018 and 2019 was 15.5% and 16.2%, respectively.

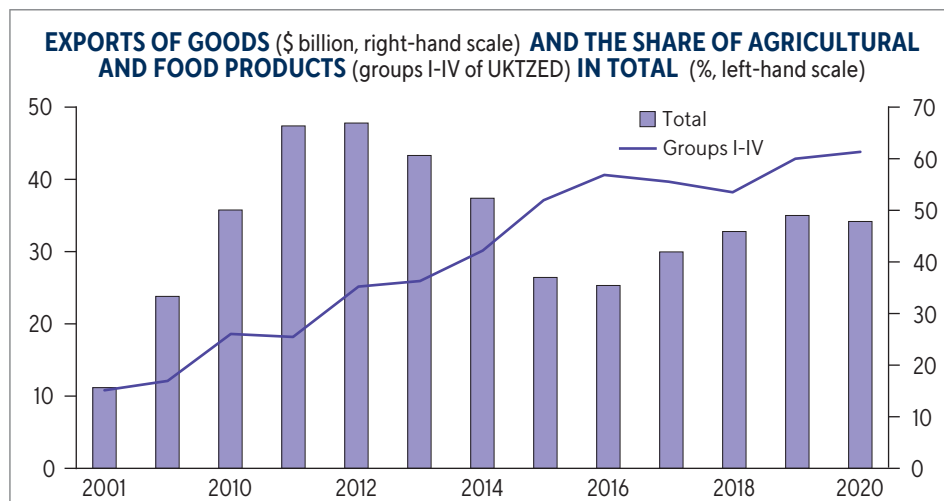
The positive prospects for the industrial sector and its entry into international markets are associated with the elaboration and introduction of strategies for the development of the industrial complex



and high-tech industries to be incorporated into the «green», «digital» and other priorities of the EU's **technological sovereignty and strategic autonomy**.

Another strategically important group of export goods concerns agricultural and food industries. In general, the share of agricultural and food products (product groups I-IV according to the UKTZED classification) in the structure of Ukrainian exports of goods shows a clear upward trend (Chart *Exports of goods and the share of agricultural and food products in total*). If in the early 2000s, this share was barely above 10% of total exports of goods, then in 2016-2019 it already reached 41-44%.

Strengthening of Ukraine's international position in such key economic areas as the production of agricultural and food products gives reasons to expect stability of the country's foreign trade positions. The fact is that increasing global demand for food, including of organic origin, is already a stable trend, which is expected to grow from year to year. Ukraine already has relative competitive advantages, being one of the world's top exporters of grain, including wheat (Table *Some of the world's largest exporters of wheat*, p.81), accounting for 8-10% of global supplies. Of course, Ukraine's competitive position should not be limited to these industries, but these areas of economic activity should not be underestimated.



SOME OF THE WORLD'S LARGEST EXPORTERS OF WHEAT, July-June of the marketing year, million tons					
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021. Q1
Australia	22.1	15.5	9.8	10.1	18.0
The EU	27.4	23.4	23.3	38.4	27.0
Canada	20.3	22.0	24.5	23.5	26.5
The United States	29.3	23.2	26.1	26.3	27.0
Ukraine	18.1	17.8	16.0	21.0	17.5
Total	182.6	184.3	175.5	191.3	193.1

There are reasons to believe that Ukraine is able to stay in this group of countries and thus participate in the formation of world prices in certain stock markets. However, it should be borne in mind that focus on quality, environmental friendliness and food safety is increasingly becoming a global trend. Therefore, Ukraine will have to quickly reorient towards the updated world standards in the near future.

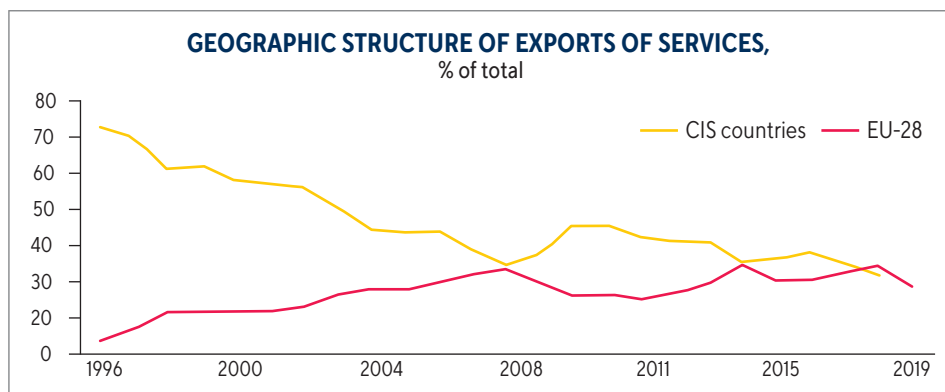
Exports of services. Just like goods, the structure of exports of services from Ukraine has undergone significant changes. In general, exports of services have been growing rapidly, from \$4-5 billion in the late 1990s to \$12-14 billion in 2010-2013; after some decrease in the years of Russian aggression and occupation of parts of Ukrainian territory, exports returned to steady levels of \$12-15 billion in 2018-2019.

At the same time, there was a significant reorientation of exports from East to West. If in the early 2000s, the EU accounted for about 20% of total exports of services, and the CIS countries – for more than 60%, largely due to the transit of Russian gas, then in 2018-2019 these shares equalised at 30% (Chart *Geographical structure of exports of services*, p.82).

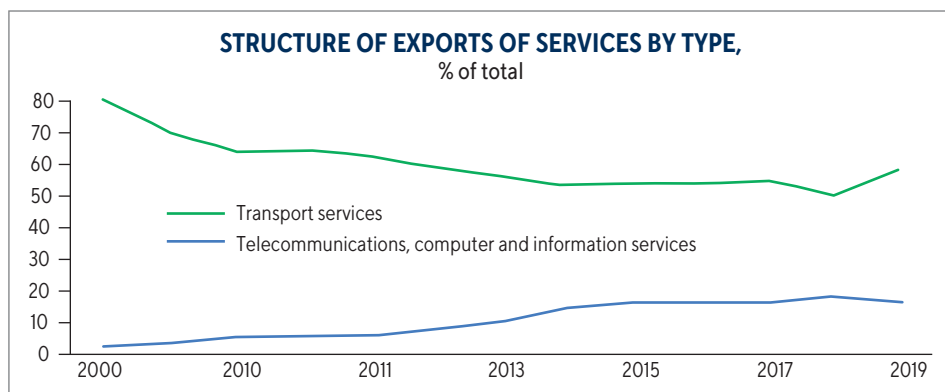
The **geography of Ukraine's services is also expanding**, with consistent, albeit slow, growth of exports to North America and Asia. In view of the economic power of these regions, there are reasons to expect



further capturing of «niches» for Ukrainian exports, which will not be easy, given the high competition of national and international corporations in the regions.



Positive changes also occur in the structure of types of services. The largest share of exports (60-70% of the total volume) still belongs to transport services, primarily pipeline, which is associated with the ongoing transit of oil and gas to EU countries. However, the share of other types, including modern technological services, is growing consistently. This primarily concerns telecommunications services, which increased from 3-5% in the early 2000s to 16-18% in 2018-2019 (Chart *Structure of exports of services by type*). Exports of computer services grew even faster, from less than 1% to 12-14% in the respective periods.



The accelerated advancement of high-tech computer, information and communication services in the second half of the 30-year period of independence allows Ukraine to fit well into the existing global and European development trends. In particular, the share of information and communication services in the export of services in 1995-2017 increased in Ukraine from 6% to 19.4%, while its growth over the same period ranged from 3.1% to 10.4% in the world, and from 2.7% to 12.7% in EU countries. In other words, Ukraine has become one of the leading exporters of ICT services in Europe, although it lags far behind the leading Ireland.

The distribution of services within certain types is also changing. The share of pipeline transport services makes about a quarter of total exports of services in recent years. At the same time, the share of air transport services stays firmly at 10%. This is a positive trend, given the likelihood of a significant revitalisation in exports of these services. In February 2021, Ukraine withdrew from CIS agreements on civil aviation and on use of airspace. Instead, there are reasons to expect the signing of the agreement on the European Common Aviation Area already in 2021, scaling up Ukraine's opportunities to provide aviation services not only in Europe but around the world as well.

Good prospects for services are also associated with renovation and integration of Ukraine's transport and logistics infrastructure into the Trans-European Transport Network (TEN-T), along with the implementation of relevant European standards and requirements. It should be noted that joining TEN-T is one of the preconditions for infrastructural European integration, which is viewed by the European Commission as an integral part of the EU transport and logistics system.

2021 could be the good year for Ukraine preparing for accession to the Common Transit system, which, combined with «industrial visa-free regime» and the development of transport infrastructure, would be an important stabilisation step for domestic industry and foreign trade expansion. If the **government is persistent enough** in implementing the already launched initiatives, Ukraine's entry into global infrastructure projects will become a reality in the near future, also strengthening the country's export capacity.



It should be noted that the potential for Ukraine's increased participation in information and communication services is rather high. This is confirmed by Ukraine jumping up 29 positions in the UN's 2020 e-participation index and now ranking 46th among 193 countries. At the same time, Ukraine moved up two spots to 45th place out of 131 countries in WIPO's Global Innovation Index. These successes should be consistently supported and acknowledged as an achievement of modern Ukrainian society.

Financial Sector

Contrary to many pessimistic forecasts, Ukraine's public finances have been relatively balanced, private finances continued to serve as a basis for wellbeing, while foreign debt positions have been quite stable over the last years. At the same time, one must acknowledge that transformations in public finance and the banking sector were rather contradictory.

Public finance. The situation in this sphere has been and remains a natural reflection of the country's economic condition. The periodicity of crises and inconsistencies in fiscal reform so far prevented Ukraine from creating a decent fiscal system in line with European models. Experts believe that excessive tax and administrative pressure is the main problem here that forces economic activity and income «into the shadows» and basically washes out potential tax resources that could be used effectively at the state level.

Note that the economic capacity of the state is largely determined by the volume and quality of use of resources that are redistributed through the budget and tax system. Countries with strong public institutions and transparent public finances can easily afford redistribution of significant amounts collected taxes, and taxpayers often agree with that. For emerging economies, which usually have weak systems of public administration, a significant «burden of the state» (aggregate revenues collected through the tax system) is often a brake on economic acceleration and development.

Frequent annual budget and tax adjustments remain typical for Ukraine. Meanwhile, during the 2000s, the share of resources redistributed

through the fiscal system tended to decrease, meaning the reduction in tax pressure, allowing businesses and households to keep larger share of income and therefore use it at their own discretion. Thus, despite the crisis caused by Russian aggression, the share of revenues to the consolidated budget has virtually stabilized at 38-40%, which is close to Poland – one of the most successful emerging Eastern European economies of the last decade.

There are reasons to believe that if the government is able to refrain from resuming the tax pressure and from increasing the share of tax deductions, including under populist slogans about better social protection, Ukraine's fiscal system may become one of key factors in sustainable economic recovery.

Recently introduced legislative transition to medium-term (three-year) budget planning is also expected to improve transparency and efficiency of both budget processes and budget decisions. If successful, it may become a «symbol» of the most important component of Ukraine's budget reform. Moreover, medium-term budgeting is one of key conditions for consistent approximation to EU norms and recommendations. Unfortunately, so far, Ukraine could not test this strategic approach to the renewed budget process for effectiveness and efficiency, because in early 2020, the government was forced to urgently develop an anti-crisis budget in response to the unfolding pandemic, which, obviously, did not fit into the three-year cycle. The same concerns 2021.

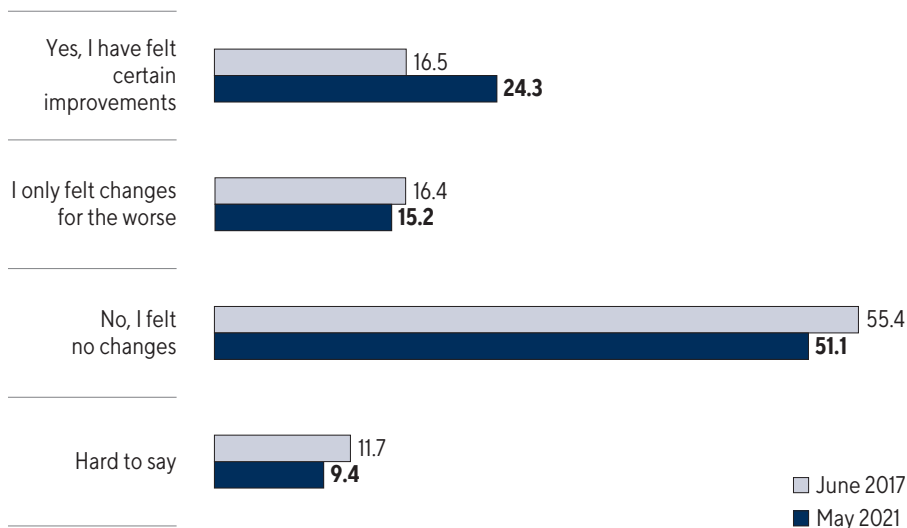
Certain positive developments in improving the budget process are also linked to financial decentralisation. So far, relatively few Ukrainians have seen positive changes from this process, but their share has increased significantly compared to 2017 (Chart *Have you felt any results of using funds (improved quality of services, better landscaping, improved social assistance) from the decentralisation?*, p.86).

Another positive quality of Ukraine's public finances is that despite various political and economic troubles, as well as numerous insolvency risks and scenarios, the country always managed to pay its foreign obligations on due time and in full. Only on several occasions Ukraine did



HAVE YOU FELT ANY RESULTS OF USING FUNDS (IMPROVED QUALITY OF SERVICES, BETTER LANDSCAPING, IMPROVED SOCIAL ASSISTANCE) FROM THE DECENTRALISATION?

% respondent



resort to restructuring of external payments, but it always reached constructive compromise with its creditors.

Moreover, despite the recent crisis, Ukraine has managed to stabilise its total external debt (general government debt) and the NBU debt at 35-40% of GDP, which is totally acceptable by international standards. For comparison, by the end of 2020, the consolidated public debt of the United States reached 131% of the country's GDP, Canada – 115%, the UK – 108%, and France – 119%.

Stability of Ukraine's debt positions has once again confirmed that despite the difficulties and contradictions, despite multiple bankruptcy and collapse scenarios, the country has proved its ability to consistently implement and adhere to civilisational principles in public finance, which will certainly contribute to its entry into the global economic community.

Household funds in the banking system. The country's business and investment attractiveness largely depend on the strength of the

banking system capable of accumulating resources of households and businesses to meet the needs of the real sector. It should be admitted that Ukraine's banking system so far could not ensure proper stability of the national currency and has not been able to act as an economic accelerator due to restrictions, including anti-crisis, in the money markets.

When Ukraine declared independence in 1991, it only had five state-owned banks, three of which later changed owners. After the lengthy crisis of the 1990s, which, however, accelerated the formation of banking structures that «earned» quick money in hyperinflation and devaluation, the country already had 196 banks in 2000, including 30 with foreign capital. Following the complex and ambiguous «purge» of the banking system in 2014-2017, its structure has become stable, with quantitative indicators unchanged since 2019. In particular, among 73 currently operating banks, there are 5 state-owned, 20 foreign and 48 private banks (*Box Non-bank financial services*).

NON-BANK FINANCIAL SERVICES

The financial system of any country depends not only on the system of commercial banks, but also on activities of the so-called non-bank financial institutions (NBFIs) – insurance and financial companies, credit unions, and the like. For a long time, the regulation and control of the NBFIs lagged behind the needs and requirements of macroeconomic and financial stability. On 1 July 2020, the National Bank of Ukraine has finally adopted the mandate to regulate non-banking financial services markets. This marked the beginning of a new stage in the non-banking market development, offering great opportunities for both the market and consumers.

In addition to the internal needs for financial strengthening, this will contribute to Ukraine's further integration into the EU within the European regulations and bring national legislation in line with international standards. And since the establishment of transparency of the ownership is one of key stages of regulation, Ukraine initiated active disclosure and simplification of the NBFI ownership structures from the beginning of 2021.

It should be noted that NBFIs are significantly inferior to the banking system by the size of accumulated resources. In particular, the assets of insurance and financial companies account for approximately 5% of the total assets of the banking system. Despite lagging far behind the banks in terms of assets, the international experience suggests that NBFIs have significant potential in accumulating resources by households and businesses, while the unity of requirements and regulations across the financial spectrum can really strengthen the country's financial system.



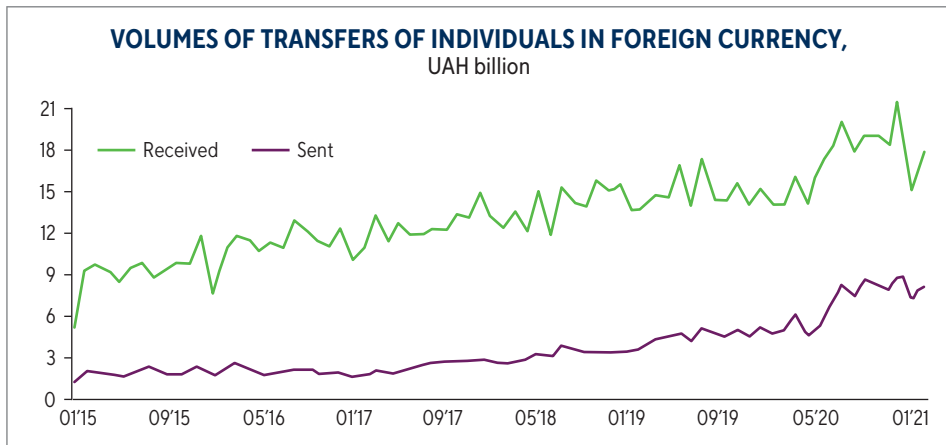
The volume of loans issued by banks has also stabilised at around UAH 1 trillion, with household loans making up about one-fifth of this amount. However, this «stability» is rather a sign of an extremely cautious attitude of the banking system to financing of the real sector, which is contrary to the growth needs. Statistical observations over 30 years indicate that high economic growth was achieved during the periods of a significant expansion of money supply (2001-2008 and 2017-2019). At the same time, the growing economy neutralises inflationary risks that may be caused by the so-called expansionary monetary policy.

Household resources accumulated in Ukrainian banking system also deserve a special attention. Despite the troubles in the money and foreign exchange markets, people still use banks for savings – a peculiar indicator of public confidence in the banking system. In particular, the volume of deposits (mostly short-term) continues to grow (Chart *Retail deposits*), but their importance for lending to the real sector is still insignificant.



Another component of household resources is linked to currency liberalisation and the expansion of electronic banking services, including foreign currency. Easing of the free movement of private capital became a decisive factor, especially in terms of receiving money transfers from abroad (from Ukrainians working abroad to support their families in Ukraine)

and international money transfers by Ukrainians (mostly for training and medical treatment) (Chart *Volumes of transfers of individuals in foreign currency*).



It is important to note that the healthful effect of increasing transfers from abroad, which significantly exceed the reverse flow, manifests itself not only in the improved well-being of Ukrainians who receive additional resources to build own housing or buy durables, but also in macro-economic impact through the accumulation of «free» foreign exchange resources in the country's reserves.

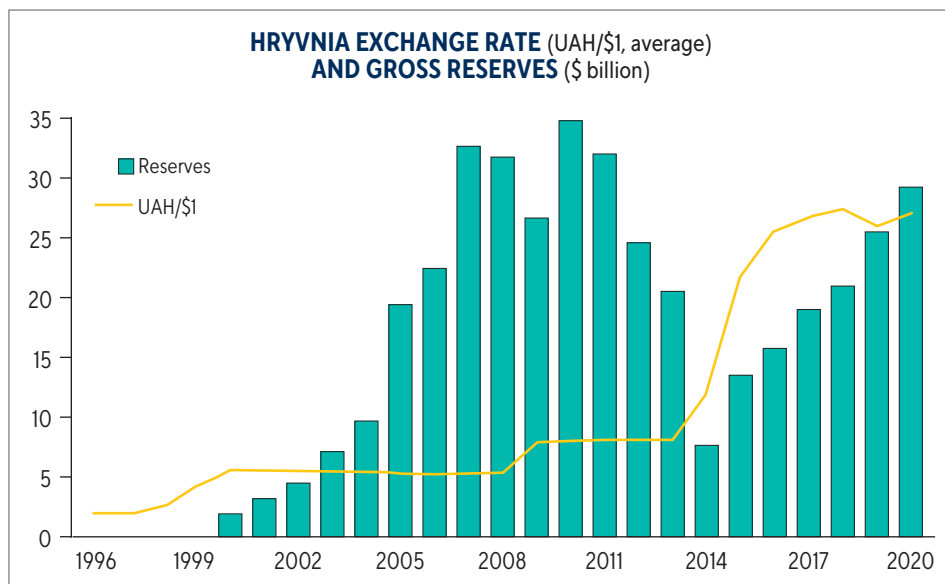
The struggle for the strong hryvnia. Public confidence in the banking system usually increases with the stable currency. This is why many Ukrainians view the instability of the national currency exchange rate and its value in comparison with major currencies as one of the most serious disappointments or even losses during the years of independence.

Meanwhile, no matter how controversial the path of the national currency was, Ukraine is gradually building a modern monetary system, while its banking system undergoes liberalisation and expands the opportunities for people to save and accumulate financial resources. Modern payment instruments, credit and debit cards, almost free access to foreign currency for both individuals and businesses have already become an everyday reality in Ukraine.



The history of the Ukrainian hryvnia is quite contradictory. After its successful introduction in 1996, Ukraine has reached a new level of stabilisation policy objectives, as the introduction of a new currency in transition countries is often seen as an important and necessary step towards true economic recovery. However, three powerful crisis waves have led to a many-fold depreciation of the hryvnia.

Moreover, in order to limit the devaluation pressure and localise currency risks, the NBU had to use FX interventions to meet the demand for foreign currency, resulting in the depletion of foreign exchange reserves (Chart *Hryvnia exchange rate and gross reserves*). This has also raised justified concerns in people who withdrew their deposits from the banking system.



Nonetheless, the «struggle for the hryvnia» demonstrates the NBU's efforts to ensure exchange rate stability in an attempt to preserve the value of the hryvnia against international currencies, especially the US dollar. At different times, it used different methods.

It is worth recalling that currency regulations in the 1990s initially led to the introduction of various «prohibitive» or «binding» instruments

for foreign exchange markets, such as mandatory sale of currency by exporters, deadlines for return of foreign exchange earnings, ban on opening of foreign accounts for individuals-residents of Ukraine, and the like. But periods of increasing risks also require special measures.

In particular, despite the significant external troubles during the Asian crisis of 1997-1998 and the flight of capital from volatile markets, the dynamics of the newly introduced hryvnia showed stability precisely due to strict monetary policy (*Box Episode 1. Countering external currency pressure*).

EPISODE 1. COUNTERING EXTERNAL CURRENCY PRESSURE

Since the beginning of 1997, Ukraine, which was still in the midst of the post-Soviet crisis, has introduced a *de facto* fixed exchange rate of UAH 1.857/\$1, which lasted until the end of September. But the Asian crisis, which surfaced unexpectedly in the emerging markets of Southeast Asia in the summer of 1997 and quickly spread around the world, turned to be a serious test for Ukraine's national currency.

The first wave of the currency crisis reached Ukraine in the summer and autumn of 1997. The exit of non-residents from the Ukrainian financial markets, including the OVDP market, forced the NBU to sell significant foreign currency reserves. And although true currency collapse did not occur in the autumn of 1997, the currency crisis only a year into the introduction of the hryvnia was an unexpected and difficult test for the country's central bank.

In general, a **set of NBU measures** in 1997 was totally **adequate**, as it prevented the unfolding of crisis in the FX market. Thus, the NBU introduced a number of economic and administrative measures aimed at stabilising the foreign exchange market in the first place, including raising the discount and Lombard loan rates, increasing reserve requirements, launching high-yield NBU deposit auctions and banning the use of foreign bank accounts for speculative purposes.

As a rule, such measures are quite restrictive in nature, creating difficulties for the development of the banking sector and lending to the real sector. However, these measures helped to stabilise the situation on the foreign exchange market of Ukraine already by mid-December. One may question the rationality and successfulness of supporting the hryvnia in 1997, and even ask whether it was necessary at all. However, the importance of currency stabilisation as a psychological factor is out of



the question. As the new national currency was just introduced in Ukraine, its failure would mean the collapse of many hopes and expectations – a collapse that would be much more difficult to overcome.

Although the «loading» of Ukraine's banking system is still underway, with its formation still affected by political influences, various measures aimed at its strengthening allowed the country to successfully survive political pressures and preserve the integrity of economic environment even in the periods of internal and external troubles. Very illustrative in this regard is the period of the Orange Revolution of 2004, when timely and balanced, albeit restrictive, measures helped not only to prevent panic, caused by the presidential race and related high-profile abuse of power, but also to stabilise the macroeconomic environment (Box *Episode 2. Monetary response to the political crisis*).

The analysis of those events confirms that relevant urgent actions at that time prevented the financial and banking system from collapse and protected the economy from a long-term crisis, also strengthening the political basis of economic recovery. For reference, real GDP growth reached 3.1% in 2005, 7.6% in 2006 and 8.2% in 2008.

EPISODE 2. MONETARY RESPONSE TO THE POLITICAL CRISIS

Although Ukraine's economy in 2004 showed high positive dynamics, with the real GDP growing by more than 13% over the 9 months, people were increasingly unhappy with the government and its widespread corruption. This resulted in a political crisis that aggravated in late November. Citizens' distrust of the government quickly spilled over into the financial and banking system, while still weak payment discipline caused non-fulfilment of contracts and termination of supplies. There was a real threat of Ukraine's failure to make external payments.

At the end of 2004, Ukraine witnessed historic events known as the Orange Revolution. It was caused the political crisis during the presidential election and culminated in the congress in Severodonetsk, where the heads of several eastern oblasts announced their intention to create an «autonomous republic» within Ukraine. Therefore, the country faced a real threat of political, economic and financial breakdown. Key political risks quickly plagued the financial sphere. However, the NBU's ability to preserve the hryvnia and prevent the banking system collapse became one of major deterrents.



In order to «calm down» the public before the elections, the government raised salaries and pensions in September-October, but this incited people even more. During the second half of November, banks saw a wave of significant withdrawals of deposits and the transfer of «extra» money in foreign cash, while businesses actively «replenished foreign exchange reserves» by purchasing dollars on the interbank market. At the same time, it was necessary to make external payments and also prevent the collapse of the hryvnia, because even a slight depreciation.

The NBU was forced to undertake significant FX interventions in order to maintain the hryvnia exchange rate and reduce panic in foreign exchange markets. This, in turn, led to a sharp decline in foreign exchange reserves and in money supply.

In parallel, the NBU developed urgent anti-crisis measures to prevent the above-mentioned political «autonomy». To this end, the NBU drafted a resolution (which was never enacted) on terminating all transactions, suspending cash-in-transit services and depriving the breakaway regions of cash. These and other relevant measures would completely «freeze» the functioning of the region. It was a real conflict scenario, which at that time could have led to unpredictable outcomes. However, this scenario demonstrated the systematic response to the political and economic crisis, and Ukraine successfully coped with it during the Orange Revolution.

The urgent introduction of restrictions on the retail deposits and business loans markets fully met the stabilisation needs and even contributed to the cleaning of bank assets. It is worth mentioning that the public's response was negative only at the initial stage of these restrictions. People quickly understood the rationality of these measures, and no major social disturbances occurred at that time. Despite several months of instability, Ukraine persevered and «returned to normalcy» immediately after the Orange Revolution.

Although the implemented measures did not work immediately (at some point, the hryvnia exchange rate increased from 5 to 8 per dollar, but the UAH/\$ exchange rate returned to just above 5 already by the end of January 2005), banks regained solvency and no depositors lost their savings.

Unfortunately, the experience of the Orange Revolution in «localising» the currency crisis and preserving the value of the national currency was never used during the Revolution of Dignity in 2014 and later, during the Russian aggression.



3. THE ENERGY SECTOR REFORM: ACHIEVEMENTS AND CHALLENGES

Shaping the New Energy Policy

In 1991, Ukraine inherited the huge energy complex from the USSR, entirely aimed at achieving the plans determined by the Soviet leadership. By that time, the lion's share in the Ukrainian economy, closely integrated with the countries of the post-Soviet area, belonged to heavy machine-building, the military-and-industrial complex, and metallurgy.

Correspondingly, the main role of the fuel-and-energy complex in the Soviet era was in providing energy resources to these basic branches, highly energy-consuming and environmentally harmful, while working to satisfy the needs of the entire USSR. As a result, the energy-producing capacities in Ukraine in 1990 were several times over the real economic needs of the country, while their maintenance and exploitation to the full scope had not only had no economic sense but also was not affordable for the young Ukrainian state.

The share of coal in the aggregate production of energy in Ukraine in 1991 was 62 percent. Coal was extracted from outdated mines with the extremely neglected mining fund in the need of gigantic state subsidies. Dependence on the import of gas amounted to 80 percent, and where oil was concerned, it amounted to 91 percent, with 100 percent for nuclear fuel. The situation in the energy sector was even further complicated by the fact that methods of planned economy were no more working but market mechanisms had not been formed so far. Almost all the enterprises in the energy sector were objects of non-efficient state ownership, and there were no institutes of private ownership at that time.

The state of the Ukrainian energy sector in early 1990s had matched the requirements of the time no more, while the implementation of radical reforms in the energy sector had become the question of the existence of the new country that rose on the debris of the USSR. The following was among the priority reforms and tasks that had to be accomplished:

- ✓ transition from the system of strict administrative planning to market mechanisms;

- ✓ restructuring of state monopolies and forming the institutes of private ownership;
- ✓ making the structural branches correspond to the needs of economy;
- ✓ diversifying the sources of supply of energy sources;
- ✓ radical reduction of the energy intensity of the GDP;
- ✓ creation of the national regulator in the energy sphere;
- ✓ adaptation of the Ukrainian energy legislation to the European legislation.

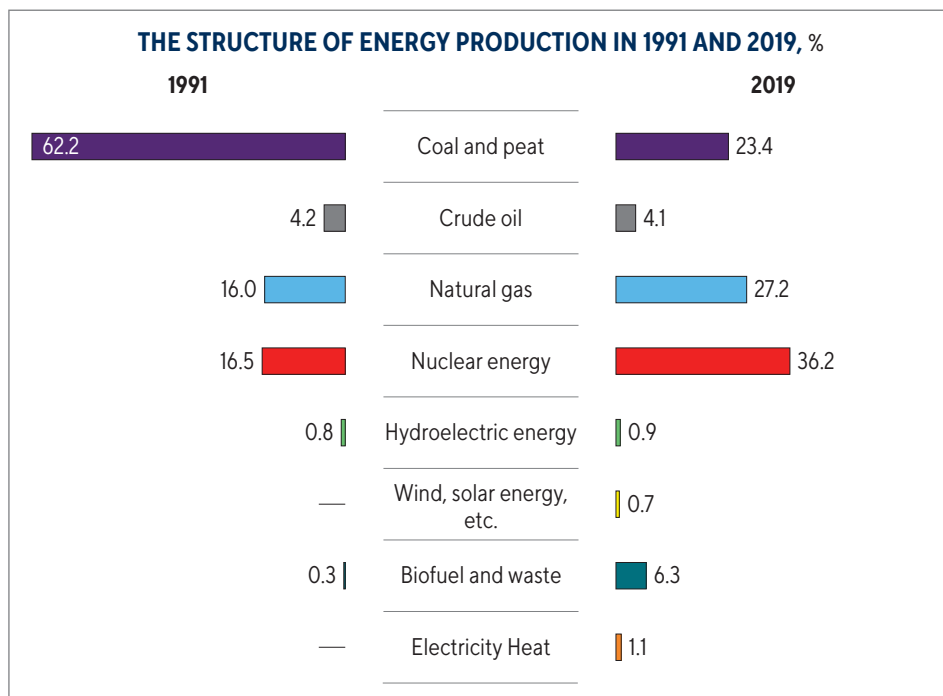
Despite the huge deficit of financial resources and problems of state management connected to the system changes in 1992-2020, the main tasks for restructuring and transforming the energy sector of Ukraine for the reliable provision of industry and households with fuel-and-energy resources were generally fulfilled, Ukraine's energy sector has become the reliable foundation on which the rapid economic growth of the state in 2000-2008 was based.

Until now, Ukraine has been the biggest transit country for natural gas to Europe. Despite Russia's constant attempts to discredit the «Naftogaz of Ukraine» NJSC, in particular, by way of unlawful restrictions of supply in the winter periods of 2005-2006 and 2008-2009, the Ukrainian state-owned company had always fulfilled its contractual obligations by 100 percent. During the entire 30 years of independence, Ukraine has been the EU's reliable partner as to the transit of gas, thus making a weighty contribution to ensuring the energy security of Europe.

Ukraine had been one of the first to join the Paris Climate Agreement, and special attention deserves the fact that over the years of independence this country has achieved an impressive result in decarbonisation, having become the world leader by the indicator of decreasing greenhouse gas emissions. This decrease has happened, to a great extent, because of the structural changes in economy. However, in the latter years, the modern European trend has been strengthening in Ukraine, when such factors play ever bigger role in the process of decarbonisation as the development of renewable energy sources, measures on energy saving and energy efficiency.



In 1991-2019, the aggregate primary energy demand (APED) has fallen from 252,000 to 90,000 tons of oil equivalent, or almost threefold. Meanwhile, the share of coal in production of energy has fallen within this period from 62.2 percent to 23.4 percent, or by 2.7 times, while the share of the RES (without taking into account large hydroelectric stations has grown from 0.3 percent to 7 percent (Chart *The Structure of Energy Production in 1991 and 2019*).



In August 2017, the Government had adopted the most important document outlining the prospective development of the Ukrainian energy sector, «The Energy Strategy for the Period up to 2035: Security, Energy Efficiency, Competitiveness» (ESU).

The European Vector of Energy Problems: Achievements and Challenges

The introduction and broadening by Ukraine of the EU legal basis on the energy sector, environment, competition, and renewable energy sources is an important factor of making cooperation between Ukraine and the EU



deeper. This is why Ukraine's joining in 2011 of the treaty on founding the Energy Community became an important step on this way, having given a powerful impetus for making market transformations in the energy sector deeper and for the integration of Ukraine's energy system into the European Network of Transmission System Operators for Electricity (*ENTSO-E*).

Within the framework of membership in the Energy Community, Ukraine has undertaken certain obligations to form efficiently functioning and transparent domestic energy markets with the help of implementation of the corresponding EU legislation. This concerns, first of all, the Third Energy Package which includes, in particular, the Directive (2009/72/EC) on liberalisation of the electricity market and the Directive (2009/73/EC) on the liberalisation of the natural gas market.

Participation in the Energy Community has also provided Ukraine with obtaining efficient mechanisms of improving the investment climate, strengthening the financial stability of the energy sector on the long-term basis, and resolving the problem of fighting the climate change. For the improvement of the model of functioning of electricity and natural gas markets, significant methodological and consultancy assistance to the Ukrainian state bodies is being provided by the Energy Community's Secretariat. In its turn, the Association Agreement between Ukraine and the EU has not only confirmed the unchanging nature of the course of the Ukrainian energy sector at the Eurointegration within the framework of cooperation with the Energy Community but has also made it significantly deeper and more concrete.

The Electricity Market

The Ukrainian part of the USSR energy system with the established capacity of 55.4 gigawatt, until 1993, existed within the joint energy system of the former socialist countries of Central Europe (CE) «Mir». However, soon after the collapse of the Soviet Union, the energy systems of the CE post-socialist countries have drifted away from it and integrated into the single energy system of the EU countries, while the Ukrainian system continued to work in parallel with energy systems of Russia, Belarus, Moldova, and other post-Soviet countries. The profound economic crisis of the 1990s, engulfing all sectors of the Ukrainian economy, and the difficult process of its cardinal restructuring have directly impacted on the energy



sector, too. The non-payment crisis, barter transactions, constant emergency switching off of the electricity had been everyday phenomena during the period of transformational change to civilised market relations.

The establishment of the national regulator in 1994, the National Energy Regulatory Commission, may be considered the first step to settle the systemic crisis in the energy sector by way of implementing reforms on the principles of creating competitive environment, transparency, and protection of consumers' rights. Later, it had developed the respective rules of regulating the electricity market.

1995 saw the restructuring of the electricity sector which laid the ground for introducing the market through ensuring unbundling of the functions of production from distribution and supply of electricity. In 1996, the market model of the single buyer (pool) was chosen in Ukraine and the Wholesale Electricity Market (WEM) was created. The introduction of this model allowed to do away with the non-payment crisis and stabilise the work of Ukraine's Integrated Energy System (IES) which, starting from 2000, has demonstrated reliability in providing consumers with electricity. However, it is correct to consider this model just one of transitional stages of the market's liberalisation, as it has ensured competition exclusively in the heat generation segment, while prices for all other kinds of generation were being set by the NERC. Besides, serious drawbacks of the model of the single pool were the lack of bilateral contracts and impossibility for consumers to freely choose suppliers.

It is worth listing among the notable achievements of the Ukrainian energy sector the realisation in 1996-2002, in the country's Western region, of the project of creating «The Burshtyn Island» for the work of the detached part of the IES in the synchronised regime with the European network, the *ENTSO-E*. This is a precursor of the future synchronisation of the entire IES with European networks, planned to begin in 2023.



In order to realise this strategic project, the liberalisation of the electricity market is stipulated among other mandatory conditions, according to clauses of the 2009/72/EC Directive. The model of the single buyer, existent in Ukraine until 2019, had not agreed with it to a significant extent and had not stimulated investment into overhaul of the dated energy sector's infrastructure. According to the Law «On the Electricity Market», as of 1 July 2019, the new market model has begun its work in Ukraine, meant to ensure its functioning along the principles of the named Directive.

The Law stipulates, in particular:

- ✓ launching the work of all segments of the market: the market of bilateral contracts; the day-ahead market; the daily market;
 - ✓ the balancing market; the auxiliary services market;
 - ✓ approving the conditions of work of the retail market and determining suppliers of universal services and suppliers of «the last hope»;
 - ✓ liquidation of the cross-subsidising between consumers, bringing prices for household consumers to the market level.
-

The implementation of this Law has become a historic event for the entire state, as this has brought the entering of the Ukrainian electricity market to the common legal energy field of the EU to the maximum. At the same time, some drawbacks of the work of the new market model have become evident, the reason for this being, first of all, the difficulty of adapting the European legislation to Ukraine's socio-economic conditions, and drawbacks in the work of state institutions. Now, the Energy Ministry, along other bodies of executive power, works actively on the improvement of the existing market model, with removing administrative restrictions, doing away with the reason for speculation by traders, liquidation of cross-subsidising and market formation on the part of the traders, doing away with cross-subsidising, and market formation of prices for all categories of consumers.

The new methodology of stimulating the establishment of tariffs for operators of distribution systems (*RAB*-tariffs), adopted by the NERC in 2020, is worth being listed among the most important reforms in the Ukrainian energy sector on the way to Eurointegration. This methodology stipulates introduction of the profit rate on the base of assets, to



be active for three years (the first regulatory period). This methodology has worked well in the majority of the EU countries, allowing for a significant increase in investment into modernisation of distribution systems.

The Natural Gas Market

Ukraine's gas transporting system (GTS), over the entire 30 years of independence, has been performing an important function of ensuring the all-European energy security. Along with this, the liberalisation of the gas sector remains one of the key elements of economic transformations in Ukraine helping the stable growth of the country's economy and the integration of its energy sector into the legal basis common with the EU.

Ukraine holds the second place, after Norway, among the countries of Europe as to the proven deposits of natural gas: 1.1 trillion cubic metres, with potential resources of 5.4 trillion cubic metres. This creates a potential of self-sustained provision of the country by its own gas. At the moment, the level of satisfying the economy needs with the Ukrainian natural gas is at a rather high level: 66 percent of domestic demand. Compare this to the EU countries where the average level of satisfying own needs with gas of own extraction is only 22 percent.

Conditions of extraction at the exploited deposits are becoming ever more complex. There are only four deposits now that had their initial extraction volumes of over 100 billion cubic metres, and they have been exhausted for more than 70 percent. So, the fulfilment of the task of the Energy Strategy of Ukraine up to 2035 of achieving extraction of 30-35 billion cubic metres annually will become possible only if new large deposits are discovered and exploited.

Since the time of the proclamation of Ukraine's independence, the structure of the country's gas balance has undergone striking changes. Consumption decreased from 115 billion cubic metres to 30.9 billion cubic metres, by almost four times; gas extraction fell from 28.1 billion cubic metres to 20.2 billion cubic metres, or by 28 percent. Meanwhile, the level of dependence on import has decreased, over 30 years, from 79.7 percent to 34 percent, or more than twofold. Over the last 10 years, the indicator of gas production has stabilised at the level of 20-21 billion cubic metres.

It is worth noting the sharp drop in the gas consumption in 2013-2019, from 50.4 billion cubic metres to 29.8 billion cubic metres, which is connected with the economic decline in the country because of the Russian aggression, and measures on energy saving and energy efficiency which have become stronger because of the sharply rising gas prices, starting from 2016.

In the latter years, the positive tendency of increasing production by private companies has also been observed, linked to the modernisation of legislation in the sphere of the use of natural resources. Thus, within 2014-2020 they managed to increase the extraction from 3.3 billion cubic metres to 4.6 billion cubic metres, or by 40 percent, which testifies to positive changes in creating favourable investment conditions in the gas-extraction sector.

The process of reforming the natural gas market in Ukraine has lasted for many years because of the lack of transparency of its functioning as a result of the oligarchic influence, and dependence on the «Gazprom» PJSC, and has met huge difficulties. For Russia, the supply of «the blue fuel» has not only always been of commercial character but also a tool of political influence with the aim of counteracting the realisation of the Euro-Atlantic vector of Ukraine's development and realising Russia's own expansionist aspirations. The clearest ever proof of this was the signing in 2010 of the so-called Kharkiv Agreements between Ukraine and Russia, prolonging the term of stationing of the Russian Black Sea Fleet in Crimea until 2042 in exchange for a reduction of gas prices for Ukraine. The Kharkiv Agreements had in fact created a powerful military-and-political bridgehead for the occupation of the Autonomous Republic of Crimea by Russia in 2014.

The victory of the Revolution of Dignity and the signing of the Association Agreement between Ukraine and the EU in 2014 have given additional dynamics to the reform of the gas sector. The basic element of the reforms was the Law «On the Natural Gas Market», adopted in 2015. The law has determined legal foundations for the functioning of the natural gas market of Ukraine, based on the principles of free competition, protection of consumers' rights, and safety of supply. It has also created legal mechanisms of the integration of the Ukrainian natural gas market into the EU market.



The turning point in the realisation of the reform was bringing, in 2015-2016, of the regulated prices for gas for the population's needs to the level of the import parity, allowing to stabilise, within a short period, the financial situation of the «Naftogaz of Ukraine» NJSC which until then had the deficit of money at the level of 6.2 percent of the GDP. After the price reform, the Government has radically changed the system of issuing subsidies. The subsidy for all households in the form of lowered prices was replaced by targeted assistance to less-provided categories of the population in the money form. This reform has not only saved thousands of billions of hryvnias for the state budget but has provided powerful economic stimuli for the consumers to use gas more efficiently.

On 1 August 2020, the deregulation of the retail gas market for the population took place through the cancellation of the system of Special Obligation Supplier (SOS) which allowed consumers to choose suppliers depending on the price and quality of services. The final stage of the gas market deregulation was the stoppage from 20 May 2021 of the action of the SOS mechanism at the gas market for the enterprises of the heat-generated energy, which has opened for them an opportunity to buy fuel at the free market.

In the sphere of transportation of gas, the key reforms include, first of all, the founding in 2019 of the Company Operating the Gas-Transporting System of Ukraine (OGTSU) as a result of unbundling of the function of transporting gas from the «Naftogaz of Ukraine» NJSC. Ukraine's fulfilment of this key obligation to the Energy Community will help integrate the OGTSU into the network of gas-transporting operators of the EU, *ENTSO-G*.

Outstanding achievements of Ukraine in the gas sector also include the victory of the «Naftogaz of Ukraine» NJSC over the «Gazprom» PJSC as a result of two rulings of the Stockholm Arbitration, of 22 December 2017, on the contract for the supply of gas according to the principle, «take or pay», and of 28 February 2018, on the transit contract.

The fateful event in removing the historical dependence on the import of the Russian gas was the refusal of the «Naftogaz of Ukraine» NJSC to buy the resource from the «Gazprom» PJSC as of 26 November 2015. This has become possible due to lowering consumption at the domestic market, and the diversification of supplies from the countries of Europe. For almost six years, Ukraine has not been buying the Russian gas anymore.

Diversification of the Nuclear Fuel Supply

One of the most acute problems since the formation of the sovereign Ukrainian state has been full dependence of the Ukrainian nuclear power plants on the supplies of nuclear fuel from the RF. The importance of this problem for the energy security of Ukraine is proved by the fact that the share of nuclear energy in the structure of production balance of electricity goes over 50 percent, one of the highest indicators the world over.

The US Department of Energy and the Ministry of Energy of Ukraine have approved the project of the qualification of nuclear fuel for Ukraine in 1996 on the basis of the Intergovernmental Agreement in the nuclear energy sector. The responsible organiser of the project from the American side is the *Westinghouse* Company.

The issue of diversification of nuclear fuel supply was complicated by the fact that all the 15 water-water nuclear reactors operating in Ukraine were built according to the Soviet design: two VVER-440 and 13 VVER-1000. Their specific feature is that they work on the Russian fuel of the «six-faceted design» type. However, for the first time in the world, the *Westinghouse* was able to solve this outstanding technical problem, in constructive cooperation with the Ukrainian partners from the «Energoatom» NJSC. Despite difficulties linked to the discretisation of the project by the Russian side by way of large-scale information campaigns and lobbying influence, in 2005, the first experimental exploitation of the six heat-producing composites of the *Westinghouse* production had started at the reactor No.3 of the Southern Ukrainian NPP.

The successful testing of the *Westinghouse* nuclear fuel allowed to widen the programme of its supply to Ukraine's NPPs. Only in 2014-2017, due to diversification, the share of the Russian *TVEL* Company in the supply of fuel for the Ukrainian NPPs has fallen almost twofold: from 90-95 percent to 50 percent. There is all the ground to speak now of the successful





realisation of the project to decrease Ukraine's dependence on the supply of nuclear power from Russia, and also to state that the «Energoatom» NJSC has become the only energy-generating company in the world to be able to realise the nuclear fuel diversification project for reactors of VVER-1000 type.

A strategically important project being now successfully realised in Ukraine's nuclear sector is also the construction of the Centralised Confinement for the Processed Nuclear Fuel (CCPNF). Its goal is to lower the dependence on export to the RF of the processed nuclear fuel which will allow Ukraine to save almost \$200 million annually. The main partner of the «Energoatom» NJSC in this project is the American *Holtec* Company.

Another project belongs to the prospective direction of cooperation between these two companies: researching the use in Ukraine of the small module reactors of the *SMR-160* type. This project may result in Ukraine becoming the European hub for spreading the *SMR-160* technology and provide new contracts for Ukrainian enterprises.

Ukraine's achievement of the all-European significance in the security sphere was the realisation, over 2007-20019, of the project «Construction of the New Secure Confinement (NSC) at the Chornobyl NPP». In order to fulfil the NSC project, Ukraine managed to involve 45 donor countries which allowed accumulating €1.5 billion and involving 10 thousand workers from 40 countries of the world. Due to the realisation of the NSC project, the radiation level in the sector of construction has dropped by more than ten times, turning the confinement into an environmentally safe zone.

The Establishment of the RES Sector in Ukraine

Over the independence years, Ukraine has got a stimulus for the development of the renewable energy sources sector (RES). For this, there is a significant potential in the country: a good geographical situation, helpful climatic conditions, state support with a high tariff and tax benefits.

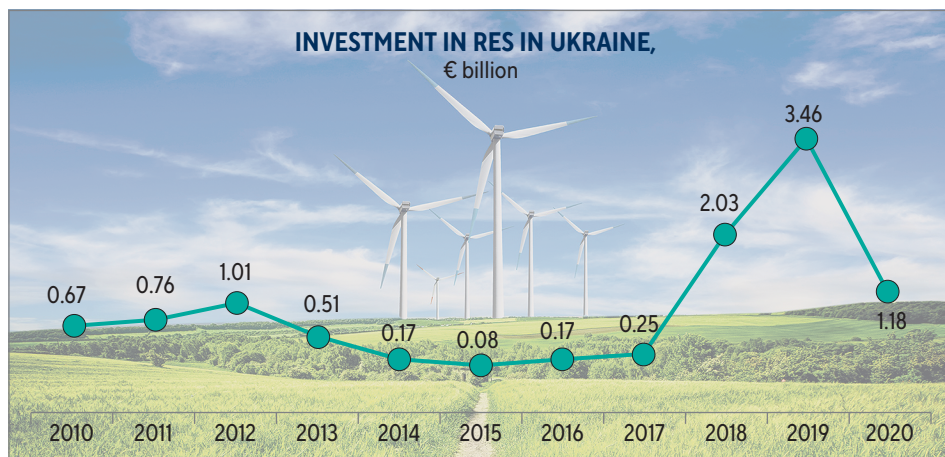
Despite the trials that fell upon our country because of the world economic decline of 2008 (accompanied by high inflation and the banking system crisis), the annexation of Crimea by the RF and the occupation of some territories of Donetsk and Luhansk oblasts in 2014 (as a result of which the energy sector objects on the peninsula and other temporarily occupied territories have been lost) and the long quarantine restrictions

(related to the *COVID-19* pandemic), it may be said that Ukraine has embarked on the way of energy transition in order to achieve decarbonisation of economy/energy sector, the integration of Ukraine's energy systems with the European systems, this corroborating the irreversibility of the tendency for a broad use of RES.

The real impetus to the development of RES was the introduction in April 2009 of the «green» tariff, fixed in the Euro to protect investors from inflation risks. Besides, the current legislation ensured the guaranteed purchase of the entire RES-produced electricity up to 2030. In 2010, the share of the RES in the energy balance of the country was only 2 percent, but it was responsible for 9 percent of transactions for electricity.

Favourable for the producers of electricity from the RES was the introduction in Ukraine's legislation of benefits and stimuli for the enterprises working in the sphere of using the RES, in particular, by adopting corresponding laws and introducing amendments to the Customs, Tax, and Land Codes of Ukraine. Such measures helped spread the use of the RES in different spheres: in particular, in producing electricity, heating and cooling systems, the transportation sector (*Chart The RES Share in the Energy Balance*). During 2014–2020, the share of the RES in the end consumption of energy has grown from 3.9 percent to 11 percent, while in 2010 this indicator amounted to 2.9 percent.

THE RES SHARE IN THE ENERGY BALANCE, %								
		2014	2015	2016	2017	2018	2019	2020
RES share in the gross final consumption, percent	target	5.6	6.7	7.4	8.3	9.1	10.1	11.0
	fact	3.9	4.9	5.8	6.7	7.0	8.0	11.0
RES share in electricity production, percent	target	7.6	8.3	8.8	9.7	10.4	10.9	11.0
	fact	7.4	7.9	7.9	8.6	8.9	10.7	13.5
Same without big HES, percent	fact	1.1	1.2	1.2	1.5	1.7	3.5	5.5
Established RES generating capacity, gigawatt	target	5.5	6.1	6.7	7.4	8.0	8.6	9.2
	fact	5.5	5.6	5.7	6.0	6.9	11.5	13.0
Same without big HES, gigawatt	fact	0.9	1.0	1.1	1.4	2.3	6.9	8.4
RES share in heating and cooling systems, percent	target	5.7	6.7	7.7	8.9	10.0	11.2	12.4
	fact	3.5	4.7	6.3	7.7	8.0	9.2	10.4
RES share in the transportation sector, percent	target	4.1	5.0	6.5	7.5	8.2	9.0	10.0
	fact	2.0	2.1	2.1	2.4	2.2	3.1	3.1



As assessed by the International Renewable Energy Agency, *IRENA*, Ukraine possesses a significant potential in this sphere, which means a tangible contribution into the modernisation of Ukraine's energy system, creation of new jobs, making economic processes more active, and renovation of the energy system in general.

Overall, within the last 10 years, according to the State Agency on Energy Saving and Energy Efficiency, Ukraine has attracted almost €10 billion, and to implement the Energy Strategy up to 2035, almost €30 billion more is needed.

In 2020, the level of investment in the RES sector has decreased by almost 3 times compared to the previous year, this connected to legislation changes (making the «green» tariff lower). However, there are all grounds to believe that favourable investment environment will be restored in the sector because of the growth of the Ukrainian society's demand for «clean» energy sources.

The RES sector's development in Ukraine has not been going at the same rate: solar (SPS) and wind (WPS) power stations were being built at the highest rates (Chart *RES Capacity Increase*, p.107).

Rapid development of the SPS in Ukraine is explained by the relatively simple technology of the projects' realisation (compared to other RES technologies), moderate exploitation expenditures (because of high automation and insignificant spending for maintenance), significant drop

in the equipment prices (the cost of 1 kilowatt of capacity has gradually decreased from \$900 (1000) to \$505 (750)), and by short terms of projects' realisation (half a year, including designing), a short period of investment return (5–7 years, depending on the SPS type and capacity).

The dynamics of growth of capacities of the wind energy has lagged behind the dynamics for solar power: the WPS construction demands high capital investment and rather lasting periods of time (2 to 3 and more years), their realisation has been more complicated, especially during the periods of economic decline and low investment attractiveness of Ukraine (as, for example, in 2014 and 2020).

Development of solar and wind power has been characterised by huge concentration in the South of Ukraine. This is an important factor to take into account when planning construction of the future objects (in particular, determining auction shares for solar and, especially, wind generation) also in other regions with deficit of «green» capacities, at the same time following the trend of placing generation closer to the consumer.

RES CAPACITY INCREASE (data of the «Ukrenergo» NPC). Megawatt compared to the previous year								
	2013	2014	2015	2016	2017	2018	2019	2020 forecast
WPS	43.7	8.7	1.3	10.9	-138.1	60.6	690.0	500.0
SPS	111.7	5.0	1.6	98.9	300.4	466.4	1470.0	1600.0
BioPS	2.5	12.0	3.8	10.2	34.3	1.8	11.0	20.0

As of 2020, Ukraine has outperformed obligations on building capacities of solar power stations (SPS) by 1.5 times, while the plan for constructing wind generation (WPS) was fulfilled for 50 percent only. The biggest increase happened in the established SPS capacity, where the peak of production falls on the hours of daytime decrease of consumption, requiring flexible tools for their balancing. It is the RES balancing, mostly of SPS, during daytime hours, that has been the major problem of the integration of the RES into Ukraine's energy system. One of the directions of resolving this problem is the introduction of highly manoeuvrable capacities and of the system of accumulation of energy.



The key goal of stimulating the distributed generation of electricity is bringing the generation closer to consumers, oriented at covering own consumption and at sale of the surplus of the generated electricity to the network.

Over the last 5–6 years, the Ukrainians' demand for solar panels has been rapidly growing: while by the end of 2015 there were almost 250 families with their own SPS, by the end of the first quarter of 2021 (according to the State Agency on Energy Saving and Energy Efficiency) there were almost 32,000 households who were producing 1 million kilowatt/hours of electricity per year. The aggregate capacity of SPS in these households has reached 835 megawatts, while the sum of investment amounts to €640 million.

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Looking Ahead: Achieving the Goals of Climatic Neutrality

Ukraine, as the overwhelming majority of the EU countries, sets the long-term goal of achieving carbon neutrality. In particular, the National Economy Strategy of Ukraine up to 2030 sets this goal for the country for 2060.

Having joined the European Green Deal (EGD), an ambitious strategy of the European Union for transforming Europe to a climate-neutral continent by 2050, Ukraine has met the challenges of realising the energy transition and determining the level of climatic ambitions to correspond to the stated goals.

Fighting the aftereffects of climate change is one of the fundamental elements of the EGD, and among the ways to solve it is a large-scale decrease of greenhouse gas emissions (the EU has presented the programme of fighting the climate change, «Fit for 55» which aims at

decreasing, by 2030, the greenhouse gas emissions for no less than 55 percent, compared to 1990).

One of the key elements of international climate obligations of Ukraine is the preparation of the nationally determined contribution (NDC) within the framework of the Paris Agreement (in force from 4 November 2016). The First NDC was adopted in 2016, with the target of decreasing the greenhouse gas emissions by **40 percent by 2030 compared to the level of 1990** (or the obligation to not exceed 60 percent in 2030 compared to the 1990 level). Recently, the preparation of the Second NDC was completed, setting the target of decreasing emissions **by 65 percent by 2030**, compared to 1990. The EU recognised this decision as a compromise. Extremely important is finding a balance between the country's capabilities and real prospects of investment into modernisation of assets, directed at decreasing the emissions.

Our state is applying the maximum effort to achieve the goals of decarbonisation of economy and the energy sector, to provide for the harmonisation of the RES sector with the European situation according to Ukraine's strategic documents and in order to ensure its contribution to the world processes of counteracting climate change (Chart *Ukraine's Strategic Documents for Achieving Targets of RES Growth*, p.110).

Ukraine is following the European trends aimed at the realisation of «The European Green Deal». In particular, the European Commission has designated Ukraine as one of the EU priority partners in producing and supplying (exporting) hydrogen taking into account natural resources, interconnection of the infrastructure, and the level of technological development. More than 20 Ukrainian companies have already joined the EU hydrogen alliance (for example. The «Energoatom» NEC, the «GTS Operator of Ukraine» Ltd). The Ministry of Energy of Ukraine will coordinate the efforts of the above-mentioned companies in the context of developing the hydrogen energy sector, as well as will be in consultations with a wide circle of countries and companies developing the hydrogen energy sector in Europe.

Overall, on the way to climate neutrality, consistent implementation of reforms is unavoidable: this is the creation of the system of emissions trade, reforming tax instruments where carbon is concerned, stopping



UKRAINE'S STRATEGIC DOCUMENTS FOR ACHIEVING TARGETS OF RES GROWTH	
2011 – Ukraine Joins the Energy Community (Treaty signed by Ukraine in 2005)	Ukraine's obligations on the adaptation of the national legislation to the EU legislation, determining the schedule of the implementation of <i>acquis communautaire</i> .
2012 – adoption of the decision on implementing the 2009/28/EC Directive	Improvement of legislation according to the European model of legislation on alternative energy sources. Supplementing the list of alternative energy sources with such kinds as aerothermal, geothermal, and hydrothermal.
2013 – adoption of the Energy Strategy of Ukraine for the Period up to 2030 (the Decree of the President of Ukraine of 12 January 2015)	Increasing the RES share to 12.6 percent in 2030 (8 gigawatt of the established capacity).
2014 – signing the Association Agreement between Ukraine and the EU (ratified by the Law of Ukraine of 16 September 2014)	Priority directions of cooperation: development and support of RES, environmental protection.
2014 – adoption of the National Action Plan on RES for the Period up to 2020 (the Instruction of the Cabinet of Ministers of Ukraine No.902 of 1 October 2014)	Achieving 11 percent of RES in the gross final consumption by 2020 (11 gigawatt of the established capacity).
2015 – adoption of the Strategy of Sustainable Development «Ukraine 2020»	Using RES and increasing energy efficiency are the main levers of ensuring energy independence.
2017 – The Energy Strategy of Ukraine for the Period up to 2035 «Security, Energy Efficiency, Competitiveness» (the Instruction of the Cabinet of Ministers of Ukraine No.605 of 18 August 2018)	The 2030 target: RES share in the overall primary supply of energy, 17 percent; in electricity generation, 13 percent. The 2035 target: RES share in the overall primary supply of energy, 25 percent; in electricity generation, 25 percent.
2020 – The Concept of the «green» energy transition of Ukraine up to 2050	Stipulates achieving the RES share in the production of electricity at the level of 70 percent by 2050 (if it is adopted).



subsidies to fossil fuel industries. Timely reaction to climate change and the use of opportunities created by the «green» transition will allow to remove the interdependence between the process of decreasing harmful emissions and economic growth, attract investment to Ukraine, as well as strengthen measures on decarbonisation of the energy sector/economy.

Over the years of independence, much effort has been exerted in the energy sector in order to realise the transition from long-term planning to the introduction of market mechanisms, diversification of the sources of energy supply, adaptation of the Ukrainian energy legislation to the European legislation.

The reform of the markets of natural gas and electricity is going on, with the aim of intensifying competition between suppliers, improving the quality of services to consumers with observing the principles of justified and transparent formation of tariffs. Raising the level of energy security, optimising the energy balance of the country, developing the RES projects, and lowering the level of power within the GDP remain the tasks of priority.

Ukraine has chosen the path of energy transition to achieve decarbonisation of economy/energy sector thus confirming the irreversibility of the processes of sustainable development.



4. UKRAINE IN GLOBAL DIMENSIONS OF DIGITALISATION AND SUSTAINABLE DEVELOPMENT

Sustainable Development

One of the main priorities of Ukraine in recent years has been the country's transition to sustainable development: transformation of the economic system in response to the growing challenges of resource restrictions, climate change, and competition at international markets.

The corresponding state policy is being formed in Ukraine, mechanisms are introduced aimed at raising the level of energy efficiency and lowering the resource consumption levels of the economy. As a result, the lowering of the level of resource intensity of GDP has been happening in recent years almost in all its components, with the exception of the decrease in the volume of creating waste (*Chart Resource Intensity of GDP*).

RESOURCE INTENSITY OF GDP, Index, 2015=100				
	2016	2017	2018	2020*
Energy intensity	102.3	94.7	95.3	90
Material intensity	100.0	98.2	97.2	90
Carbon intensity	105.8	85.1	83.8	90
Water intensity	98.2	91.6	95.2	90
Waste intensity	92.5	111.6	104.0	90

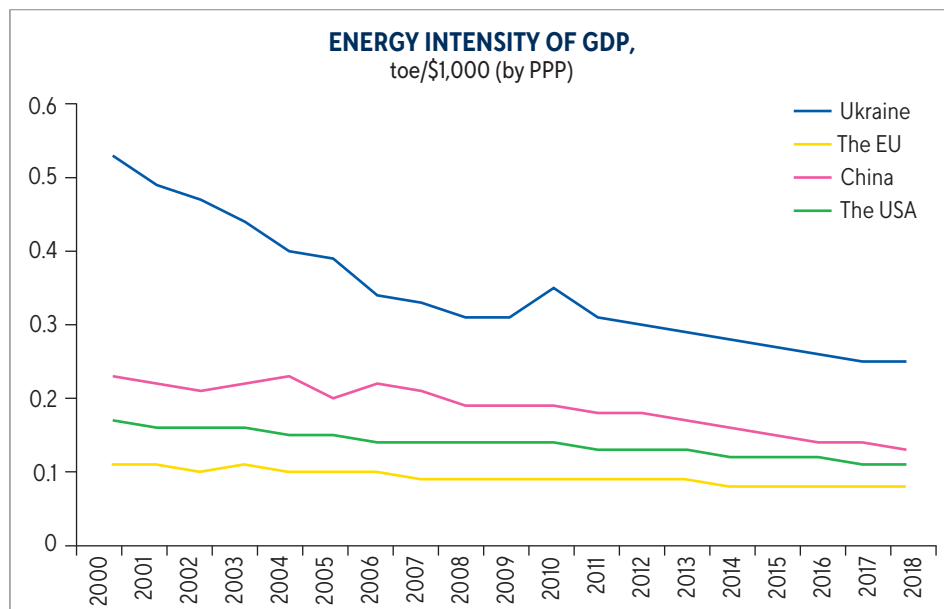
* Target.

One of the tasks of the Sustainable Development Goals (SDG) is the necessity of raising the energy efficiency of economy. Although Ukraine still has the energy intensity of the GDP twice as high as the average global and European levels, as well as the level of the world's leading economies (*Chart Energy Intensity of GDP*, p.113), it was possible to achieve significant progress over the years of independence. According to the International Energy Agency, the energy intensity of Ukraine's GDP in 2018 was more than twice lower than in 1996.

Such dynamics are caused by a number of factors, among them the decrease of production in energy-intensive sectors, more active modernisation of production capacities, the growth of capital investment

in the sectors of metallurgy and energy. There are grounds to expect that Ukraine will be approaching the targets, taking into account the continuation of the implementation of the respective measures both by the state and business.

At the same time, there are factors that stand in the way of achieving bigger progress: the depreciation of the material-and-technological basis of industrial enterprises in the main energy-intensive sectors of the economy (in metallurgy first of all), the insufficiency of universal usage of energy-efficient technologies and production transition to the RES, the predominance in the economy of the branches engaged in the primary processing of raw materials, as well as the deficit of the necessary finance for the comprehensive modernisation of industry.



The **global warming**, recognised now as one of the most acute problems of modern times, is not beyond the attention of our state. Ukraine is a party to the United Nations Framework Convention on Climate Change (UNFCCC), to the Kyoto Protocol, as well as to the Paris Agreement. Joining the latter has opened opportunities for the country to implement the strategy of the «green» growth, to transit from the resource-dependent and energy-consuming model of economy to the energy-efficient model.

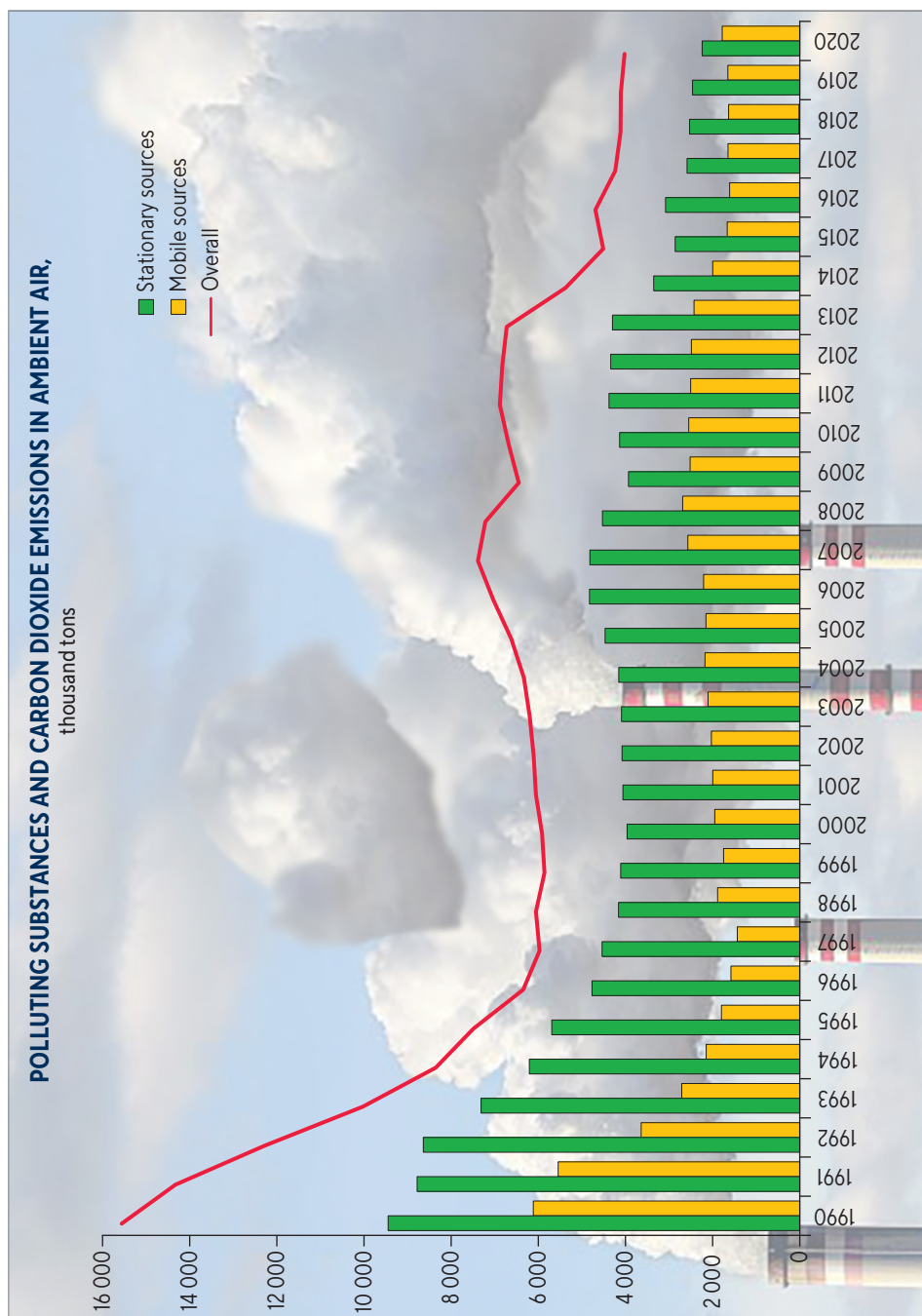


The indicator testifying to Ukraine's progress in fighting climate change is the change of greenhouse emissions volumes compared to 1990, their aggregate emissions and absorption had decreased by 61.2 percent. The decrease in emissions over the period of Ukraine's independence was caused by the lessening of production levels in industry and agriculture (compared to the period of the country as a part of the Soviet Union), the lowering of the consumption of fuel in the energy sector, restructuring of the economy and the services sector development, the aftereffects of the world economic crisis of 2008-2009, as well as the loss of part of industry because of the occupation of the Autonomous Republic of Crimea, and parts of the territories of Donetsk and Luhansk oblasts by Russia.

A role of its own has been played by the active realisation of the energy efficiency policy, launched in 2014 (the «Warm Loans» programme), and gradual bringing of tariffs for electricity, hot water, and heating to the level of market prices, this accelerating the introduction of energy-efficiency measures. Overall, this helped lessen the emissions of polluting substances (Chart *Polluting Substances Emissions in Ukraine's Ambient Air*, Chart *Polluting Substances and Carbon Dioxide Emissions in Ambient Air*, pp.114-115).

POLLUTING SUBSTANCES EMISSIONS IN UKRAINE'S AMBIENT AIR, 1,000 tons/year							
	1990	1995	2000	2005	2010	2015	2020
Sulphur dioxide (SO ₂)	2 782.3	1 639.1	984.8	1 132.8	1 235.2	854.0	621.9
Nitrogen oxides (NO ₂)	760.8	530.3	440.6	523.9	603.7	453.0	371.2
Non-methane volatile organic compounds	n/a	n/a	n/a	96.5	359.3	225.8	215.9
Ammonia (NH ₃)	23.1	13.6	8.3	17.9	25.1	18.8	17.6
Carbon oxide	3 273.7	2 905.6	2 776.8	2 975.2	2 951.9	1 971.9	2 065.7
Aggregate weighed particles volume (AWP)	2 018.8	1 014.0	729.6	741.7	594.5	377.4	276.6
SP ₁₀ /PM10	n/a	n/a	n/a	175.7	133.2	67.9	55.3
SP _{2.5} /PM2.5	n/a	n/a	n/a	70.2	40.7	19.7	22.3

* WP (AWP), aggregate weighed particles volume; SP, solid particles.



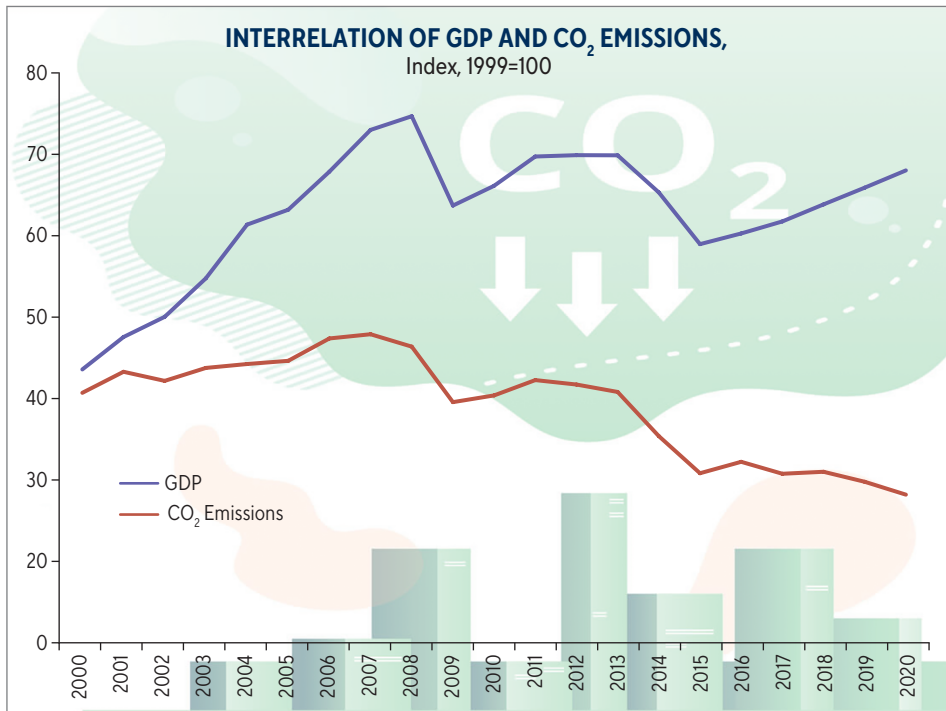


Maintaining proper environment is characterised by growth of capital investment for environmental protection from 2.2 billion UAH in 2006 to 13.2 billion UAH in 2020, as well as of enterprises' current expenditures by more than tenfold, from 2.6 billion UAH to 28.1 billion UAH (Chart *Current Expenditures for Environmental Protection by type of Environmental Domain Protection Measures*),

CURRENT EXPENDITURES FOR ENVIRONMENTAL PROTECTION BY TYPE OF ENVIRONMENTAL DOMAIN PROTECTION MEASURES, (at current prices), million UAH					
	Total	Including:			
		Protection of ambient air and climate	Reclaimed water purification	Waste management	Protection and rennovation of soil, groundwater and surface water
2000	2 618.4	350.4	1 715.3	279.2	66.9
2005	5 313.6	877.4	2 910.9	925.5	121.7
2010	10 366.6	1 314.8	5 035.5	2 599.6	476.3
2015	16 915.6	1 519.9	6 644.3	6 801.9	1 152.7
2020	28 092.6	2 375.8	10 746.8	11 197.1	1 577.0

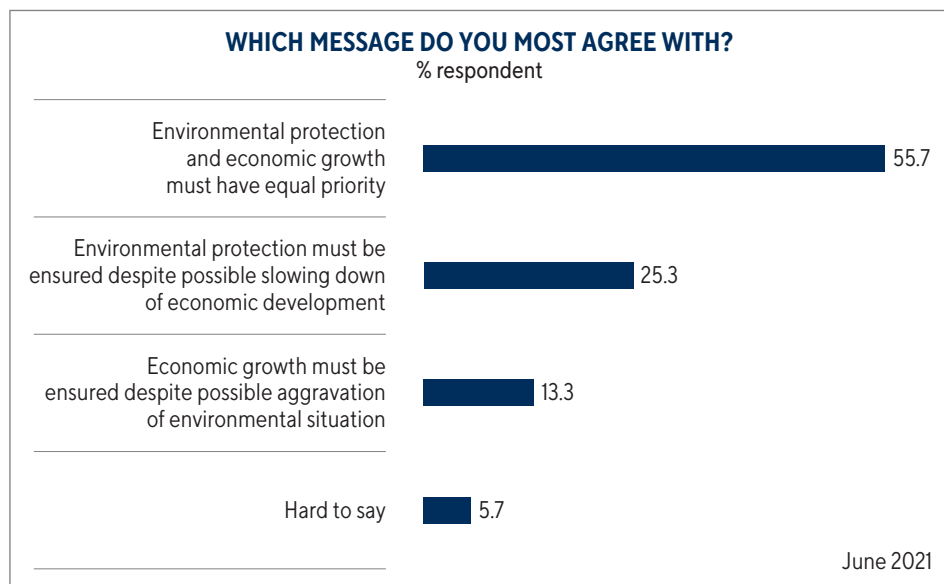
Ukraine's achievement in fighting climate change is the decrease in CO₂ emissions by 42.3 percent (in 2019, their quantity amounted to 185.4 million CO₂), compared to 2006 (321.3 million CO₂), which happened due to structural changes in the economy (energy-intensive branches are being gradually replaced by the services sector and agriculture), to the introduction of energy-efficient technologies and measures in the industrial sector and utilities sector, as well as to the intensive development of the RES.

The model of development on the principles of sustainable production and consumption, of efficient use of resources is being implemented in Ukraine, as well as of assisting business activities by way of resource-efficient and energy-efficient and environmentally safe production. Thus, from 2016, the eco-economic decoupling has been taking place between CO₂ emissions and GDP: the industrial growth and increased economic activity do not cause an increase of the CO₂ emissions (Chart *Interrelation of GDP and CO₂ Emissions*, p.117).



A number of steps were undertaken prior to the above-mentioned positive changes, in particular, the adoption of key and strategically important documents in the sphere of sustainable development (a number of laws, strategies, programmes, and plans adopted and introduced into action), where protection of the environment, modernisation of the industry sector, introduction of innovations and measures on resources saving and energy saving, as well as development of the RES, are defined as priorities.

To promote the idea of sustainable development, a necessary step is the formation of environmentally responsible behaviour of not only the state and business but also of the population. The results of the sociological survey held by the Razumkov Centre in June 2021 testify to the interest of the population towards environmental issues. In particular, over 56 percent of the respondents have noted that environmental protection and economic growth have equal priority, while a quarter, 25 percent, think that environmental protection is more important than economic growth (Chart *Which Message Do You Most Agree with?*, p.118).



HOW DO YOU ASSESS THE ENVIRONMENTAL SITUATION IN THE COMMUNITY WHERE YOU LIVE? % of respondent				
	2002*	2010*	2016*	June 2021
Very bad	19.2	10.2	6.8	9.0
Bad	40.0	30.9	21.0	27.3
Hard to say whether it is bad or not	22.1	21.3	15.3	23.9
Relatively good	17.3	33.4	44.8	34.6
Totally good	1.3	4.1	11.9	5.3
No answer	0.1	0.1	0.2	0.0

* Results of surveys of the Institute of Sociology of the National Academy of Sciences of Ukraine.

Ukraine is moving consistently to strengthen its competitiveness at Western markets, exporting the less energy-intensive and carbon-intensive products, and on the other hand lowering the need for the traditional energy sources, raising the level of energy efficiency and ensuring the country's energy security.

Ukraine's Progress in Digitalisation

The world today is undergoing profound technological changes in the sphere of information-and-communication technologies. First of all, it is about the «digitalisation» of various spheres of the life of people, of the society, of the state. In the recent years, despite the problems created for socio-economic and technological development by the Russian aggression, Ukraine managed to show that it is a country that is moving assuredly in the «digital» trend.

In particular, our state was able to achieve significant progress in the sphere of open data and in digitalising public services. Open data portals are functioning in the country where structured information is published on construction and budgeting, land relations, public health, and education; «the guide to public services» is working: the official information online portal on public services in Ukraine provided by bodies of executive power and of local self-government. For example, you can change your place of registration online, declare your income, pay taxes and levies of private entrepreneurs, submit an electronic petition, etc. In 2020, according to the «E-Government Development Index» composed by the UN, Ukraine was in the 69th position among the 193 UN member countries, while in 2014 Ukraine was in the 87th position.

Joining the global trend, the country's Government and local self-government bodies rather insistently work in the direction of building smart infrastructure, this resulting in the introduction of digital technologies and raising the level of «intellectualisation» of urban environment. Ukrainian cities are actively introducing smart lighting systems, there are single e-tickets in almost all the cities, smart traffic lights are mounted, etc. Ukraine's citizens, the main consumers of digital services, are rather in favour of digitalisation processes. They mark the positive influence of the processes of digitalisation and automation on their everyday life (*Chart What Is the Influence of Processes of Digitalisation and Automation in Everyday Life?*, p.120).

Fixed or mobile broadband Internet is of great importance for spreading digital technologies and for the possibility to use online services. According to the World Bank, access to the Internet in Ukraine has been



WHAT IS THE INFLUENCE OF PROCESSES OF DIGITALISATION AND AUTOMATION IN EVERYDAY LIFE?

% respondent

Access to administrative services



Online timetables and online sales of tickets for public transport



Looking for jobs and employment



Online consultations with medical workers



Mobile applications showing traffic jams and looking for parking spaces



Influence of CCTV cameras on your safety level



Possibility to start business



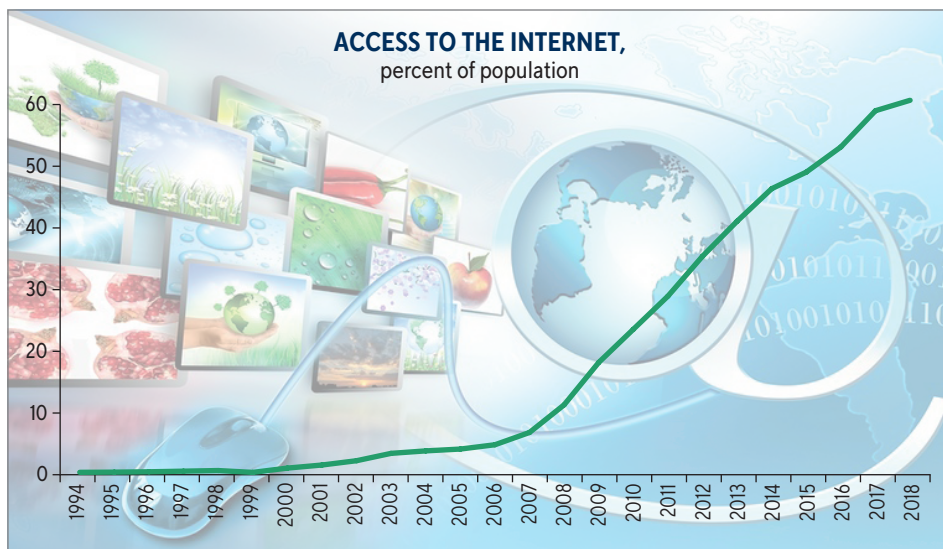
Possibility to control air pollution level through mobile applications



□ Positive ■ Negative ■ No influence ■ Hard to say

June 2021

dynamically becoming wider over the recent 10 years (Chart *Access to the Internet*). In *The Network Readiness Index* of the World Economic Forum for 2020, Ukraine managed to occupy the 64th slot among 134 countries of the world, while in 2010 our country was in the 90th position.



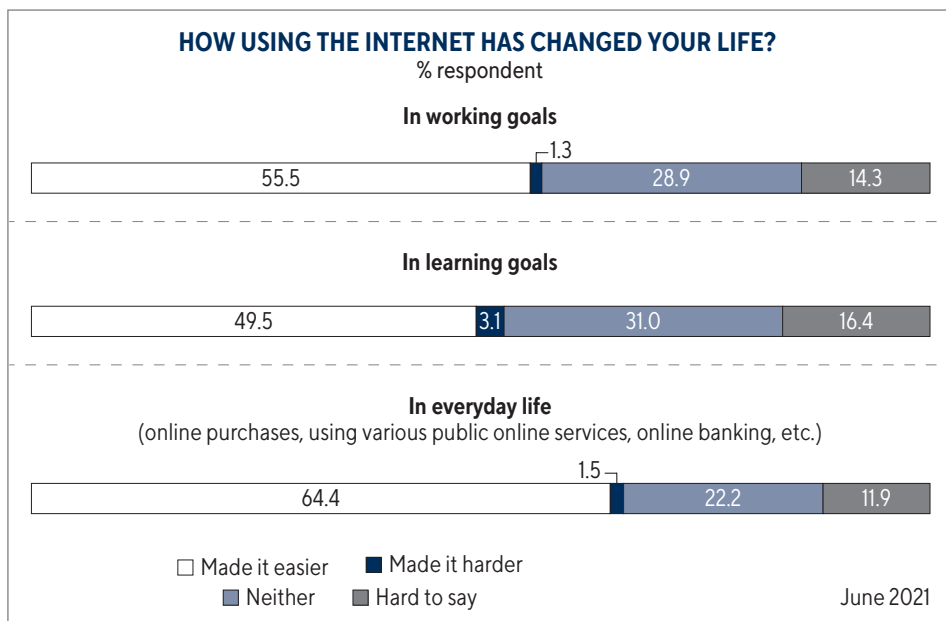
The importance of digital networks, first of all, the Internet, is recognised in the world as the accelerator of development because of its critical significance for economic growth, social inclusion, and environmental protection. The *COVID-19* pandemic has corroborated the significance of the Internet: due to the existence of various communication systems minimising «disruptions» in business was possible, as well as raising the level of social awareness and accelerating the exchange of knowledge in the sphere of education and public health.

Ukraine has demonstrated significant progress in broadening the use of the Internet, and this is proven by the results of the sociological survey. The share of people who have never used the Internet and had no need for it has fallen from more than 80 percent in 2002 to 16.3 in 2021 (Chart «*Do You Use the Internet?*», p.122). An overwhelming majority of respondents confirmed that the Internet positively influences their lives, irrespective of the sphere of use (Chart *How Using the Internet Has Changed Your Life?*, p.122).



DO YOU USE THE INTERNET?* % respondent					
	2002*	2010*	2015*	2018*	June 2021
Use it from a mobile device (mobile phone, smartphone, tablet, etc.)	-	-	-	35.6	60.6
Use it at home	1.1	21.4	59.9	61.4	58.5
Use it at work	2.6	9.5	14.8	21.6	29.9
Do not need it and never use it	80.7	59.8	29.0	21.2	16.3
Use it in an internet café, computer club, etc.	1.5	4.7	3.7	6.6	7.1
Need it but do not have an opportunity to use it	13.0	9.8	6.7	2.1	3.1
Hard to say	2.5	0.2	0.2	0.0	0.9

* Results of surveys of the Institute of Sociology of the National Academy of Sciences of Ukraine.





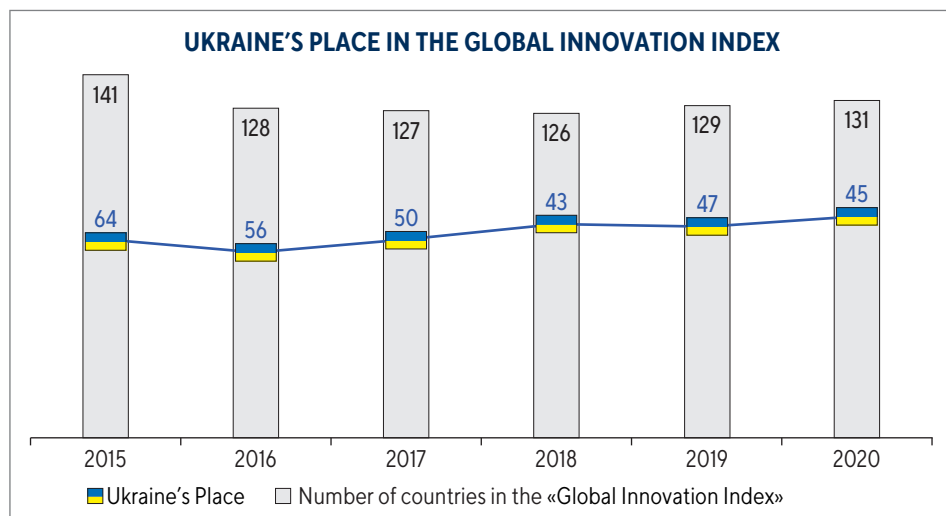
To make the Internet universal and accessible for the population is one of the tasks defined by the Sustainable Development Goals. Today, the situation with the fibre Internet in Ukrainian cities is rather good but the level of the Internet coverage in rural areas is still insufficient. Also, 40 percent of schools, 92 percent of libraries, 37 percent of hospitals lack quality fibre Internet. Consequently, not all schools can organise quality remote education, while hospitals are not able to introduce telemedicine and provide online consultations.

With the aim of forming «digital» skills and abilities among various strata of population, the National Digital Literacy Platform «Action: Digital Education» works from 2020. At the same time, every year, ever more Ukrainian higher educational institutions are approving education programmes to train specialists in the direction of digital technologies. For example, in 2020, the number of newcomers to higher education who wanted to choose an IT specialty in Ukraine reached the record 138 thousand, being 20 percent more than in 2018.

Such sectors as cybersecurity, automation of business management, and e-commerce are developing at accelerated rates in Ukraine, while significant volumes of investment are accumulated in the spheres of the use of information-and-communication technologies: artificial intelligence, Big Data, the Internet of Things, block chain, cloud computing, additive production, virtual, added and mixed reality, graphic information technologies and systems, etc.

There is a rather high demand in the world for such Ukrainian start-ups as «GitLab» (development of software), «Bitfury» (software for cryptocurrencies mining), «People.ai» (artificial intelligence in e-commerce), «Grammarly» (the online grammar and style service for texts, on the basis of artificial intelligence), «Ring» (the Internet of Things for smart homes), «Genesis» (e-commerce, digital media, and advertisement), «UniExo» (production of exoskeletons as solution of problems with the musculoskeletal system), «PetCub» (video cameras for pet owners), and others.

All this helped Ukraine to occupy the 45th position among 131 countries of the world in 2020 as for *The Global Innovation Index*, going past the target benchmark of the 50th position, set for 2020 in correspondence with the Sustainable Development Goals (Chart *Ukraine's Place in the Global Innovation Index*, p.124).



Despite the lack of proper financing of scientific research and development, Ukraine has managed to strengthen its positions at the global market of IT products. During the world pandemic, Ukraine's IT sector has not only managed to avoid mass bankruptcies but also managed to preserve the dynamics of growth. The key factor of growth was successful integration of the sector into world markets: in 2020, export by the Ukrainian IT sector amounted to \$5.03 billion (\$1.3 billion in 2013) thus allowing Ukraine to become the second country in Europe as for the export of IT services.

IT is a rather attractive industry where investment is concerned: \$1.3 billion of venture and private capital were invested over 2013–2018, into Ukrainian IT start-ups and companies of various grades of maturity. In 2018, the volume of published contracts in Ukraine's IT sector amounted to \$323 million, or 22 percent more than in 2017. While in 2012 the share of IT in the GDP was 0.8 percent, it amounted to 4 percent in 2020. According to the forecast of the «*IT Ukraine Association*», the country's IT market will be steadily growing by 22–30 percent annually, while the number of specialists will grow twofold by 2024.

Today, Ukraine has good chances to occupy a worthy position at the world market of innovation services, and it also possesses opportunities for a full technological overhaul. However, despite a number of achievements, there is great work ahead. It is extremely necessary for Ukraine

in the nearest time to apply more effort to: (1) creating a principally new basis of production with the aim of increasing country's technological export to international markets, and of forming human capital capable of efficiently using the new information technologies; (2) formulating and adopting the regulatory framework in the digital security sphere; (3) broadening access to the Internet everywhere.

Global Technological Changes and Prospects of Structural Changes: Challenges for Ukraine

The principally new technologies of production and business, spreading within the framework of the Fourth Industrial Revolution, including under the influence of factors and results of the coronavirus crisis, will be cardinally changing the economic landscape of the world during the nearest two-three decades. What is meant here is the systemic restructuring of economy under the influence of technological changes, bearing a new technological order in economy and in the society as a whole. This will be accompanied by cardinal social changes, caused by changes in the way of world perception, in the systems of life senses, values, identities, and forms of communication and interaction between people, i.e. culture in the broadest sense.

This also determines the new role of the state, the new level of interaction between the state and the national business, where the main task will be the strengthening of preparedness, an ability to form and implement the policy of growth and development on the basis of technological and innovation preparedness. Of course, this is a very ambitious task, and achieving it does not seem easy. However, the independence years have clearly proven that Ukraine, with the support of its international partners, is capable of creating a new quality of socio-economic and socio-political environment within a relatively short time.

Of course, the novel challenges will not be simple, and counteracting them will be further complicated by the lack of «immunity» against their influences. Thus, the arrival of new technologies may cause an essential decrease of the need for some professions and, correspondingly, jobs. In particular, specialists of the World Economic Forum foresee a possible disappearance of almost a half of the jobs in existence now, first of all, in the services sector. Introducing block chain technologies can lead to the lowering



of general need in mediators: commercial, financial, legal, etc. It is clear that the full disappearance of professions will not happen. This is rather about the growth of requirements in respective professional environment where benefits will be gained by the most competitive.

Along with this, the advantages of cheap labour force will be levelled: it will no longer ensure significant comparative advantages in the world economy. This means that the emphasis on relatively cheap labour force, traditional for Ukraine, will be of no sense, as labour-intensive industry will be losing its significance as a way to flourishing, and more efficient technologies of agriculture will unavoidably push people out of the sphere of leading rural way of life.

In connection with this, Ukraine faces an urgent task to ensure development and approval of the National New Technologies Development and Adaptation Programme within the Fourth Industrial Revolution, meant to last for 15-20 years, as the basis of strategically oriented economic policy at all levels of governance. The greatest significance is being acquired by the change in the models of business and state regulation, the change of philosophy itself in the foundation of economic behaviour, the formation of the «culture of the long-term» of sorts.

The new course of the strategically oriented innovation development is impossible without special stimuli on the part of the state or other regulatory institutes, to level temporarily unfavourable conditions for implementing innovations, to help overcome the traps of uncertainty. This may mean a need to review the now dominant paradigm of minimising the economic role of the state. The «conservation» of such a course may have disastrous results if the country's economy loses the long-term vision of the novel mega-trends. Under such conditions, the reforms may result in further structural streamlining of economy, transition from more complex to simpler and even primitive kinds of economy.

The alternative is seen in the necessity of the policy of reasonable state regulation of long-term economic processes, and such regulation must concentrate on the following priorities:

- ✓ providing information services on payment-free basis or on beneficial basis with the aim of decreasing the level of uncertainty during the time of implementing innovations;



- ✓ creating constant and transparent for the society institutional framework, protected from corruption, for consultations between authorities and the business as well as representatives of civil society, on the issues of developing and implementing the strategy of socio-economic development and adaptation of novel technologies;
- ✓ introducing transparent mechanisms of supporting priority research and development under condition of observing the demands of minimisation of deviations of market competition. National and regional technological development funds could be the institutional framework of this discussion.

Let us emphasise that an important principle of the innovation-directed long-term economic policy has to be stimulating the demand for innovative products and corresponding changes in customers' preferences, and this is inseparable from the task to raise the level of income of population, and the able-to-pay demand.

Cardinal technological changes will require huge volumes of capital. This will require the review of the established ideas on the optimum correlation of the distribution of revenue between consumption and capital creation. At the same time, diversification and change in the structure of forms of capital become a critically important policy principle, with the priority given to such its forms as human (humanitarian) and intellectual capital. This is them that influence the rate and character of changes in the economy and the society to the greatest extent.

Finally, the social capital of the society, as a measure of its cohesiveness and trust, also acquires critically important significance from the position of long-term economic efficiency. The level of social capital directly influences the processes of forming the business infrastructure, its technological level, and thus, the adaptability of this or that company to intensive high-technology links and cooperation.

Despite the now relatively weak economic positions of Ukraine, the experience gained during the 30 years of independence by the state and the Ukrainian business gives grounds for an optimistic view of the future.



5. CITIZENS AND CIVIL SOCIETY OF THE INDEPENDENT UKRAINE

Social and economic transformations that have taken place in Eastern European countries at the end of the 20th – beginning of the 21st century, have largely been a unique phenomenon that has no direct equivalent in history. Transformations have encompassed all spheres of life in these countries – economic, political, social, as well as social consciousness.

Ukraine is not an exception. Social studies show that in the 30 years of independence Ukrainian society has changed a lot. Ukrainian citizens' identity changed significantly, foremost its civic and socio-cultural components. Stereotypes inherited from the Soviet era and «fed» by the aggressive successor of the USSR are being left behind. The scale and multidimensionality of social transformations could not but influence citizens' value system. Ukrainians have overcome the «reform shock» and not only embraced European democratic values, but have proven their ability to defend them, literally.

Democratisation of social life, establishment of ideological pluralism, citizens gaining experience of self-organisation for realisation of their rights and interests have led to formation of developed civil society foundations in Ukraine, which can act as a guarantor of democratic constitution of the Ukrainian state.

Break from the «Russian Past» and the «Russian World»: Changes in Ukrainian Citizens' Identity

Changes in social consciousness appear both, as changes of dominant public opinion stereotypes, as well as mentality changes. Changes in public opinion stereotypes are changes of common ideas (for instance, concerning the paths of society development, interpretation of historical events). During «critical times» in history such changes can occur very fast. For example, in the late 1980s – early 1990s, public opinion in the Soviet Union changed towards support of market reforms just in a couple of years, while in the early 1980s, mottoes of «socialist ideals» (at least on the level of declaration) still enjoyed widespread support. Mentality changes take a while though, as in order for them to occur, one's world view, world perception and world sensation have to change, which lie deep in one's consciousness.

In recent years, changes of social consciousness in Ukraine can be described as the process of overcoming stereotypes shaped back when Ukraine was a part of the Soviet Union and a part of the Russian Empire. These stereotypes were born in the authoritarian (the Russian Empire) and totalitarian (the Soviet Union) social systems, i. e. were the result of society's adjustment to existing in authoritarian and totalitarian conditions. In this context, we can also talk about Ukrainians' ability to resist stereotypes that were being and still are being imposed on them by the propaganda and the popular culture of modern Russia, which is the direct heir of authoritarian and totalitarian traditions of the Russian Empire and the USSR.

Separation from the USSR and the «Russian world» started back in the 1980s, with the disappointment in Soviet reality, disillusionment with the official Soviet communist ideology, and was connected with the search for «ideological alternative» and a change of Ukrainians' perception of the desirable development paths for their country. The 1990s were the years when Ukrainians were adapting to new historical reality – market economy and living in a newly independent state, which, however, was forced to exist, using the then popular ideological formula, – «within a single economic, cultural and information space of CIS countries». Existence of single information space, however, essentially boiled down to unilateral opportunity for Russia to broadcast its own «world perception matrices» to citizens of other CIS countries, which basically did not differ from the Soviet Union situation.

These «matrices», among other things, were also influencing the formation of social consciousness, namely, how Ukrainians perceived themselves as an ethnic group, how residents in different parts of Ukraine perceived each other, as well as public opinion on building Ukraine-Russia relations. Also, in the early 1990s, Russia was perceived (and not just by





Ukraine) as the leader of change in the post-Soviet space, while other former soviet republics, according to this logic, were to copy Russia. Which was essentially happening in Ukraine.

However, the era of «democracy euphoria» in Russia ended rather quickly. Russia embarked on the path of building the state of «oligarchic capitalism»; and in relations with national autonomies, Russia's approach of «take as much sovereignty as you can handle» transformed into the desire to go back to a strong power vertical, strong central government.

Intensification of authoritarian trends in Russia stimulated intensification of similar processes in Ukraine (to a large extent, following the abovementioned logic of «copying» Russian socio-political processes). In this situation, the fight for democratisation within the Ukrainian society invariably led to increased relevance of the «Away from Moscow» motto, i. e. the choice between democracy and authoritarianism yet again in Ukrainian history was rendered equal to geopolitical choice between rapprochement with Western democracies (foremost, with the EU) or Russia. Although, it should be mentioned, that such equating was observed already in Taras Shevchenko's works: «When will we finally see Washington come with its new and righteous law? Sometime in the future, we will».

On the other hand, Ukrainian society's interest in integrating with Europe was always taken into account by Ukrainian government in foreign policy development, since independence was proclaimed (even in the Viktor Yanukovich era). In the past decades, European integration course was an important component of Ukrainian State's foreign policy doctrine. However, its implementation was impeded not just by Russia's resistance, but, foremost, by the unwillingness of Ukrainian government to implement fundamental changes aimed at democratisation of social life and overcoming corruption, without which, integration with Europe was impossible.

The multi-vector (more precisely, two-vector) character of Ukraine's foreign policy was largely caused by the fact that Ukrainian society most often perceived western democracies as social example, that said however, social behaviour and mass consciousness stereotypes perpetuated in the society gravitated more towards the «Soviet past» and

«Russian world» (where they essentially developed). This is why implementation of Eurointegration course was impossible for Ukraine without first overcoming these stereotypes, as is impossible implementation of western democracy values (and what is called «European values») – respect for human rights and freedoms, pluralism, tolerance, openness and transparency of political processes.

Former stereotypes were being «expelled» from public consciousness in Ukraine already during the 1990s and 2000s, yet this was a slow process. But the events of 2013-2014, significantly expedited the dynamic.

«With Russia or with Europe?»

Having started a «hybrid war» against Ukraine, Russia has single-handedly significantly damaged its image not just in Ukraine, but generally in the world. In the first place, this affected the image of Russia's state leadership. According to the survey conducted by the sociological service of the Razumkov Centre in April 2014, i. e. shortly after Russia launched its «hybrid warfare», percentage of respondents with negative perception of the Russian President was 71%. According to the study conducted by the Razumkov Centre together with Ilko Kucheriv Democratic Initiatives Foundation in June 2017, it grew to 79%, and according to data received by the Razumkov Centre in March 2021– to 82%.

Ukrainian citizens perceive Russia as the aggressor state, which has illegally annexed Crimea and continues its armed aggression against Ukraine (March 2019 survey by the Razumkov Centre showed that 76% of Ukrainian citizens held this opinion), and the goal of Russian regime's foreign policy is to destroy Ukraine's independence and sovereignty (opinion shared by 67% of respondents).

Two thirds (66.5%) of respondents believe that Russia's model of state and political development is unacceptable for Ukraine (only 16% of respondents think it is acceptable). According to the study conducted by the sociological service of the Razumkov Centre together with Ilko Kucheriv Democratic Initiatives Foundation in December 2017, answering the question: «Which model of social development do you see as most appealing?», 58% said «a European model», and only 4% – «a Russian model».



While, according to the same survey, for 76% of respondents, to a greater degree, the EU means progress and development, for 51% of respondents – Russia means retardation and regress, and only for 16% – progress and development.

Answering the question, with which country – Ukraine or Russia – they foremost associate such concepts as «democracy», «welfare», «stability», «freedom», «aggression», «humaneness», «justice», «cruelty», «dictatorship», «respect for rights of the individual», – most respondents associated Ukraine with «democracy» (42%), «freedom» (40%) and «humanness» (36%) (Table *With which country – Ukraine or Russia – do you associate ... in the first place?*). Only 2% of respondents first think of Russia in association with such concept as «democracy», only 3% – «humanness», 4% – «freedom», «justice» and «respect for rights of the individual». Russia is mostly associated with concepts of «aggression» (66%), «dictatorship» (60%), «cruelty» (57%).

WITH WHICH COUNTRY – UKRAINE OR RUSSIA – DO YOU ASSOCIATE EACH OF THESE CONCEPTS IN THE FIRST PLACE? % respondents					
	With Ukraine	With Russia	With each country equally	With neither of them	Hard to say
Democracy	41.5	2.0	9.5	35.0	11.9
Freedom	39.6	3.5	8.2	35.1	13.6
Humanity	36.4	2.8	8.3	34.8	17.7
Justice	24.5	3.5	7.6	47.0	17.5
Respect for individual rights	20.6	3.7	7.9	47.0	20.7
Welfare	17.9	8.8	9.8	50.7	12.8
Stability	12.1	11.6	8.6	55.0	12.7
Dictatorship	4.1	59.6	11.8	10.4	14.1
Cruelty	3.4	56.9	11.1	13.2	15.4
Aggression	2.6	65.7	9.1	11.0	11.5

December 2017

USSR Nostalgia or Orientation towards the Future?

A component of Russia's modern political mythology is the idea that the collapse of the Soviet socio-political system, disintegration of the Soviet Union was a social disaster for Russia and former USSR republics. It is known that Vladimir Putin has described USSR disintegration as the «largest geopolitical disaster of the 20th century». Nostalgia for Soviet times is nourished by official Russian propaganda. As a result, even the most odious Soviet leader – Joseph Stalin – is now perceived as a positive figure in Russia.

Is there USSR nostalgia in Ukraine? During the abovementioned December 2017 survey, respondents were asked, whether they would like for USSR order to be restored now. Results: 63% would not want this, 21% – would want this.

Choosing between propositions «people's rule is more important for our country than strict order» and «strict order in the country is more important than people's rule», those against returning to USSR order chose the first more often (44% and 30%), and those in favour of returning to Soviet order, on the contrary, chose the second more often (31% and 44%, respectively). Thus, for Ukrainian citizens, aspirations of building a democratic society and ensuring the rule of people are connected with the desire to «break away» from the Soviet past.

According to December 2017 survey, 59% of Ukrainian citizens thought that USSR disintegration was not only a logical, but also a progressive event in history, and only 27% – that it was a historical disaster.

According to **a national Russian survey** conducted by Levada-Centre in November 2017 (included 1,600 persons aged from 18 y.o., statistical error does not exceed 3.4%), answering the question «*Do you regret that the USSR collapsed*», 58% of respondents in Russia answered affirmatively, only 26% – gave a negative answer (16% could not decide). 52% of respondents believed that the disintegration of the USSR could have been avoided (29% thought it was inevitable, others – could not decide).

In June 2021, only 10% of respondents in Ukraine said they favoured restoration of the Soviet Union, another 21% – that they would like this, but consider it unrealistic, and 69% gave a negative answer.



In addition, with time, percentage of those with unambiguously negative attitude to the idea of USSR restoration is growing (in November 2016, there were 65%). Also, USSR nostalgia is more characteristic of older people. Among those aged 50 y. o. and over, 18% said they favoured Soviet Union restoration, another 32% – would like this, but consider it unrealistic (but even in this age group, 51% did not support USSR restoration). Among people younger than 35 y. o., Soviet Union restoration is favoured by only 4%, 7% would like this, but consider it unrealistic, and 89% – are against USSR restoration. USSR restoration is opposed by residents in all macro-regions of Ukraine: from 55% in the East to 88.5% – in the West of the country.

Public opinion of Ukrainians is oriented towards the future – according to December 2017 survey, among all respondents, 57% support the opinion that the best times for our country are coming in the future, and only 26% believe that they are in the past.

Orientation towards the past or the future is connected with nostalgia (or its absence) for the Soviet past. Among those, who favoured restoration of USSR order, 63% believe that the best times for our country are in the past (and only 24% – that the best times are coming in the future). Meanwhile, among respondents, who do not wish for USSR order to come back, 72% believe that the best times for our country are coming in the future (and only 12% – that they are in the past).

«Ukrainians and Russians – Fraternal Nations?»

One of the fundamental mythologemes in the Soviet era was the «brotherhood of Russian and Ukrainian nations». It substituted the concept of *«triune of Russian people»* – the official doctrine of the Russian Empire, according to which, Russian nation consisted of three components – Great Russians, Small Russians (i. e. Ukrainians) and Belarussians (i. e. Belarusians). Current political thinking in Russia is ever more extensively returning to the position typical for official Russian Empire ideology: there is no separate Ukrainian nation (neither, Belarussian), in reality, Small Russians and Belarussians – are parts of one «Great Russian» nation. Lately, this statement has often been articulated by the Russian President Vladimir Putin.

In the article «On Historical Unity of Russians and Ukrainians» (published on 12 July 2021), he is putting forward a proposition that Ukrainian people are predominantly a Polish concoction, finalised later by the Bolsheviks: «... It is Soviet national policy that instead of the great Russian nation, the triune people consisting of Great Russians, Small Russians and Belarussians, solidified the official state concept of three separate Slavic nations: Russian, Ukrainian and Belarusian». He goes on: «Modern Ukraine is fully and completely a Soviet era creation. We know and remember that it has to a great extent been created at the expense of historically Russian territories... One thing is clear: essentially, Russia has been robbed».

From the above, V. Putin's logic leads to conclusions, *first*, that there are no particular grounds for existence of Ukraine as an independent state (as there is no separate nation; same, as the statement that Austrians and Germans are the same people served Adolf Hitler to justify the Anschluss – annexation of Austria into Nazi Germany), *second*, that most of Ukraine's territories have been added to it without a reasonable basis.

Russia's «hybrid war» has significantly discredited the ideas of «unity» and «brotherhood» of Russian and Ukrainian people. It is no coincidence that shortly after it started, both in Ukraine and in Russia, Russian-language poem by Ukrainian poet A. Dmytruk «*We Shall Never Be Brothers*» got a lot of public attention. Notably, the text of the poem contains no words like «Russia» or «Russians», yet from the context, readers both in Ukraine and in Russia understand that the poem refers specifically to relations between Ukrainians and Russians.

How is this «brotherhood» mythologeme perceived in modern Ukraine? Respondents were asked to choose from three statements – «Ukrainians and Russians have always been and remain fraternal nations», «Ukrainians and Russians used to be fraternal nations before, but they are not now» and «Ukrainian and Russians have never been fraternal nations».

First statement («Ukrainians and Russians have always been and remain fraternal nations») was supported by a little over a quarter (27%) of respondents. Two thirds (66%) of respondents disagree with the statement about the two nations' fraternal relations – this includes those, who think that Ukrainians and Russians used to be fraternal nations before,



but are not now (50%), and those, who think that Ukrainian and Russians have never been fraternal nations (16%).

According to March 2019 survey, 64% of Ukrainians think that «strategic partnership», «fraternal nations», and «neighbourliness» formulas are unacceptable as foundations of Ukraine–Russia relations (as ideological clichés that cover Russia’s supremacy aspirations over Ukraine).

«Different Ukrainians» and Neighbour Nations. Who Is Closer to Whom?

Both, in Russian and Soviet government policy regarding Ukraine and Ukrainians there has always been a trend of contraposing different parts of the Ukrainian ethnic group, one of which was always positioned as «loyal», «pro-Russian», and another – as separatist or nationalistic.

At one time, Cossacks were positioned as such «separatist» part of Ukrainian ethnic group, up to the point where Cossacks were completely excluded from the Ukrainians (Small Russians) and were instead perceived as a separate «Slavic-Tatar» tribe. Later, western Ukrainians (foremost, Galicians) became such a stigmatised group (from the standpoint of being disloyal to Russia). Among the most popular myths in Russian historiography are the following: by origin, faith, and culture, Galicia and Ukraine are less similar between themselves than Ukraine and Belarus, or Ukraine and Great Russia; the language of Galicians that they call Ukrainian – is in reality the «spoiled» version of Russian. The overall trend in presenting the image of western Ukrainians: they are more «damaged» by the foreign influence, but are still bound to sooner or later «come back» to Russia, although their path in this direction will be longer and more complicated than for other Ukrainians.

Such propagandist influence resulted in «ideological stigmatisation» of Ukraine’s western oblast residents, which occurred not just in the USSR, but following USSR stereotypes, also for a long time after Ukraine gained independence. In particular, this surfaced in formation of the negative image of Western Ukraine residents presented as «Banderites», «bourgeois nationalists», and in provoking residents of other Ukrainian regions to distance themselves from the West.

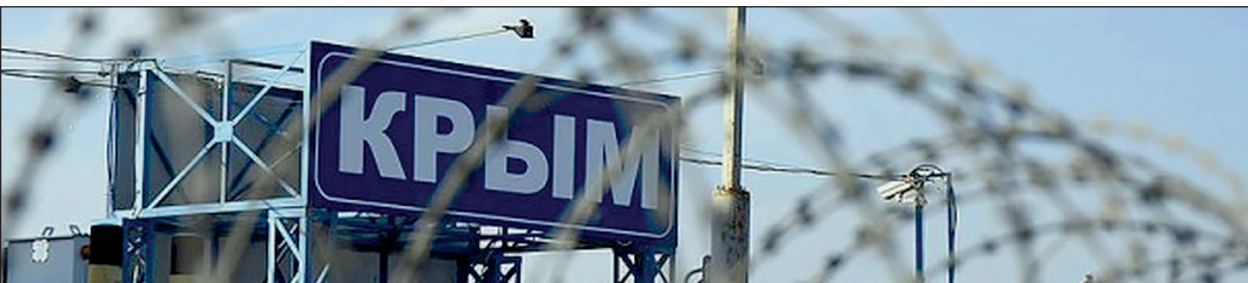
Process of overcoming these stereotypes was greatly expedited by the events of 2014. By launching a «hybrid war» against our state, Russia

essentially admitted its inability to include all of Ukraine into the «Russian world», so they set course for including only separate parts. This includes not just Crimea and Donbas, but, in general, what Russian ideologists call «Novorossiya», i. e. the entire South and East of Ukraine.

Official Russian ideology has been viewing and views southern and eastern parts of Ukraine as «Russian territories, gifted to Ukraine by the Bolsheviks», so inciting interregional polarisation in Ukraine has been the key element of Russia's policy regarding Ukraine. Coming from the picture of reality shaped under the influence of their own ideologies, Russian leadership saw Eastern and Southern oblasts of Ukraine as «easy prey». In this sense, differences between the regions of Ukraine (including differences in perception patterns and mentality stereotypes) were gaining crucial significance. Yet, as the course of events showed, they turned out to be not as great as someone would have liked.

That said, we cannot state that existence of regional differences is categorically negative for Ukrainian society. Regional differences (including socio-cultural) exist in all large countries, besides, unification is a totalitarian society ideal, not at all democratic. Regional diversity per se does not mean conflict between different regional communities, same as the fact of co-existence of different ethnic groups on its own – does not mean that their relationship framework should be a conflict. Just as resolving such inter-ethnic conflicts does not in any way mean amalgamation of ethnic groups, and responding to social risks connected with this inter-regional diversity does not mean elimination of this diversity.

At the same time, this does not mean that we should not be aware that inter-regional differences (same as issues in inter-ethnic relations) may be used to destabilise society (which happened in Ukraine in 2014). Therefore, the study of such differences has to be the subject of thorough analysis.





In the study conducted by the Razumkov Centre in May 2006, assessing how close to them are the residents of different Ukrainian regions and some neighbour countries by character, customs, and traditions, – overall, Ukrainians said that residents of western regions of Ukraine (Halychyna, Bukovyna, Volyn and Zakarpattya (Transcarpathia) are less close to them than residents of other Ukrainian regions, and for residents in the East and South of Ukraine – even significantly less close than residents of Russia. Thus, in the South, respondents gave their proximity by character, customs and traditions with residents of Halychyna 4.3 points, while their proximity with Russian citizens was at 7.3 points; respondents in the East gave 4.4 and 8.4 points respectively (Table *How close to you by character, customs and traditions are residents in different regions of Ukraine and some neighbour states?*, pp.139-140 and Chart, p.358).

Comparing 2021 results to 2006, we find that in the East, respondents' assessment of cultural proximity with western regions of the country grew (e. g., assessment of proximity with Halychyna grew from 4.4 to 5.1 points), and assessment of proximity with southern and eastern regions decreased, while assessment of cultural proximity with the Centre remained unchanged.

In the South, we note an increase in cultural proximity assessments with most western regions, Central Ukraine and Slobozhanshchyna. Assessment of cultural proximity with Donbas did not have statistically significant changes, while assessment of cultural proximity with Crimea dropped.

For the country overall, in 2021, assessment of proximity with residents of such regions as Slobozhanshchyna, South, Crimea, Donbas was lower than in 2006, while assessment of cultural proximity with residents of the Centre, Halychyna, Volyn, Bukovyna, Zakarpattya, did not have statistically significant changes compared to 2006.

There is a trend of decreasing level of cultural proximity with residents of Russia – from 6.8 points in 2006 to 3.5 points in 2021 (below that is only the number for cultural proximity with residents of Turkey, which is 3 points). However, unlike assessment of proximity with Russia, assessment of proximity with Turkey residents has grown over the past years (in 2006, it was just 1.6 points).



HOW CLOSE TO YOU BY CHARACTER, CUSTOMS AND TRADITIONS ARE RESIDENTS IN DIFFERENT REGIONS OF UKRAINE AND SOME NEIGHBOUR STATES?

Average score*

	UKRAINE		West		Centre		South**		East	
	May 2006	June 2021	May 2006	June 2021	May 2006	June 2021	May 2006	June 2021	May 2006	June 2021
Central region (excluding Kyiv)	7.5	7.4	6.8	6.8	8.5	8.2	7.0	7.3	6.9	6.8
Kyiv	7.7	7.4	6.7	6.6	8.5	8.2	7.3	7.8	7.4	6.9
Slobozhanshchyna or Sloboda Ukraine (North-Eastern Ukraine)	7.3	6.6	5.3	5.3	7.3	6.1	7.3	7.7	8.4	7.9
Southern region	7.3	6.5	5.5	5.4	7.2	6.0	8.6	8.4	7.8	7.3
Halychyna	5.9	6.0	8.6	8.1	6.2	5.6	4.3	4.7	4.4	5.1
Bukovyna	5.8	6.0	7.6	7.5	6.2	5.8	4.4	5.1	4.6	5.3
Volyn	5.9	5.9	8.0	7.6	6.3	5.7	4.5	4.7	4.6	5.1
Zakarpattya	5.7	5.8	7.4	7.0	6.1	5.6	4.4	5.1	4.6	5.3
Crimea	7.1	5.7	4.7	4.6	6.9	4.9	7.9	7.5	7.8	7.1
Donbas	7.3	5.4	4.4	4.0	6.9	4.3	7.4	7.2	9.0	7.4
Belarus	6.0	4.6	3.9	3.3	5.7	4.3	6.6	5.9	7.1	5.5
Poland	3.7	4.4	4.4	4.4	3.8	4.5	3.6	4.7	3.3	4.1
Slovakia	3.2	4.1	3.8	4.2	3.4	4.1	3.2	4.2	2.9	4.0
Moldova	3.0	3.8	3.1	3.7	3.2	3.7	3.0	4.5	2.8	3.8
Hungary	2.8	3.7	3.3	3.6	3.0	3.6	2.7	3.8	2.5	3.7
Russia	6.8	3.5	3.7	1.5	6.4	3.0	7.3	5.2	8.4	5.7
Romania	2.5	3.5	2.9	3.6	2.8	3.3	2.5	3.7	2.3	3.6
Turkey	1.6	3.0	1.5	2.9	1.8	3.0	1.4	3.2	1.5	2.9

* On 11-point scale from 0 to 10, where «0» means that residents of this region/country have nothing in common with you in character, customs or traditions, and «10» – residents of this region/country have maximum proximity to you in character, customs and traditions.

** For comparability with results received in Southern region in 2021 (when the survey was not conducted on the territory of occupied Crimea), 2006 results for Southern region are also presented excluding Crimea.



HOW CLOSE TO YOU BY CHARACTER, CUSTOMS AND TRADITIONS ARE RESIDENTS IN DIFFERENT REGIONS OF UKRAINE AND SOME NEIGHBOUR STATES?			
	Average score*		
	Aged 18-35	Aged 36-49	Aged 50 +
Central region (excluding Kyiv)	7.5	7.6	7.3
Kyiv	7.6	7.7	7.2
Slobozhanshchyna or Sloboda Ukraine (North-Eastern Ukraine)	6.5	6.7	6.5
Southern region	6.5	6.6	6.4
Halychyna	6.3	6.0	5.8
Bukovyna	6.2	6.0	5.8
Volyn	6.1	5.9	5.7
Zakarpattia	6.1	5.8	5.6
Crimea	5.7	5.9	5.7
Donbas	5.2	5.6	5.4
Belarus	4.4	4.5	4.7
Poland	4.6	4.6	4.2
Slovakia	4.3	4.3	3.9
Moldova	3.9	3.9	3.8
Hungary	3.8	3.8	3.5
Russia	3.2	3.7	3.7
Romania	3.7	3.6	3.3
Turkey	3.2	3.0	2.7

June 2021

Compared to 2006, assessment of cultural proximity with Belarus residents decreased (from 6 to 4.6 points), while with residents of countries bordering on Ukraine in the west and southwest (Poland, Slovakia, Hungary, Romania, Moldova) – grew. Assessment of cultural proximity with Russia and Belarus, compared to 2006, decreased in all regions of the country without exception. Meanwhile, assessment of cultural proximity with residents of Romania, Moldova and Turkey grew in all regions, and proximity with residents of Poland, Slovakia and Hungary – in Central, Southern and Eastern regions, coming close to figures characteristic previously and now of the Western region.

Thus, we can acknowledge that in recent years the vector of «self-assessment of cultural proximity» has been shifting from the East to the West, – which includes assessments of cultural proximity with residents of different regions of Ukraine, as well as residents of neighbouring states.

The younger the respondents, the closer their cultural affinity to Ukraine's western residents, majority of western and south-western neighbour states, and Turkey, and the further the distance from residents of Russia and Belarus.

Cultural Traditions and Cultural Affinity: More Ukraine, More Europe

Answering the question, with which cultural tradition they identify themselves, in June 2021, most respondents said they identify themselves with Ukrainian cultural tradition (73%). This percentage significantly grew since 2006 (then it was 56%). From 7% to 10% also grew the share of respondents who identify themselves as part of general European cultural tradition, and went down for those who identify as part of Russian (from 11% to 3%) and Soviet (from 16% to 10%) cultural traditions Table *Which cultural tradition do you associate yourself with?*, p.357).

WHICH CULTURAL TRADITION DO YOU ASSOCIATE YOURSELF WITH?								
% respondents								
	West		Centre		South*		East	
	May 2006	June 2021	May 2006	June 2021	May 2006	June 2021	May 2006	June 2021
General European	9.0	9.4	6.2	11.2	6.9	6.3	5.0	9.8
Soviet	4.4	2.3	13.3	7.0	24.5	14.2	22.7	18.7
Ukrainian	79.9	85.2	71.9	75.7	50.2	67.5	37.2	60.2
Russian	1.5	1.5	3.0	1.7	9.7	7.1	20.0	5.7
Other	1.4	0.2	0.7	0.4	2.1	1.7	1.6	1.3
Hard to say	3.8	1.5	4.9	4.0	6.6	3.3	13.5	4.3

* For comparability with results received in Southern region in 2021 (when the survey was not conducted on the territory of occupied Crimea), 2006 results for Southern region are also presented excluding Crimea.



It should be noted that most significant changes in cultural self-identification took place between 2008 and the end of 2013 – in this period, the share of respondents who identified as part of Ukrainian cultural tradition grew from 58% to 68%, and those who thought of themselves as part of Russian cultural tradition – decreased from 15.5% to 6%. Most of this period was the period of Viktor Yanukovych's Presidency, who executed pro-Russian policy, including in the culture sector, so these changes in mass consciousness could be society's reaction to government policy, a rejection response.

Comparing data for 2021 and 2006, the number of those who identified themselves with Ukrainian cultural tradition grew in all regions, but to the greatest extent – in the South and East. In the South, this percentage grew from 50% to 67.5%, and in the East – from 37% to 60%.

A statistically significant increase of the share of those, who identify themselves with general European cultural tradition was noted in the Centre (from 6% to 11%) and East (from 5% to 10%). Self-identification with Soviet cultural tradition decreased in the South (from 24.5% to 14%) and Centre (from 13% to 7%), with Russian – in the East (from 20% to 6%).

An increase of self-identification with Ukrainian cultural tradition happened almost exclusively at the expense of Russian-speaking population – among them this percentage doubled (from 29% to 58%), while among Ukrainian-speaking population there were no statistically significant changes.

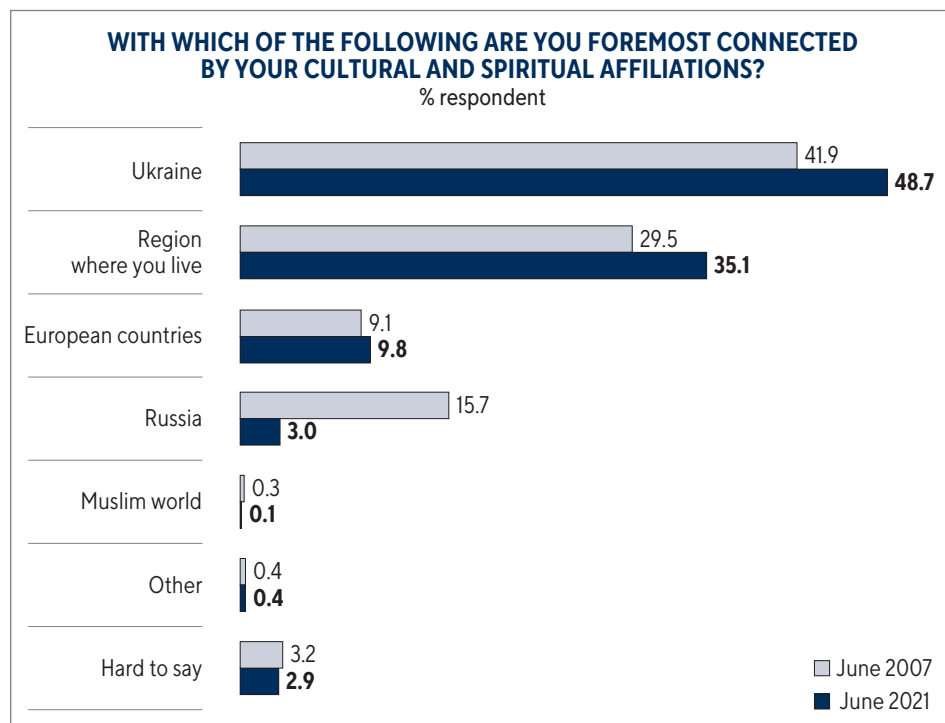
Among ethnic Ukrainians, self-identification with Ukrainian cultural tradition grew from 66% to 76%, with general European – from 6% to 10.5%, with Soviet – dropped from 14% to 8%, with Russian – from 6% to 2%. At the same time, among ethnic Russians – self-identification with Ukrainian cultural tradition increased more noticeably – from 21% to 49%, and with Russian – decreased from 35% to 18%. Thus, in 2006, the relative majority of ethnic Russians self-identified with Russian cultural tradition, and in 2021– most of them self-identified with the Ukrainian.

Both, among Ukrainian-speaking and Russian-speaking respondents, decreased self-identification with Soviet cultural tradition, and among Russian-speaking ones – also with Russian cultural tradition (from 26% to 8%).

Self-identification with Ukrainian cultural tradition is found more often in the younger and middle age groups, as compared to the older one (76%, 78% and 67.5%, respectively). The younger the respondents, the more often they self-identify with the general European tradition (from 6% among those, who are aged 50 +, to 15% among respondents younger than 36 y.o.), and the less – with the Soviet (17% and 2%, respectively).

Compared to 2007, from 42% to 49% grew the percentage of respondents who said that by cultural and spiritual affiliation they are foremost connected with Ukraine. From 29.5% to 35% – of those, who are foremost connected with their region, and from 16% to 3% dropped percentage of those who feel affiliated with Russia (Table *With which of the following are you foremost connected by your cultural and spiritual affiliations?*).

The younger the respondents, the more often they affiliate themselves with European countries (their percentage grows from 6% among





those who are 50 y.o. and over to 15.5% among those below 35 y.o.), and less often – with the region where they live (40% and 29%, respectively), as well as with Russia (4% and 1%, respectively).

While among ethnic Ukrainians percentage of those who affiliate themselves with Ukraine did not change significantly (48% to 51% increase), among ethnic Russians – there was a significantly more notable increase (from 18% to 28%). In a similar way, among ethnic Russians, we noted a major increase of the share of those who affiliate themselves with their region of residence (from 33.5% to 46%), while among ethnic Ukrainians this share grew not as much – from 28% to 34%.

Percentage of ethnic Russians who affiliate themselves with Russia decreased from 40% to 15%, ethnic Ukrainians – from 10% to 2%. While in 2007, percentage of ethnic Russians who affiliated themselves with Russia was over double of the percentage of those who affiliated themselves with Ukraine, currently, it is almost twice as small than the share of those who affiliate themselves with Ukraine.

Compared to 2005, there was a 36% to 41% increase in the percentage of respondents who think of themselves as Europeans, feel their affiliation with the culture and history of the European community, and a 58% to 49% decrease of those who do not think of themselves as Europeans (table «Do you feel like a European citizen...?», p.357).

Among representatives of the oldest age group, the majority (58%) do not think of themselves as Europeans, in the middle age group, percentages of those who do and those who do not think of themselves as Europeans do not have a statistically significant difference (44% and 48%, respectively), while among youth, the majority (52%) are those who think of themselves as Europeans.

To summarise, we can state that in Ukrainian collective consciousness post-2014, the negative image of Russia became firmly established as the country that is foremost associated in Ukrainians' minds with aggression, cruelty and dictatorship. While the European Union is predominantly associated with progress and development, Russia is connected with retardation and regress, which propels Ukrainian citizens to wish to distance themselves from Russia.



Russia's society development model is attractive only for a small percentage of Ukrainian citizens. At the moment, for the majority of Ukrainians, formulas of «strategic partnership» with Russia, «fraternal nations» (as ideological clichés that cover Russia's supremacy aspirations over Ukraine) are unacceptable. Most Ukrainian citizens are not nostalgic for USSR and think that the collapse of the Soviet Union was not only a logical, but also progressive historical event.

In recent years, among Ukrainian citizens, there has been a trend of strengthening of the «self-identified cultural proximity vector» from the East to the West (namely, an increase in perception of western regions of the country and Ukraine's western neighbours as close by character, customs and traditions, and distancing from Russia). Most notably this showed in the East and South of Ukraine. The younger the respondents, the more culturally distanced from Russia and Belarus they feel, and the more culturally close – with most western and south-western neighbours of Ukraine, and Turkey.

In the past 15 years, percentage of citizens who affiliate themselves with Ukrainian cultural tradition has significantly grown. Less so, but also on the increase is the share of those who affiliate themselves with the general European cultural tradition. At the same time, affiliation with Russian and Soviet cultural traditions has decreased. Compared to 2007, there was an increase of percentage of respondents who said that by cultural and spiritual orientation they feel more connected with Ukraine and their region, and significantly (especially, in the South and East of Ukraine) dropped the number of those who felt culturally and spiritually connected with Russia.

Compared to 2005, grew the number of those who think of themselves as Europeans, and feel their affiliation with the culture and history of the European community. The largest percentage is among youth, where most representatives think of themselves as Europeans.

Ukrainian Society: Life and Social Values

Deep socio-economic transformations that took place in the countries of Central and Eastern Europe, among other consequences, led to cultural shock, destruction of ideological and value basis of previous social order, undermined trust, caused mutual alienation and overall anomy. In Ukraine,



this period lasted quite a while, however from the early 2000s, with economic stabilisation and growth, increasing social well-being, new norms and value foundations of social unity and citizen life orientations are being formed. Social study results show that in social consciousness there are stable trends of consolidation and solidarity, restoration of trust and faith in the future.

Of particular interest in this context are value orientations of the younger generation – people aged 18–35, who gained education (including, vocational training), started working, created families under conditions of independence, economic stabilisation and growth in the early 2000s. Comparing these characteristics with relevant data for the older generation (50 y. o. and over), we can see whether left-over stereotypes, nostalgic sentiment, «phantom stump pains» of the older generation are reproduced in the younger generation, or whether young people align themselves with other values, characteristic of modern developed societies.

All values are social phenomena, but nominally they can be divided into life values – ones that manifest themselves on the personal, individual level, determine an individual's life strategies and interpersonal «face to face» relations, and social proper – ones that determine orientations of the community as a whole and relations in the broad anonymous social space.

Life Values

Razumkov Centre studies in 2000–2021 showed that the structure and hierarchy of life values is rather stable and slow to change. At the same time, we noted their transformation from «survival values» to «self-expression and self-actualisation values». At the moment, the basic values characteristic of Ukrainians, and in many cases their hierarchy as well, are similar to the ones upheld by European states' citizens, which is also confirmed by results of the 7th wave of the *World Values Survey* (WVS) in 2020.

Thus, family is always in the first place of life values hierarchy: in 2021, different degrees of its importance were acknowledged by 99% of respondents (Table *How important for you are the following... ?*, pp.369–371). Note that in most countries included in the WVS, the importance of family is acknowledged by over 90% of respondents

Second place was shared between honesty and integrity, as well as financial security (97%), in the third place was mutual understanding with

other people (96%), in the fourth – friends and acquaintances (92%). Almost the same order is preserved if only one degree of importance is taken – «very important»: then, the already named four values are supplemented by work (60%) and true love (58%).

The level of importance of different life values depends on the respondents' age. The only exceptions are the abovementioned family, honesty and integrity, mutual understanding with other people, as well as financial security – these values were mentioned approximately with the same frequency in all age groups. Regarding the rest of items, representatives of the younger group chose the following more often: social success (83% vs 57% in the older group); leadership (75% vs 47%, respectively); own business (69% vs 35%); public activism (54% vs 43%, respectively).

So, in everyday life, Ukrainians place first values connected not just with first-priority needs for financial and psychological comfort, but also higher order needs – for honesty and integrity, as well as mutual understanding with other people. Here we can trace separation of an individual from his closest circle (family, friends and acquaintances), and emergence into a broader social space, cooperation with anonymous Others. For younger respondents, it is also important to base their life on own business, success, leadership and public activism.

An idea about respondents' life values can be also deduced from their answers to questions about personal qualities that should be developed in children for them to be successful in life. Throughout the entire monitoring period, industriousness was invariably in the first place on the list of abovementioned qualities (in 2021, it was chosen by 78% of respondents). Sense of responsibility was placed second (68%), tolerance and respect for others – third (59%).

It should be pointed out that in this sense, Ukrainians are very close to Europeans: according to data of the *World Values Survey*, sense of responsibility and tolerance are also among the three top qualities in many countries of the «old» Europe. As a rule, it also includes independence, which Ukrainians currently place only seventh. Lately, respondents have been choosing such quality as obedience much more rarely: while in 2000 it was chosen by 28% of respondents, in 2020 – only by 18%.

There are also notable differences in the hierarchy of values depending on the age group of respondents. As noted above, top three



places in all age groups were taken by industriousness, sense of responsibility and tolerance and respect for others. However, while the importance of this quality was noted by 59% of the older age group, in younger and middle age groups – it was 53% each. That said, the younger group also placed third such qualities as independence (54%), resoluteness and assertiveness (54% each), which in the older group are rather far away from the top three: these qualities were chosen by 43% and 45%, respectively, also the middle and older age groups included frugality in the top three.

Younger people were selecting such qualities as religiousness (11% vs 16% in the older age group) and ability to share (13% and 17%, respectively) more rarely. Instead, more often – the already named independence, resoluteness and assertiveness, as well as imagination, which is known to be an inseparable component of creativity and innovative work in any area: it was chosen by 14% of respondents in the younger age group vs 8% in the older group.

WHAT QUALITIES THAT CAN BE DEVELOPED IN CHILDREN BY THEIR FAMILY ARE THE MOST IMPORTANT? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50 +
Industriousness	71.6	70.2	71.7	72.7
Sense of responsibility	60.4	58.9	58.2	62.7
Tolerance and respect for other people	55.9	53.2	53.4	59.0
Resoluteness, assertiveness	49.7	54.4	52.4	45.0
Independence	47.4	53.6	48.1	42.6
Ability to behave in a social group	43.6	46.4	45.0	40.8
Frugality (careful attitude to money and things)	42.5	40.8	44.5	42.5
Obedience	17.8	16.8	16.3	19.3
Ability to share	15.1	12.5	14.1	17.4
Religiousness	13.6	11.4	12.2	16.0
Imagination	11.4	13.7	14.3	8.1
Hard to say	2.1	1.6	2.2	2.5

Thus, young people are significantly more aligned with individualist qualities that form an active life stance. This manifests itself through alignment with success, own business, leadership, public activism, overall – values of self-expression and self-actualisation. At the same time, a high place that financial security takes in the life values hierarchy shows relevance of the problem of income that is sufficient to cover all human (family) necessities at the acceptable modern level.

Personal Freedom: Understanding and Value

Ukrainians are often characterised as particularly freedom-loving and gravitating towards personal freedom that borders on uncontrollability and irresponsibility. This is why it is interesting to see how Ukrainian citizens perceive personal freedom and how this understanding correlates with the definition of individual rights and freedoms in a modern democratic state.

It turned out that **most Ukrainians are aware that personal freedom does not mean permissiveness and lawlessness, and its boundary are the rights and freedoms of the Other**, and this boundary cannot be crossed. This conclusion comes from the fact that most respondents chose the first statement from the two below: «*Freedom means to acknowledge and not violate freedoms and rights of the other person*» and «*Freedom means being your own master and determining your boundaries by yourself*». In 2021, 61% of respondents made this choice. Note that this opinion was expressed by representatives of all age groups with the same frequency.

CHOOSE THE STATEMENT, WITH WHICH YOU AGREE MORE, % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
Freedom means to acknowledge and not violate freedoms and rights of the other person	61.4	62.0	59.8	61.9
Freedom means being your own master and determining your boundaries by yourself	31.3	31.5	34.1	29.7
Hard to say	7.3	6.5	6.2	8.5



At the same time, Ukrainians consider rights and freedoms of an individual to be stand-alone values that have priority over state interests.

This understanding comes from responses to questions about the possibility of limiting rights and freedoms. Only 17% of respondents agreed with the possibility of rights being restricted *«in case state interests require this»*. Others divided almost in half between express disagreement with the possibility of rights being restricted (37%) and the situation when *«these rights are being used to violate constitutional rights of other citizens or groups of citizens»* (39%). Thus, Ukrainians only agree with restrictions aimed at protecting the rights of the Other and only in this case are ready to accept certain restrictions of their own rights.

Compared to older people, young people less often agree with restrictions of their rights and freedoms in the interest of the state: only 13% of the younger group agreed with this vs 18% in the older age group. Young people have also been slightly more express in disagreeing with any possibility of restrictions: 41% vs 35% of the older age group representatives.

CAN THE RIGHTS OF AN INDIVIDUAL BE RESTRICTED? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
Yes, they can be restricted, if state interests demand this	16.6	13.3	18.7	17.7
Can be restricted only when these rights are being used to violate constitutional rights of other citizens or groups of citizens	38.5	38.4	40.3	37.5
Cannot be restricted under any circumstances	36.9	40.5	34.8	35.4
Hard to say	8.1	7.8	6.2	9.4

Ukrainians also value rights and freedoms more than their financial well-being – possibly, this is the manifestation of their abovementioned special love of freedom. Thus, talking about a choice between financial security and well-being on the one hand, and freedom and rights, on the other, – the relative majority (43%) of citizens are not ready to concede a part of their rights and civic freedoms to the government in exchange for personal well-being; this number significantly grew compared to 2010,

when this position was supported by 32% of respondents. Consequently, the number of those who did not make a choice, decreased – from 38% in 2010 to 26% currently.

Percentage of respondents ready for a «well-being in exchange for freedom» deal remains approximately the same and balances between 25-30% (in 2021 – 31%) (Table *Which of these statements do you support more?*). Opinions were divided almost equally in all age groups.

WHICH OF THESE STATEMENTS DO YOU SUPPORT MORE? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
Of course, both freedom and financial well-being are important, yet in exchange for personal well-being I would be ready to concede a part of my rights and civic freedoms to the state	30.8	29.9	30.8	31.6
Of course, both freedom and financial well-being are important, yet I am ready to bear certain financial hardships for the sake of personal freedom and guarantees of respect for all civic rights	43.1	42.9	46.0	41.5
Hard to say	26.1	27.1	23.2	26.9

As for financial well-being, Ukrainians tend to take responsibility for it. From the two statements «*State must ensure proper living standards for all citizens, be it not very high standards, but for all*» and «*State must create conditions for all citizens to be able to provide for a decent level of life by themselves*» the majority (60%) of respondents chose the second, while the first one got 36%; only 4% could not choose.

Quite predictably, the choice between the statements noticeably depended on the age of respondents: only 27% of the younger group representatives and 43% – of the older – agreed to the «not very high» standard of living provided by the state. And vice versa – 68% of younger people – and somewhat over a half (52%) of the older group representatives are ready to provide for a decent level of life by themselves, leaving the state responsible to create proper conditions for this.



WHICH OF THE STATEMENTS BELOW DO YOU SUPPORT MOST? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
State must ensure proper living standards for all citizens, be it not very high standards, but for all	35.9	27.0	35.3	42.6
State must create conditions for all citizens to be able to provide for a decent level of life by themselves	59.8	68.0	62.6	52.3
Hard to say	4.3	5.0	2.1	5.1

Social Values

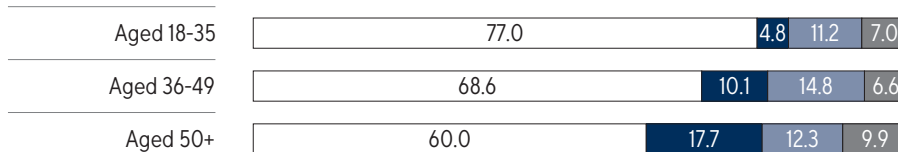
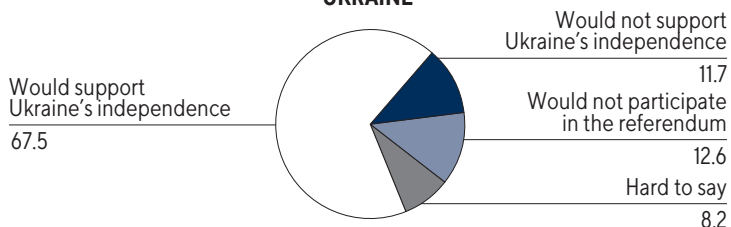
2013–2014 events have accelerated the development of the common core of social values as the basis of solidarity, guarantee of unity and integrity of the society. The Revolution of Dignity received this name specifically because it was a mass demonstration of Ukrainians' protest against derogation of their human and civic dignity, against violation of their right to their own opinion and against being deprived of their constituent power and right to participate in state affairs. This was also the case of becoming more conscious of the value of Ukraine's state independence, democratic foundations of political system and social relations, civil rights and freedoms.

Value of State Independence. Realisation of value of Ukraine's state independence is foremost demonstrated through the results of a hypothetical vote in case «*if the referendum was taking place today*». The number of those, who would support independence «today», grew from 51% in 2001 to 68% in 2021 (only 12% would not support it, another 13% would not be taking part in the referendum) (Chart *If the referendum on declaring ...?*, p.153). The number of independence supporters prevails in all age groups, however, most often support for independence is expressed by representatives of the younger group: 77% of respondents in this group would cast their vote in support of independence, and only 5% would vote against it.

IF THE REFERENDUM ON DECLARING STATE INDEPENDENCE OF UKRAINE WAS TAKING PLACE TODAY, HOW WOULD YOU VOTE?

% respondent

UKRAINE



☐ Would support Ukraine's independence
 ☒ Would not support Ukraine's independence
☒ Would not participate in the referendum
 ☐ Hard to say

Also, compared to the early 2000, percentage of people, for whom the Day of Independence of Ukraine is truly a big holiday noticeably grew – almost doubled: while in 2002, there were 17%, in 2021 – already 31% of respondents said that this Day is a major holiday for them (Table *What is your attitude to the holiday of the Day of Ukraine's Independence?* and Chart, p.343). This number is approximately the same in all age groups.

WHAT IS YOUR ATTITUDE TO THE HOLIDAY OF THE DAY OF UKRAINE'S INDEPENDENCE?

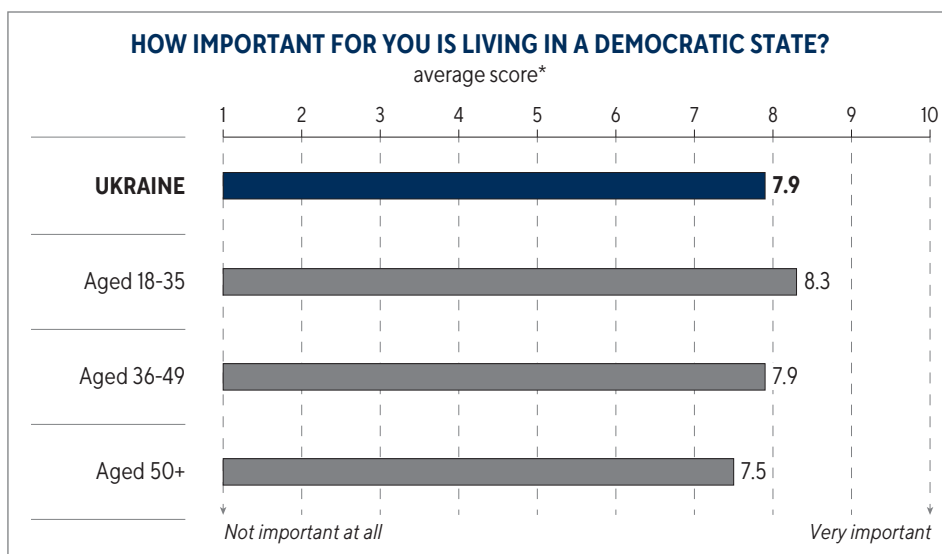
% respondent

	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
This is truly a major holiday for me	30.5	31.2	31.3	29.7
This is a regular holiday for me, just as other official holidays	43.9	49.5	42.4	40.7
This is not a holiday for me, just a regular day off	16.7	12.2	17.9	19.4
This is not a holiday for me, I think this should be a workday	5.4	3.9	5.6	6.3
Hard to say	3.4	3.3	2.9	3.8



Perception of Independence Day as a major or official holiday is typical for the majority (74%) of citizens and representatives of all age groups (namely, younger – 81%, older – 70%), and it also shows the level of treatment of state independence as a value.

Value of Democracy. Sociological study results show that for Ukrainians it is particularly important to live in a democratic country. Thus, in 2021, importance of this characteristic was given 7.9 points. That said, the score from younger people was noticeably higher than that from representatives of the older generation: 8.3 vs 7.5 points, respectively.



* On the ten-point scale from 1 to 10, where «1» means «not important at all», and «10» – «very important».

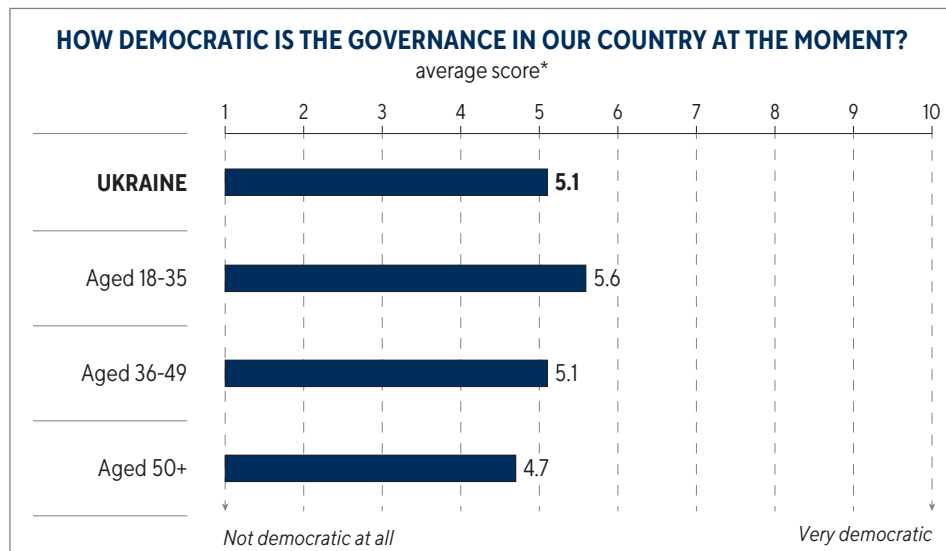
Also, most Ukrainians believe that «*democracy is the most desirable type of government system for Ukraine*»: in 2021, this proposition was supported by 54% of respondents, and only 24% believe that «*under certain circumstances, an authoritarian regime may be better than a democratic one*» (Table *With which of the statements below do you agree more?*, pp.155, 353). Tellingly, the pro-democracy choice prevails in all age groups, but the strongest degree of its prevalence is in the younger group: there are almost four times as many democracy supporters in this group, than those, who could lean towards authoritarian regime.

WITH WHICH OF THE STATEMENTS BELOW DO YOU AGREE MORE? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
Democracy is the most desirable type of government system for Ukraine	53.6	65.7	54.2	44.3
Under certain circumstances, an authoritarian regime may be better than a democratic one	23.8	16.9	26.1	27.5
For a person like me, it does not matter whether the country has a democratic regime or not	14.8	9.8	13.6	19.2
Hard to say	7.9	7.6	6.2	9.0

While highly valuing democracy as the desirable type of government system, citizens are aware that at the moment Ukraine is only moving towards the desired and acceptable level of democracy, which is supported by answers to the direct question «*is Ukraine a democratic state?*». The majority (52%) chose the answer «*Ukraine is not quite a democratic state yet, but is moving towards democracy*»; 18% think of it as fully democratic, another 18% are sceptics in this issue and state that «*Ukraine is not a democratic state and is not moving towards democracy*» (Table *Is Ukraine a democratic state?*, p.351).

Compared to the initial period of independence, assessment of the level of democracy in the country has grown. Thus, while in 2001, thoughts about deterioration of the situation in this area (compared to 1991) prevailed (deterioration was affirmed by 44% of respondents, improvement – by 24%), in 2021 – the picture is quite different: 51% acknowledged improvement of the situation, 22% – deterioration, 15% believe that the situation has not changed (Chart *How did the situation in Ukraine change in the following sectors compared to 1991? (democracy level)*, p.349).

At the same time, the currently achieved level of democracy in Ukraine's governance is perceived rather critically – 5.1 points on the 10-point scale (Chart *How democratic is the governance in our country at the moment?*, pp.156, 357).



* On a 10-point scale where «1» means «not democratic at all», «10» – «very democratic».

Critical assessment can be viewed not just as affirmation of the current state of affairs, but also as social demand for its improvement, in this case – as demand for increased level of democracy in Ukraine's state governance.

Perception of Democracy: Proportional and Consensus Democracy.

From the two propositions «All social issues should be settled in favour of the majority of citizens, not the minority» and «All social issues should be settled with regard to minority interests, a compromise must be found between interests of different social groups» – the majority (or relative majority) of citizens unfailingly choose the first, only about a third of respondents choose the second (in 2021– 49% and 33%, respectively). This demonstrates that most Ukrainians view democracy primarily as proportional – decisions are made by the majority. But at the same time, a large portion of citizens demonstrate their perception of democracy in its consensus form – with regard to interests of the minority and search for compromise (middle ground) solutions.

WITH WHICH STATEMENT DO YOU AGREE MORE? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
All social issues should be settled in favour of the majority of citizens, not the minority	48.9	43.8	49.5	52.3
All social issues should be settled with regard to minority interests, a compromise must be found between interests of different social groups	32.9	35.4	33.3	30.9
Hard to say	18.2	20.8	17.2	16.8

Accommodating interests of the minority is currently among the top of ideological and political trends, so it should be noted that perception of democracy as a consensus is somewhat more often typical of young people (35% vs 31% in the older age group).

Equality. Most Ukrainians do not perceive equality as «levelling out differences» in the standard and quality of life, which was typical for Soviet version of society. At the same time, they do not approve of excessive polarisation of society by the level of income – which completely matches modern trends characteristic of developed countries. They are also aware of the difference in equality in the socio-economic plane, on the one hand, and socio-political – on the other.

Thus, from the two viewpoints – *«People must be equal in the socio-economic, financial plane. There should be no rich and poor»* and *«People should be equal before the law, have equal rights. Financial well-being should depend on work and abilities»* – almost two thirds (65%) of respondents chose the second, first proposition was supported only by less than a third (30%) of respondents.

Note that here the choice was pronouncedly dependent on respondents' age: favouring socio-economic equality grows with age (from 23% in the younger age group to 37% – in the older). And vice versa – socio-political understanding of equality decreases: while this perception was supported by 73% of the younger group representatives, in the older group it was 57%, although, note, that this is still the majority.



Between the two viewpoints «*There should be no large gap in the society between the wealthier and less wealthy people*» and «*The difference in income of the wealthiest and poorest society strata should not be artificially altered, even if this difference is significant*», 51% chose the first, second – about 31%.

WHICH OF THE STATEMENTS BELOW DO YOU SUPPORT MOST? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
People should be equal before the law, have equal rights. Financial well-being should depend on work and abilities	65.1	72.7	69.0	57.4
People must be equal in the socio-economic, financial plane. There should be no rich and poor	30.1	22.5	27.5	37.1
Hard to say	4.8	4.8	3.5	5.5
There should be no large gap in the society between the wealthier and less wealthy people	50.9	41.9	47.5	59.2
The difference in income of the wealthiest and poorest society strata should not be artificially altered, even if this difference is significant	35.3	42.2	35.8	30.1
Hard to say	13.8	16.0	16.7	10.7

Distribution of votes in the younger group is illustrative: essentially, positions of younger people divided in half – 41.9% and 42.2%. So the proposed choice is a problem for the young people – which is not surprising, as society polarisation by the material well-being characteristic and problems of state management and redistribution of income have captured the attention of almost all developed countries, including European *welfare states*. At the moment, realistic and acceptable ways to resolve these issues are in development.

As for implementation of «equality before the law» principle in Ukraine, respondents are critical of the current situation: only 23% of respondents believe that real equality before the law exists in Ukraine, instead 70% – hold the opposite point of view. The balance of these positions has somewhat improved compared to 2012, when it was 17% vs 78% (Chart *Is there real equality of citizens before the law in Ukraine?*, p. 352). Yet, the large number of negative answers signifies strong social demand for real implementation of the mentioned democratic principle in the country.

Tolerance. Acknowledging equality of all in terms of rights and freedoms brings *tolerance* to the top of social values hierarchy – as tolerant attitude to differences in culture, traditions and the way of life of Others. The presented above answers to questions about personal freedom show that most Ukrainians understand its limits and agree to be tolerant of the «red lines», beyond which using one's rights and freedoms limits the rights and freedoms of the Other. Also, remember, that tolerance and respect for others were in the top three qualities that citizens believe must be developed in a child.

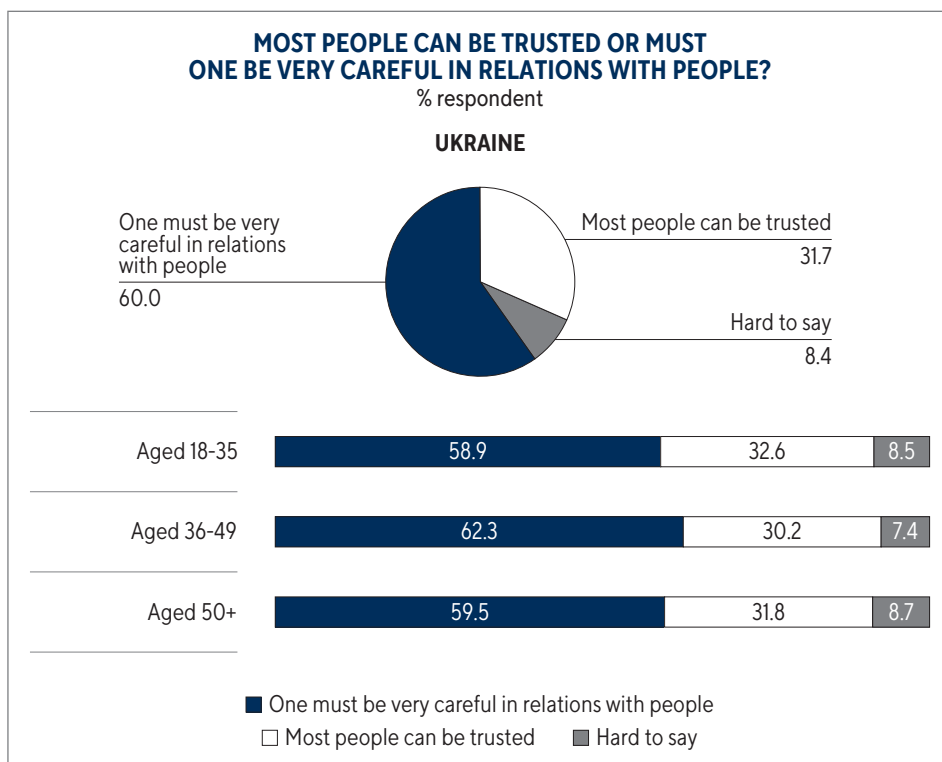
Minorities, namely, religious and ethnic, are sensitive to intolerance. Study results show that positive assessments prevail in public opinion regarding changes both, in inter-ethnic relations, as well as in the current situation of ethnic and religious minorities. Thus, improvement in the inter-ethnic relations sector, compared to 1991, was noted by 35% of respondents vs 28% of those, who have an opposite opinion; 22% said that the situation in the inter-ethnic relations did not change; 31% of respondents noted improvement in the situation of ethnic and religious minorities vs 22% of those, who indicated its deterioration, and 28% believe that the situation has not changed (Table *How did the situation in Ukraine change in the following sectors compared to 1991? (inter-ethnic relations; situation of ethnic and religious minorities)*, p.347).

Trust. Trust – both, institutional and interpersonal – is viewed as one of the key social values, and some researchers equal it to social capital of society in general. It is trust that enables interaction, it is the basis for solidarity and possibility of joining forces for common work and resolution of common issues. It would be overly optimistic to expect a high level of



trust in Ukrainian society after the abovementioned deep and lengthy transformational crisis that it went through.

Yet, at the same time, we are observing signs of slow but steady increase of the level of interpersonal trust. Thus, to the direct question of the possibility of trusting most people, in 2000, 27% of respondents answered affirmatively, instead, 67% said that one must be «*very careful in relations with people*»; in 2005 this percentage was 29% vs 62%, and in June 2021 – 32% vs 60%. Thus, while in 2000, the number of «the careful» was almost 2.5 times higher than «the trusting», at the moment – it is less than 2 times higher (Charts *Most people can be trusted...?* and *Can we trust most people...?* p.360). That said, the level of trust/distrust is almost the same across all age groups.



Besides direct questions, the level of trust among fellow citizens can also be traced through answers to indirect questions, which, possibly, are more valid. Thus, every second (50%) respondent agreed that most citizens of Ukraine are ready to accept proper, *European* norms and rules of everyday life (abidance by the law, non-acceptance of bribery, avoiding taxes, etc.). Somewhat over a quarter of respondents (27%) – disagreed. I.e., every second one believes that most of their fellow citizens will act in the right manner, and 27% – is, apparently, the real level of distrust in the society.

ARE PEOPLE IN UKRAINE READY TO ACCEPT AS EVERYDAY RULES SUCH MORAL NORMS AS ABIDANCE BY THE LAW, NON-ACCEPTANCE OF NEGATIVE PHENOMENA LIKE BRIBERY, AVOIDANCE OF TAXES, USING ONE'S JOB POSITION FOR PERSONAL GAINS OR BENEFITS, FOR WHICH THEY HAVE NO RIGHT? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
You, personally				
Yes	69.5	72.4	68.4	68.0
No	14.9	12.2	16.4	16.0
Hard to say	15.6	15.3	15.2	16.0
Majority of Ukrainian citizens				
Yes	50.2	53.3	50.3	48.0
No	26.5	23.6	27.9	27.8
Hard to say	23.2	23.1	21.8	24.1
Most representatives of state administration apparatus				
Yes	16.3	19.7	16.4	13.9
No	67.1	60.4	67.8	71.7
Hard to say	16.5	19.9	15.8	14.4
Heads of state, representatives of political elite				
Yes	16.0	18.9	16.0	13.8
No	67.6	61.8	70.2	70.3
Hard to say	16.4	19.3	13.8	15.9



In this case it is evident that the level of trust in proper behaviour of the majority of fellow citizens is somewhat higher among young people, than in the older group: 53% vs 48%, respectively. Thus, we can assume that among young people the level of trust, both interpersonal and anonymous (trusting the anonymous Other), is somewhat higher than among representatives of the older group.

Future as a Value. Most Ukrainians have a primarily optimistic view of the future, the future appears as a goal, *the positively desired* – and in this sense, as a value. This assumption can be made from citizens' assessments and views of the future of Ukraine, i. e. their shared social environment.

Thus, throughout the entire monitoring period, despite all ongoing difficulties the country faces, the relative majority of Ukrainian citizens expressed certainty that «Ukraine will be a highly developed, democratic, influential European state». But while in 2003, such belief was affirmed by less than a third (31%) of respondents, in 2021– it was 40%. Another 8% and 13%, respectively, see Ukraine's development path as special (similar to China). The number of sceptics, who predicted the future of an underdeveloped «third world» country for Ukraine, an appendix of the West or Russia, or predicted its dissolution as an independent state, decreased from 31% to 28%; those who do not care about the future of their country are only one per hundred at the moment.

Notably, in the younger group of respondents, the belief that «Ukraine will be a highly developed, democratic, influential European state» was expressed by 51% of respondents, while in the older – by 31%; percentage of sceptics among the young was 20% vs 35% of the older group representatives (Table *How do you see Ukraine's future?*, pp.163, 352).



HOW DO YOU SEE UKRAINE'S FUTURE? % respondent			
	Aged 18-35	Aged 36-49	Aged 50+
Ukraine will be a highly developed, democratic, influential European state	51.1	41.8	31.0
Ukraine will be the country that follows its own special development path (for instance, like China)	10.2	15.8	14.2
Ukraine will become a «third world» country forever, underdeveloped and inconsequential	7.5	9.9	13.6
Ukraine will be an underdeveloped appendix of the West	7.6	9.9	11.8
Ukraine will disappear as an independent state	3.0	4.5	7.2
Ukraine will be an underdeveloped appendix of Russia	2.0	1.2	2.4
I do not care about the future of this country	1.9	0.6	0.7
Other	1.6	2.7	1.6
Hard to say	15.2	13.6	17.5

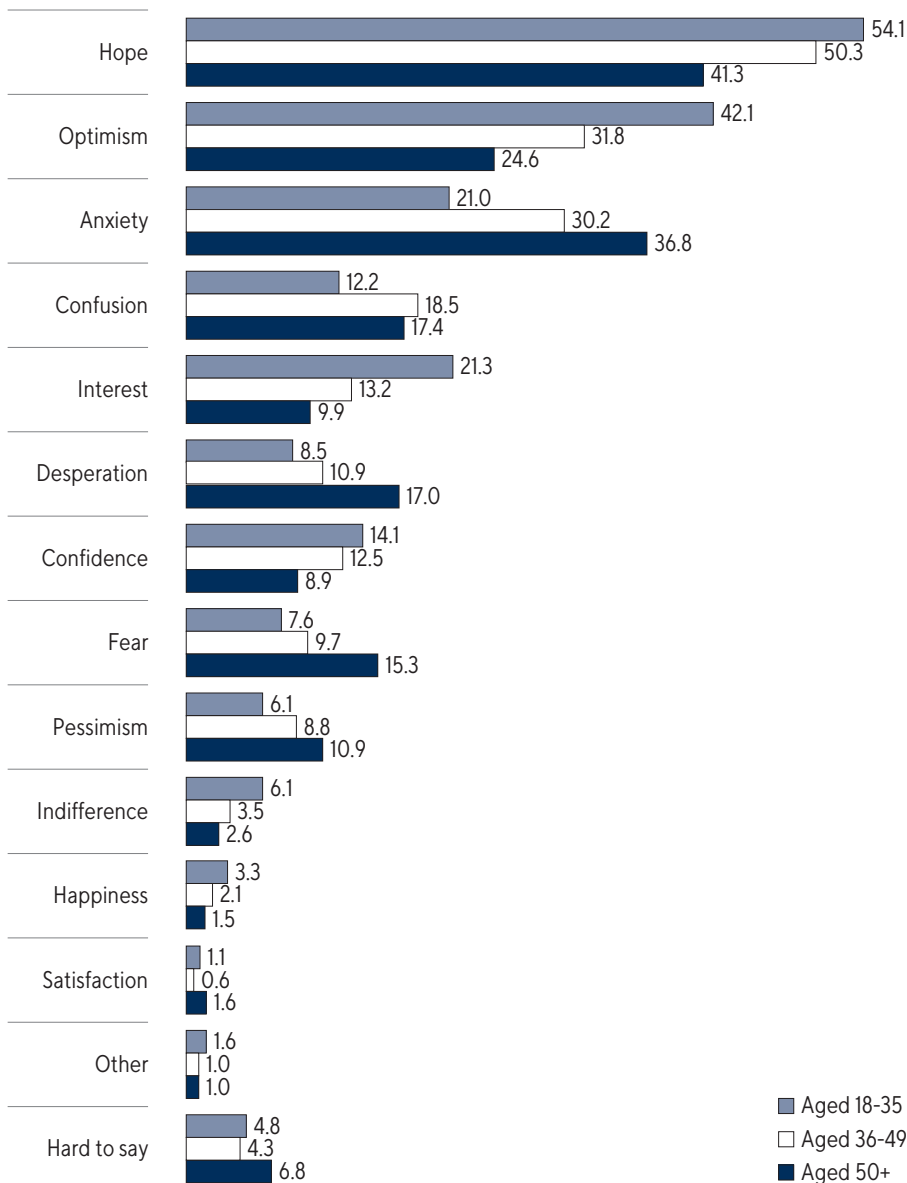
Hope and optimism are prevalent in citizens' feelings as they think about Ukraine's future: 48% of respondents expressed hope, 32% — optimism. At the same time, we noted feelings on the negative spectrum, yet positive sentiment strongly prevailed (Chart *What feelings do you have as you think about Ukraine's future?*, pp.164, 362).

This foremost goes for young people: 42% of representatives of the younger group reported an optimistic view of the country's future, vs 25% in the older group; 54% vs 41%, respectively, — are hopeful about the future.



WHAT FEELINGS DO YOU HAVE AS YOU THINK ABOUT UKRAINE'S FUTURE?

% respondent



And finally, most Ukrainians think that the foundation for unification of society is foremost in resolution of common problems that the country is currently facing, and in the shared vision of the future direction of its development. This answer was chosen by 56% and 57% of respondents, respectively. Common history is the foundation for unification for 39% of respondents, common state language – for 26%. A significant percentage (31%) of respondents see the common enemy that Ukraine is currently combating as the foundation for unification (Table *What can be the basis for uniting residents of Ukraine?*, p.361). Notably, these positions got almost the same degree of support across all age groups.

WHAT CAN BE THE BASIS FOR UNITING RESIDENTS OF UKRAINE?			
	% respondent		
	Aged 18-35	Aged 36-49	Aged 50+
A shared vision of the future direction of the country's development	58.1	57.4	56.9
Common problems that Ukrainian citizens are facing today	55.6	56.3	55.9
Shared history and shared perception of events and past history figures	35.0	42.1	39.6
Common enemy	32.5	30.8	30.2
Common state language	27.8	24.8	26.0
Other	0.9	1.4	1.0
Hard to say	5.6	4.3	4.6

* All answers option.

We can also add that Ukrainian citizens have faith in Ukraine's ability to overcome current difficulties in the next several years (21%) or over the long term (52%). Only 18% do not believe that their country will be able to overcome current difficulties. This sentiment is pronouncedly contextual, but even in times of the ongoing war, lack of faith has never prevailed (Chart *Is Ukraine able to address the existing problems...?*, p.342).

Thus, we can state that life values of Ukrainians are common to humanity (the value of family, mutual understanding, love), they are guided by honesty, integrity, tolerance and respect for others. Ukrainians highly



value personal freedom and human rights, and are not ready to concede them even to increase their financial well-being. Financial well-being tends to be something they will ensure by their own efforts, leaving the state responsible to create proper conditions for this.

Our country's citizens are characterised by orientation towards the future, overcoming difficulties and achieving success. It is particularly important that most often these values are chosen by young people of 18-35 years, who have just entered active social and professional life and will be defining the future directions, character and pace of the country's development. Young people are also more oriented towards their own business and leadership, values of self-expression and self-actualisation, prioritising which is typical for modern developed societies.

Main social values in Ukrainians' minds are state independence, democracy, equality of rights and freedoms, tolerance and trust. Ukrainians are characterised by orientation towards the future, strong faith in the future of their country and its ability to overcome existing difficulties. Therefore, critical assessments of the current state of realisation of these values can be seen as social demand and motivation for their development.

Civil Society in Ukraine: Current State and Development Prospects

The Constitution of Ukraine defines it as a democratic, social and rule-of-law state. Building such a state is impossible without civil society. Its formation and development require long time and major purposeful effort coming both, from citizens and the state itself, which is responsible for creating conditions and favourable environment for the operation of civil society organisations (CSO).

Ukrainian society has been demonstrating features specifically characteristic of civil society even back in the times of soviet totalitarianism. Along with civic organisations of that time – officially public, but in reality government-run, centralised and under total control, – outside of the formal state framework, there were independent civic movements, unions of like-minded people, dissidents and human rights groups (the Sixties (1960s), Ukrainian Helsinki Group (1976), Ukrainian Catholic Church Protection Committee (1982)).

The period of «perestroika and glasnost» (restructuring and openness) was marked by a true explosion of self-regulating public activity: Ukrainian Cultural Club was created (1987), as well as Ukrainian Association of Independent Creative Intelligentsia (UAICI, 1987), Ukrainian Helsinki Human Rights Union (1988), environmental association «Green Light» (1988), Taras Shevchenko Ukrainian Language Society (1989), Independent Ukrainian Youth Union (1989), historical-educational union «Memorial» and other cultural, national-cultural, historical-educational, and youth organisations. In 1987-1989, public political movement People's Movement of Ukraine was being formed, which in 1993 turned into an influential political party.

Thus, civil society in Ukraine entered the era of restoration of state independence with significant experience of civic activism. At the moment, our society also has experience of mass protests against government attempts to limit citizens' rights and freedoms, ignore public opinion and citizen dignity of Ukrainians. These protests have led to changes of government and have been named revolutions. And although new governments that came on revolution waves, after some time, were always giving citizens reasons for disappointment, an undeniable achievement of these civil society efforts was preservation of democratic political regime in Ukraine and consolidation of the country's European vector of development.

At the moment, we are faced with the question of whether Ukrainian society today is ready to strengthen its self-organisation and solidarity foundations as a safeguard from possible authoritarian intentions on the part of government, on the one hand, and on the other – whether it is ready to partner up with government in order to build a rule-of-law state with European future.

Civil Society Organisations: Conditions and Specifics of Operation

Civil society consists of free citizens protected by law and endowed with citizen rights and freedoms, foremost – with the right to association, right to freely express one's opinion, have free access to information, i.e. enjoy freedom of speech and freedom of media. This also shows the overall level of democracy in the country.



Legal foundation for creation and operation of civil society organisations is the Constitution of Ukraine, which guarantees each person the right to free association with others «for realisation and protection of their rights and freedoms and to serve their political, economic, social, cultural and other interests, with the exception of limitations established by the law in the interest of national security and civil order, healthcare of citizens or protection of rights and freedoms of other people». Also, «All citizen associations are equal before the law» and «No one can be forced to join any association of citizens or restricted in the right to belong or not belong to political parties or civil society organisations» (Art. 36).

At the moment, we have created a rather developed legal framework that regulates creation and operation of civil society organisations, namely, the basic Law «On Civil Associations» (2013) and a number of special legal acts that regulate the details of operation of civil society organisations in different sectors (for instance, laws «On the Freedom of Worship and Religious Organisations» (1991), «On Labour Unions, their Rights and Guarantees of Operation» (1999), «On Political Parties in Ukraine» (2001) etc.).

State supports operation of a portion of civil society organisations in the form of state funding (e.g., in 2019, UAH 887 million was allocated for this purpose). Civil society organisations also have the option of receiving competition-based grants from foundations for implementation of their projects. Thus, over 90 culture and arts projects submitted for competition by ethnic-national community organisations received UAH 70 million of financial support in 2018-2020 from Ukrainian Cultural Foundation. Ukraine's international partners (international organisations, foundations, foreign state governments) provide major financial and consultative assistance to the development of civil society in Ukraine. For instance, in 2014, just the EU provided support for over 200 of Ukrainian civil society organisations and associations. At the same time, the problem of ensuring sustainable operation of civil society organisations in Ukraine, foremost, their financial capacity, remains extremely topical.

Conditions for creation and operation of civil society organisations described above are very favourable at the moment, which, among other things, is confirmed by their large quantity and constant growth. Thus, according to State Statistics Service, as of early 2020, there were 88

thousand CSO in Ukraine, approximately 2,000 public unions, over 36 thousand religious organisations, over 28 thousand labour unions and their associations, over 300 creative unions, over 19 thousand charity organisations, as well as approximately 33 thousand OSBB (apartment building co-owners association) and over 1,000 public self-organization bodies. In 2020, according to the Ministry of Justice, 14 CSO and over 4,000 civil associations were registered in Ukraine.

Among civil society organisations, the most active ones are human rights, anti-corruption, volunteer, culture-and-education organisations, and national minority organisations. Overall, Ukrainian civic movements, organisations and associations achieved a public dialogue with government and inclusion in government affairs through consultative bodies created at government authorities: coordination councils, public councils (just at oblast executive power authorities there are almost 1,000 of such bodies). Also, government-public initiatives have been created and are currently operating (e.g. «Together Against Corruption» initiative). Level of public control over election processes is significant – through Committee of Voters of Ukraine, other monitoring organisations, and the institute of official observers. Thus, at the 2019 presidential election, there were observers from 139 CSO, at the 2019 parliamentary election – from 163 CSO, at 2020 local elections – observers from 116 CSO.

Qualities that characterise civil society (solidarity, mutual help) are most pronouncedly demonstrated in Ukraine during crisis periods, when the demand for solidarity and the need for assistance to the most vulnerable are most necessary. Thus, the 2014 events mobilised citizens to assist volunteers and the military in the ATO area, civilians affected by the military action, internally displaced persons, the wounded at the army hospitals, families of Ukrainian soldiers killed in action. According to sociological studies conducted by the Razumkov Centre together with Ilko Kucheriv





Democratic Initiatives Foundation, citizen participation in charitable work reached its peak in 2015, when 47% of respondents were providing financial or material assistance to specific people or organisations. Further on, this percentage went somewhat down, however, efforts of benefactors and volunteers contributed to a steady improvement of Ukraine's rank in the *World Giving Index*.

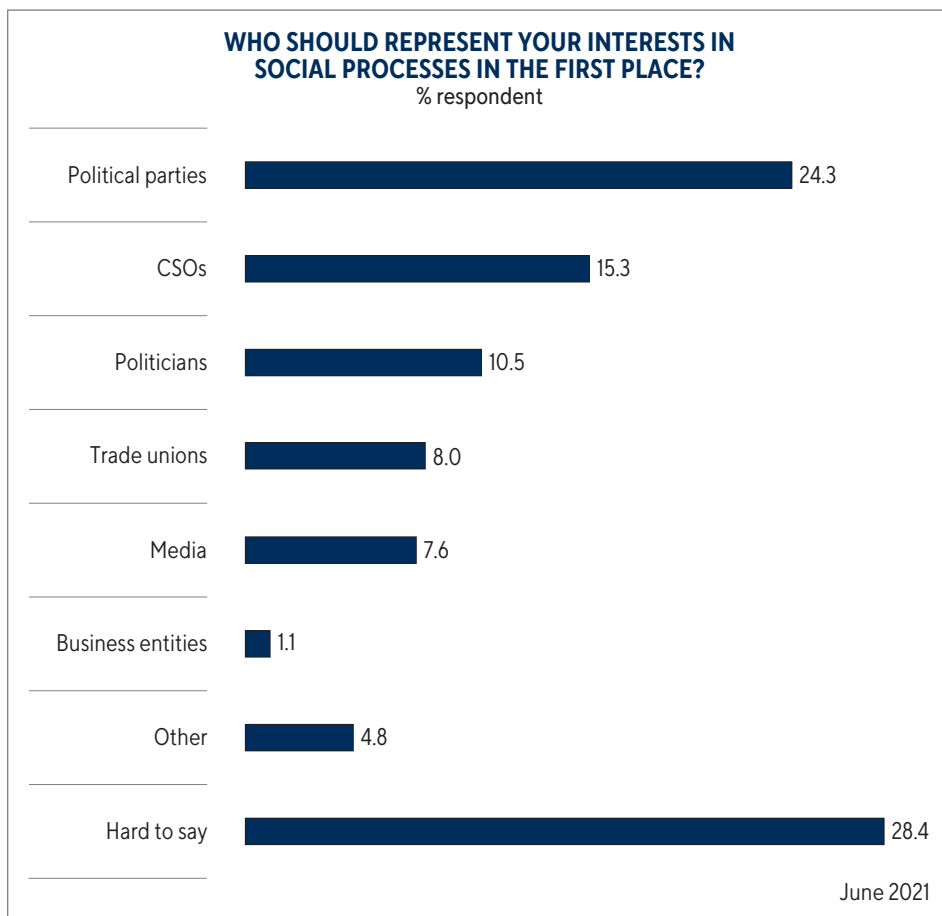
Indicatively, in the year of the pandemic, when even some developed countries demonstrated a reduction in charitable work, Ukraine entered this ranking as a top 20 country with excellent charitable work figures. It ranked 20th among 114 countries, between USA (19th) and RSA (21th). By Index components, it has the highest ranking (21th) in the «helping a stranger» category, which was named by 66% of respondents during the survey, somewhat lower were «money donations» (28th, 43% of respondents), «volunteering» (44th, 19%). In *Index-2021*, Ukraine also was in the top 10 countries, which in 2016–2020 demonstrated the highest pace of development of philanthropy. Note, however, that in the 2020 study, given internal epidemic situations, fewer countries took part in the survey than usual.

At the moment, there are probably no social groups, which are not representing themselves in the general social environment through creation and operation of a corresponding CSO, and no sector of social life, where there are no civil society institutes – official or not. That said, CSOs enjoy a high level of social trust. Namely, in 2021, a different degree of trust was expressed by 50% of Ukrainians, mistrust – by only 14%; volunteer organisations are trusted by 69% – vs 9%, respectively. These levels of trust are much higher than trust in any top state institutes or structures (with the exception of the Armed Forces of Ukraine – trusted by 70% of Ukrainians vs 25% of those, who do not trust them).

Young people express discernibly stronger trust in the mentioned civil society structures: 57% trust CSO vs 45% of representatives of the older age group; 73% trust volunteer organisations vs 66%, respectively.

Despite the high level of trust, CSO are perceived as institutes meant to represent interests of certain social groups in social processes somewhat more rarely than political parties: while political parties are

regularly entrusted with this function by about a quarter of respondents, CSO – by less than 20% (Chart *Who should represent your interests in social processes in the first place?*).



Attention is also attracted by the fact that in representation of their interests Ukrainians are less and less dependent on trade unions, which are essentially meant to represent and protect one of citizens' most important socio-economic rights – the right to work, decent labour conditions and fair remuneration. Thus, while in 2010, 16% of respondents saw trade unions as defenders of their interests, in 2021 this number decreased by two (to 8%).



A general idea about the current conditions for operation of CSO, their popularity and operation in Ukraine can be formed on the basis of *Civil Society Organisations Sustainability Index (CSOSI)*, which covers 73 countries, divided into subregions. Ukraine belongs to the post-Soviet subregion, which also includes Azerbaijan, Belarus, Armenia, Georgia, Moldova and Russia. For Index calculation, seven dimensions are assessed: legal environment, organisational capacity and financial viability of CSOs, ability to achieve systemic changes on the level of policies (advocacy), service provision, infrastructure, and public image.

According to results of assessment by these dimensions, Ukraine holds top position in its subregion. At year-end 2019, its Index was 3.2 (score from 1 to 7, where 1 – is the highest score). It was noted that in 2019, among other things, the legal environment for the work of CSOs has improved (namely: e-declaration for activists and CSO was cancelled, online registration was launched for CSO, CSO were allowed to engage in entrepreneurial activity).

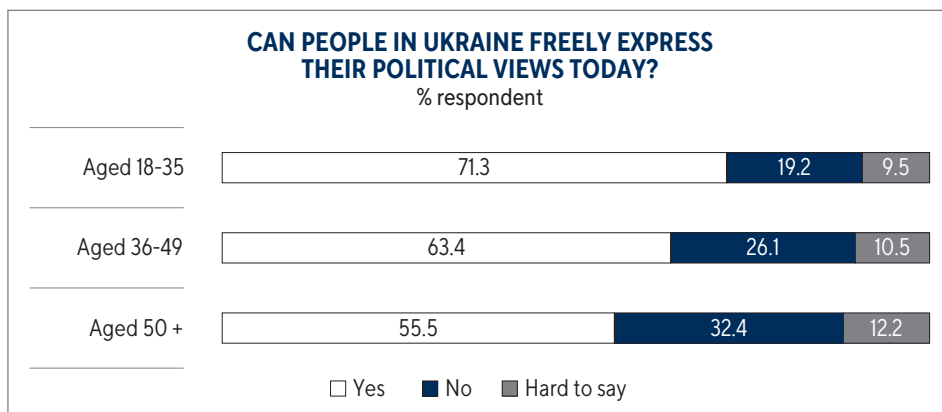
At the same time, the level of Ukrainian citizens' civic activity is low. Thus, in December 2019, only 10% of respondents said they were actively involved in civic practices. Highest level of involvement was typical for middle age citizens.

CAN YOU SAY THAT YOU ARE ACTIVELY INVOLVED IN CIVIC ACTIVITY? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50 +
Yes	9.8	9.7	13.1	8.1
No	86.5	85.2	83.7	89.1
Hard to say	3.6	5.0	3.2	2.8

By the level of membership in different citizen associations, as of 2017, Ukraine fell behind EU countries represented in the survey (the Netherlands, Germany, Poland), but was ahead of Russia.

Citizen Rights and Freedoms: Possibilities of Realisation

It is matter of common knowledge that development of civil society requires implementation of pluralism principles in socio-political life. At the moment, almost two thirds of Ukrainians (61%) are sure that they can freely express their political views, only 27% hold the opposite view (Chart *Can people in Ukraine freely express their political views today?*, p.353). Together with existence of political parties that represent almost the entire spectrum of political and ideological orientations, such assessments show the high level of political pluralism in Ukraine.



Young people assess political freedoms noticeably higher than representatives of not just the older, but also the middle age group. Thus, 71% of young people are sure in the possibility of free expression of their political views – vs 63% of respondents in the middle and 56% in the older age group; only 19% of younger respondents do not believe they have this possibility – vs 26% and 32% of the middle and older age group, respectively.

Current situation with observance of human rights is assessed rather highly by Ukrainian citizens. According to Razumkov Centre survey in June 2021, observance of the right to freedom of speech, opinion, worship, expression of views was assessed at 3.6 points on the five-point scale – same as the right to meetings and freedom of peaceful demonstrations.



HOW WELL WERE HUMAN AND CITIZEN RIGHTS OBSERVED IN UKRAINE IN 2020?

Average score*

The right to freedom of speech, opinion, worship and religion, free expression of views	3.6
The right to freedom of peaceful assembly, and free association with others	3.6
The right to guarantees of rights and freedoms without discrimination on the basis of gender, race, skin colour, language, religious, political or other beliefs, national or social background, belonging to national minorities, financial standing, birth or other circumstances	3.5
The right to create organisations of employees and employers to protect one's economic and social interests	3.3
The right to freely elect and be elected to representative government bodies, as well as the right to execute control over government actions	3.2

*On the five-point scale from 1 to 5, where «1» means that rights are observed poorly, and «5» – very well.

Freedom of media is crucial for development of democracy and civil society. Overall, in 2021, improvements in the freedom of speech area, as compared to 1991, were noted by the majority of citizens (54%); only 21% expressed an opposite point of view; 15% – did not notice any changes, and 11% – could not assess them.

Positive changes in the freedom of media in Ukraine are also noted by international institutions. Since 2016, Ukraine has risen from the 129th to 97th place (among 180 countries) in the *Worldwide Press Freedom Index*; in Index 2021, it got a somewhat lower position than the year before that (96th in Index 2020), however, still demonstrated stable positive dynamic. To compare: Belarus ranked 158th, Russia – 150th. Going one step down is due to rather frequent attacks on journalists and obstruction of their work (in 2020 – 170 cases). However, last year was marked by a double increase of such cases in the EU as well.

It is also noteworthy that Ukrainians value freedom of speech and media freedom on the same level as personal freedoms and human rights, as has been discussed above. Thus, only 16% agree with restriction of freedom of speech and media freedom for the sake of state interests; 40% are categorically against any possibility of restrictions, and 37% – would allow for restrictions, in case «*if such freedoms are being used to violate constitutional rights of individual citizens or groups of citizens*».

That said, young people are less likely to agree with restriction of freedom of speech and media freedom for the sake of state interests

CAN FREEDOM OF SPEECH AND MEDIA BE RESTRICTED? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50 +
Cannot be restricted under any circumstances	39.8	43.9	39.0	37.3
Can be restricted only if these freedoms are being used to violate constitutional rights of individual citizens or groups of citizens	36.5	35.7	36.8	36.9
Can be restricted, if state interests demand this	16.1	12.4	18.3	17.5
Hard to say	7.6	7.9	6.0	8.3

(12% vs 18% in the older group), and stand stronger against the very possibility of such restriction (44% vs 37%, respectively).

Major progress has been achieved regarding the right to access public information. **The latest step for meeting the requirements** of the International Open Data Charter (which Ukraine joined in 2016) **was the implementation of target-driven policy for openness of government data, which is viewed as one of the anti-corruption principles.** CSO and media also play a significant role in opening government data to public.

Y In 2020, Ukraine participated in European rating – *Open Data Maturity Report 2020* – and became one of the «fast-trackers». Ukraine received 2,180 points out of total 2,600 and became 17th among 35 European countries, demonstrating better data openness: average percentage for Ukraine was 84%, which is 6% better than the average for EU countries (78%).

By all other indicators, Ukraine has demonstrated a higher level than the average in European countries: in the state policy category (554 points, or 85%, which matches EU countries, where the average is 85%); Single National Open Data Web-Portal was assessed at 569 points (or 88%, which is above the 79% average for EU member states); influence of open data in different sectors (550 points, or 85% – higher than the average 72% for EU countries); quality of data published on the portal, its compliance with international DCAT-AP standard (492 points or 78%, which is above the average level for EU countries – 76%).



Overall, according to assessments by reputable international organisations, Ukraine demonstrates progress in the development of democracy.

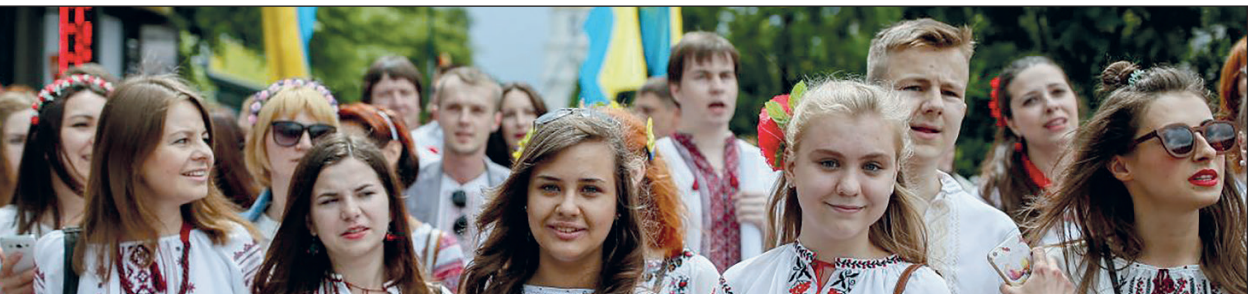
Thus, in the end of 2020, with 5.81 points, Ukraine came 79th among 167 countries in the *EIU Democracy Index*. This still placed it among countries with the «hybrid mode» of democracy, however, notably, since 2014, Ukraine has moved up from 92nd to the abovementioned 79th place, i.e. 13 steps up, demonstrating a consistent improvement trend. To compare: the neighbouring Belarus (148th) and Russia (124th) where identified as countries with authoritarian regime; at the same time, Slovakia (47th), Poland (50th), Hungary (55th), Romania (62th) – as «imperfect democracies».

Similarly, since 2010, we have been observing a positive dynamic of democracy development in Ukraine according to its ranking in democracy level rating calculated by the *Freedom House*, where, so far, Ukraine remains among «transition or hybrid regime» countries.

Socio-Psychological Preconditions for Development of Civil Society in Ukraine

Further development of civil society in Ukraine is connected with formation of shared national civil identity, civil (political) Ukrainian nation, as well as with consolidation in citizens' minds of such qualities as feeling like a free individual, feeling like a master of one's state, and being interested in government affairs, i.e. in politics.

Civic identity is determined through identification of oneself with the country as a whole (i.e. the entire community of fellow citizens). Studies show that the number of respondents who identify themselves with Ukraine is growing: thus, in 2021, compared to 2006, it grew from 33% to 45%; correspondingly, down from 44% to 34% went the number of those, who identify themselves with the town of residence, almost



unchanged remained percentage of those, who identify themselves with the region of residence (15% and 14%, respectively), with Russia (1.5% and 1%, respectively), with the Soviet Union (3% and 1.5%, respectively) and with Europe (1% and 2%, respectively) (Table *Which of the following do you mostly identify yourself with?* and Chart, p.359).

The younger the respondents, the more often they identify themselves with Ukraine (this percentage is growing from 41% among those aged 50 +, to 50% among respondents younger than 30 y.o.), and less often – with the town or village of their residence (37.5% and 30%, respectively).

WHICH OF THE FOLLOWING DO YOU MOSTLY IDENTIFY YOURSELF WITH?				
% respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50 +
Ukraine	44.7	50.2	44.3	41.0
Town/village of residence	34.3	29.2	35.1	37.5
Region of residence	14.3	13.7	15.5	14.1
Europe	1.9	3.1	2.1	0.9
Soviet Union	1.5	0.2	0.8	2.8
With Russia	1.3	1.1	0.8	1.6
Other	0.3	0.8	0.2	0.0
Hard to say	1.8	1.9	1.2	2.0

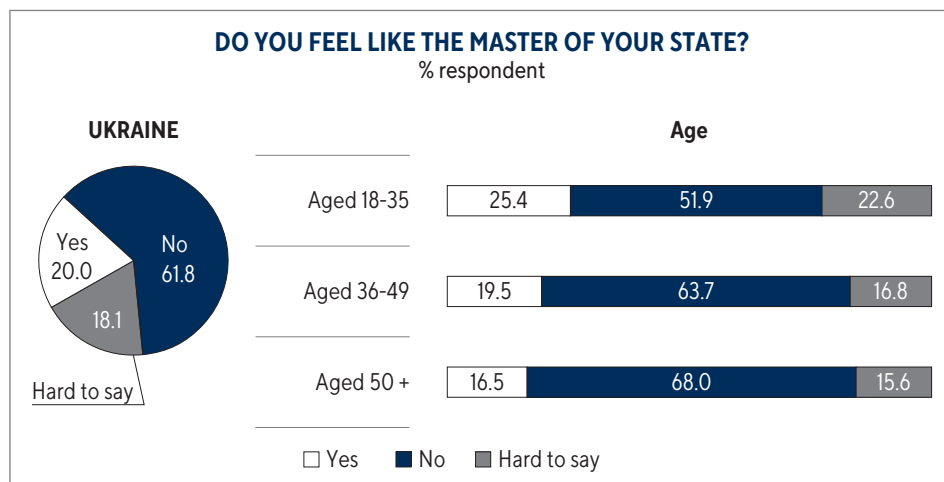
Perception of Ukrainian nation as a civic or political nation is growing in our society. Thus, in 2021, compared to 2006, the number of those who thought that «*Ukrainian nation is all the citizens of Ukraine, regardless of their ethnic background, language they speak, national traditions they observe and teach their children*», grew from 43% to 51%, respectively (Table *Which of the definitions of Ukrainian nation presented below is most acceptable to you?*, pp.178, 361). Along with this, 40% of citizens prefer ethnic or cultural concept of a nation.



WHICH OF THE DEFINITIONS OF UKRAINIAN NATION PRESENTED BELOW IS MOST ACCEPTABLE TO YOU? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
Ukrainian nation is all the citizens of Ukraine, regardless of their ethnic background, language they speak, national traditions they observe and teach their children	51.3	48.6	53.6	52.1
It is all the citizens of Ukraine (regardless of ethnic background), who communicate in the Ukrainian language, observe Ukrainian national traditions, and teach them to their children	18.3	17.7	19.1	18.4
It is citizens of Ukraine, who are ethnic Ukrainians by birth (have Ukrainians in their ancestry)	14.8	15.1	13.6	15.3
It is all ethnic Ukrainians by birth (have Ukrainians in their ancestry), regardless of their place of residence and citizenship	9.7	12.6	9.2	7.8
Hard to say	5.8	6.1	4.5	6.4

Sociological studies show that an increasing number of Ukrainians feel like free individuals. The ratio of positive and negative answers to the question «*Do you feel like a free person?*» demonstrates a stable trend of prevailing positive feeling of freedom among Ukrainian citizens. Thus, while in 2000, 46% of respondents felt free, and 49% – did not feel this way, in 2021, this ratio was 62% and 32%, respectively (Table *Do you feel like a free person?*, p.351). Notably, the feeling of freedom prevails across all age groups.

Somewhat lower among the citizens is the level of feeling like the masters of their state. However, the number of citizens who do feel this way demonstrates a stable growth trend. Thus, while in 2002, only 7% said they had this feeling, in 2021– each fifth did (20%); instead, percentage of citizens devoid of this feeling went significantly down – from 86% to 62%, respectively. Young people markedly more often say they have this feeling: in 2021, each fourth representative of the younger group marked this feeling (25%) vs 17% – in the older group; 52% and 68%, respectively, did not have this feeling.



A significant number of those deprived of the abovementioned feeling can be a sign of the high level of disconnection from government, which in society's eyes embodies the state, as well as the sign of the currently insufficient level of activism of citizens themselves, their lack of involvement in government affairs.

Ukrainians' interest in politics is not high – 55% of citizens are not interested at all or not very interested in it. What attracts attention is that it is the lowest among youth: certain degree of interest was expressed only by 32% of the younger group representatives – vs 51% of the older group respondents. Instead, two thirds (67%) of young people «are not very interested in it» (45%), or are not interested at all (21%).

Compared to other countries, Ukrainians demonstrate a higher level of interest in politics than Russians, somewhat lower level of interest than Poles, and significantly lower – than residents of the Netherlands or Germany (Chart *How interested are you in politics?*, p.180).

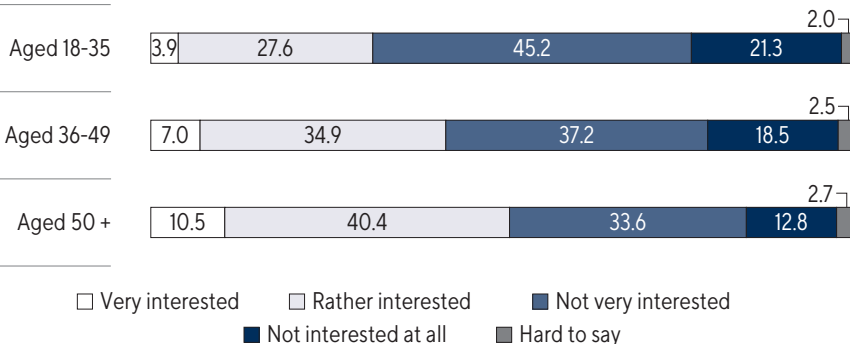
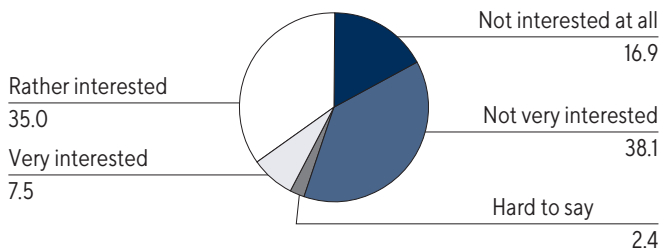
Possibly, the low level of interest in politics in Ukrainian citizens is due to the low level of impact that citizens can have on government actions in conditions of the current political system. Only about 5% of respondents said that this system allows for such influence «completely» or «significantly», while 62% chose answers «very little» or «not at all». However, young



HOW INTERESTED ARE YOU IN POLITICS?

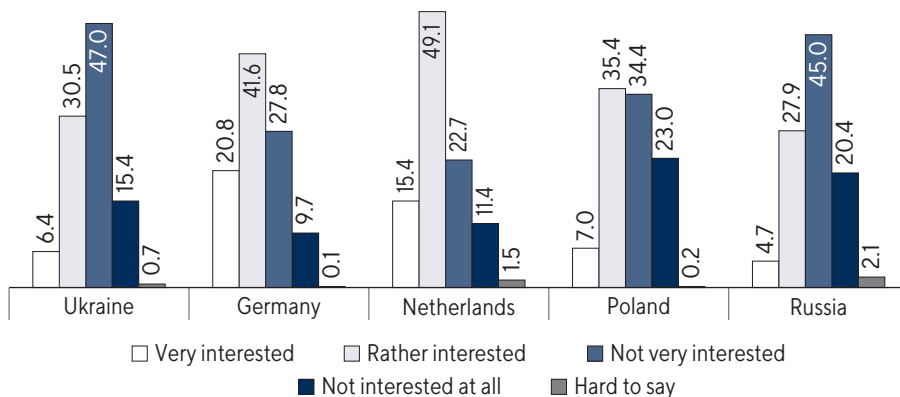
% respondent

UKRAINE



HOW INTERESTED ARE YOU IN POLITICS?

% respondents



people are less categorical than older people: 23% vs 35% of the older group representatives chose option «does not allow at all».

TO WHAT EXTENT DOES THE PRESENT POLITICAL SYSTEM IN UKRAINE ALLOW YOU TO INFLUENCE GOVERNMENT ACTIONS? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50 +
Does not allow at all	28.8	22.8	25.1	35.1
Allows very little	33.4	32.1	37.9	31.8
Allows to some extent	23.5	28.4	23.5	20.0
Significantly allows	3.7	3.6	4.3	3.4
Completely allows	0.8	0.9	0.4	0.9
Hard to say	9.9	12.1	8.8	8.9

Also remember that respondents rated observance of citizen right to execute control over government actions below observance of all other citizen rights (3.2 points of the five-point scale). Ukrainians exercise this control (aside from the abovementioned revolutions) mostly through national election campaigns, demonstrating a high level of electoral activity, – which is also an indicator of civil society development. Thus, in 2019, 63% of citizens voted in the second round of presidential elections, in parliamentary elections – 50%. In the period between elections, citizens' relations with political, including government elite, are problematic, which is possibly explained by the fact that both, civil society and political elite in Ukraine are currently in the process of establishment.

So, in the 30 years of independence, Ukraine has laid the foundations for civil society, created rather favourable conditions for formation and development of civic activism and work of CSO. At the moment, Ukraine has approximately 200 thousand CSO, unions, associations, public self-organization bodies, etc., which operate in almost all sectors of social life; most active ones are human rights, anti-corruption, volunteer, culture-and-education organisations, and national minority organisations. Our country is engaged in active international cooperation in the sector of civil society development in Ukraine.



Percentage of citizens who talked about their active civic involvement and/or membership in a CSO is not high (about 10%), however, pay attention to a major transition of communication, especially among young people, to social networks, which facilitate horizontal structuring of society and are, at the moment, the main means of communication between CSOs and citizens, and between citizens themselves.

Relations between the state and its citizens are not exactly smooth at the moment. Ukrainians value state independence, but in its current condition, our state does not fully meet society's expectations, which causes mistrust and critical attitude to those, who embody this state – government, and political elite overall.

At the same time, Ukrainian society is accumulating sentiment and trends necessary for further establishment of democracy, culture of trust, readiness for dialogue with government on building the rule-of-law state. This includes prevalence of orientations towards the future, tolerance, perception of democracy as a consensus, faith in the country's ability to overcome difficulties. There is a palpable demand for the introduction of European norms and rules, as well as a certain level of citizens' preparedness to build their lives according to these norms.

Ukrainians highly value both personal freedom and freedom of media; they are categorically against any encroachments on these freedoms, agreeing to their restrictions only in case when they are used «to violate constitutional rights of individual citizens or groups of citizens».

Determinant for further development of civil society is the position of young people (who are marked by the abovementioned sentiment and qualities to a greater degree than older generations), which serves as one of the reasons for an optimistic outlook regarding society's prospects. At the same time, differences between generations are not critical, and the change of generations is not the only factor contributing to liberation from past stereotypes. What is necessary – is the environment that would affirm people's belief that the changes are permanent, continuous and irreversible. This should manifest itself in economic growth, growing standard and quality of life, decreasing level of corruption, establishment of principles of the rule-of-law state.

II. FORMING THE INSTITUTES OF THE INDEPENDENT STATE, REPRESENTATIVE DEMOCRACY AND HUMAN RIGHTS PROTECTION

The major achievement of the 30 years is that in spite of problems and contradictions of the growth, the independent Ukrainian state has democratic societal organisation and the system of political institutions entirely comparable to the EU member states. In contrast to a number of post-Soviet countries, a regular changing of power is ensured in Ukraine by way of general direct elections on the basis of multiparty pluralism. The democratic societal order is a conscious choice of the Ukrainian people: Ukraine's citizens had more than once proven their readiness to defend democracy even at the cost of their own lives..

1. THE EVOLUTION OF UKRAINE'S CONSTITUTIONAL PRINCIPLES: 1991-2021

Constituting the Independent State

The way covered by Ukraine in its constitutional development goes far beyond the boundaries of the 30 years of independence. A bright page, in particular, is the emergence in 1917-1920 of the Ukrainian People's Republic (UPR) and the Western-Ukrainian People's Republic (WUPR) and their voluntary unification as a single constitutional state. The aim of creating such state, its main tasks and goals corresponded to the then all-European democratic advancement. Article 1 of the UPR Constitution (1918) said: «Having restored its statehood right as the Ukrainian People's Republic, for a better defence of our land, for a surer provision of rights, and protection of freedoms, culture, and well-being of its citizens, has proclaimed itself and is now a sovereign state, self-sustained and independent of anybody».



With the proclamation of the state independence of Ukraine in 1991, the modern period of its constitutional development has started. The documents of the last years of the USSR and of the Ukrainian SSR within it had an important significance for the overall process of constitutional transformations in Ukraine. Significant among them were «The Declaration on the State Sovereignty of Ukraine» (of 16 July 1990) and «The Concept of the New Constitution of Ukraine» (of 16 June 1991). In them, the tendency to restoring the national statehood of the Ukrainian people was clearly discerned, to transforming the Ukrainian SSR (before this, only an administrative and in fact inseparable component of the Soviet «evil empire») into an independent and democratic state. Along with this, the fate of the USSR, the content and nature of the future connection of the restored Ukrainian state with it seemed to not particularly preoccupy the authors of the drafts of these documents, or, even more so, of their direct implementers.

Adopting «The Declaration on the State Sovereignty of Ukraine», the Ukrainian SSR Supreme Soviet proceeded from the fact that it «expresses the will of the people of Ukraine, wants to create democratic society, recognizes the need to build a legal state...» and for this reason proclaims «the state sovereignty of Ukraine as supremacy, self-sustainability, fullness and indivisibility, of the power of the Republic within the boundaries of its territory and independence and equality of rights in foreign relations»; along with this, the Ukrainian SSR was declared a «sovereign national state developing within the existing borders on the basis of the Ukrainian nation realising its inalienable right to self-determination».

Despite the presence in the Declaration of clauses not characteristic for the Soviet political-and-legal system (for instance, the institute of division of power), it had not in fact stipulated the dismantling of the system of Soviets, and defined only the most general principles of constructing the state system of authority. At the same time, the Declaration's clauses were meant to become the basis for the new



Constitution and laws of Ukraine, and its principles, for concluding the union treaty planned for 1991.

«The Concept of the New Constitution of Ukraine» pointed out that the new Constitution of the Republic had to be based on the Declaration on the State Sovereignty of Ukraine, ensure, develop, and specify its clauses; the ideals of legal state had to permeate the entire Constitution; the human being as the highest social value, their rights and freedoms and their guarantees had to be in the focus of attention of the new Constitution. The main object of the constitutional regulation had to be relations between the citizen, the state, and the society; the Constitution had to determine the priority of general human values, ensure the principles of social justice, consolidate the democratic and humanistic choice of the people of Ukraine, clearly show Ukraine's dedication to the generally recognised norms of international law. The norms of the new Constitution had to become norms of direct action, while the Constitution itself had to become stable, with a strict mechanism for changing and amending it.

In parallel with these processes, in 1990-1991, amendments to the then Constitution of the Ukrainian SSR of 1978 were being introduced (cancelling Article 6 on the guiding role of the CPSU, establishment of multiparty system, changes of economic and social tenets of the state, etc.), laws «in the spirit of restructuring» were adopted («On Economic Self-sufficiency of the Ukrainian SSR», «On Languages in the Ukrainian SSR», «On Freedom of Conscience and Religious Organisations», «On the State Tax Service in the Ukrainian SSR», and dozens other legal acts of the Republic's level), new state-and-legal institutions were introduced, in particular, the institute of the President of the Ukrainian SSR and the position of Prosecutor General of the Ukrainian SSR. On the basis of «The Concept of the New Constitution of Ukraine», the Commission on its preparation was entrusted with preparing the draft of the new Constitution of Ukraine and submitting it for consideration by the 4th Session of the Supreme Soviet of the Ukrainian SSR.

The August 1991 events in Moscow, creation of the ill-famed «GKChP» (the State Committee on the State of Emergency, *Gosudarstvennyy komitet po chrezvychaynomu polozheniyu* in Russian, the self-proclaimed body which attempted, on 18-21 August 1991, to stage coup d'état in the USSR), the attempted coup d'état with removing the USSR President



M.Gorbachev from power had significantly enhanced centrifugal processes and accelerated sovereignisation and transition to self-sustained methods of state administration.

On 24 August 1991, the Supreme Soviet of the Ukrainian SSR, «proceeding from the deadly danger that had loomed over Ukraine in connection with the coup d'état in the USSR on 19 August 1991», from the right to self-determination, «implementing the Declaration on the State Sovereignty of Ukraine, proclaimed the independence of Ukraine and the creation of the self-sustained Ukrainian state, Ukraine».

From that time, the territory of Ukraine was proclaimed indivisible and untouchable, with only the Constitution and laws of Ukraine acting on this territory. Alongside with this, a special clause of the Resolution of the Supreme Soviet of the Ukrainian SSR «On the Proclamation of the Independence of Ukraine» provided for the holding, on 1 December 1991, of «the Republic's referendum on confirming the Act of Proclaiming Independence».

Adopting the Resolution of the Verkhovna Rada of Ukraine «On holding the All-Ukrainian Referendum on the Issue of Proclaiming Independence of Ukraine», on 11 October 1991, Ukrainian MPs said in their Address to the Ukrainian people:

«On 1 December we have to make our choice: have our say on the Act on Proclaiming Independence of Ukraine. This is a choice for ourselves, for our children and grandchildren, for the coming generations. We have no right to mistake. Let every one of us at the moment of decision remain one to one with their conscience and their reason, so that no one and nothing, except responsibility to the people and the future could influence the will of anyone, because the destiny of the young independent state, the destiny of Motherland, of our native land is in our hands.

The Act of Proclaiming the Independence of Ukraine is not a product of politicians, MPs or parties, independence has been a dream of our parents and grandparents, equality with other peoples, tremendous labour and unlimited responsibility, the feeling of being proud for our people and their statehood, love to our parents' home and the right way into the future. It is the objective necessity».

The content and rhetoric of this «Address» broadly matched the then societal inclinations of a significant part of the population of the Ukrainian SSR and harmonised to a certain extent with societal moods

in other Soviet republics. The results of the nationwide voting on 1 December 1991 in Ukraine were more than convincing. 31,891,742 people took part in the all-Ukrainian referendum (84.18 percent of Ukraine's population); 28,804,071 people (90.32 percent) voted in favour of independence.

Such events objectively required a significant updating of the then current legislation, as well as acceleration of the process of drafting and adopting the new Constitution of Ukraine. In connection with this, the Law «On Legal Succession of Ukraine» (of 12 September 1991) had an important significance. According to it:

- ✓ from the moment of proclamation of Ukraine's independence, the highest body of state power of Ukraine is the Verkhovna Rada of Ukraine composed of the deputies to the Ukrainian SSR Supreme Soviet;
- ✓ until the new Constitution of Ukraine is adopted, the Constitution (Fundamental Law) of the Ukrainian SSR acts on the territory of Ukraine;
- ✓ the Laws of the Ukrainian SSR and other acts adopted by the Ukrainian SSR Supreme Soviet act on the territory of Ukraine as long as they do not contradict the laws of Ukraine adopted after the proclamation of independence of Ukraine;
- ✓ bodies of state power and administration, prosecutors' bodies, courts and arbitration courts formed on the basis of the Constitution (Fundamental Law) of the Ukrainian SSR act in Ukraine until bodies of state power and administration, prosecutors' bodies, courts and arbitration courts are formed on the basis of the new Constitution of Ukraine;
- ✓ the state border of the USSR separating the territory of Ukraine from other states, and the border between the Ukrainian SSR, Byelorussian SSR, RSFSR, Republic of Moldova as of 16 July 1990 is the state border of Ukraine;
- ✓ all the citizens of the USSR who were permanent residents on the territory of Ukraine at the moment of the proclamation of independence of Ukraine are citizens of Ukraine.

At the same time, the same Law stipulated that Ukraine «reaffirms its obligations according to international treaties concluded by the Ukrainian SSR before the proclamation of independence of Ukraine»,



that it was «the legal successor to the rights and obligations according to the USSR international treaties not contradicting the Constitution of Ukraine and the interests of the Republic and gives consent to servicing the USSR foreign debt as of 16 July 1990».

Later, during the ceremonious session of the Verkhovna Rada of Ukraine on 22 August 1992, the President of the Ukrainian People's Republic in exile, M.Plavyuk, handed the letter of the UPR State Centre over to the President of Ukraine, L.Kravchuk, with «the mutually agreed statement» that «proclaimed on 24 August and affirmed on 1 December 1991 by the people of Ukraine, the Ukrainian State continues state-national traditions of the UPR and is the legal successor to the Ukrainian People's Republic».

The end of 1991 and the first half of 1992 became the time of legal affirmation of the process of full-value establishment of the state independence of Ukraine. Dozens of necessary laws, parliamentary resolutions, and government decisions were adopted. Among them were laws «On the state Border of Ukraine», «On the Armed Forces of Ukraine», «On the Security Service of Ukraine», «On Militia», «On Investigative Activities», «On the Internal Troops of the Ministry of Interior of Ukraine», «On the Citizenship of Ukraine», «On National Minorities in Ukraine», «On the Status of People's Deputies of Ukraine», «On the Status of the Autonomous Republic of Crimea», «On the Representative of the President of Ukraine», «The Foundations of the Legislation of Ukraine on Public Health», «On Information», and many other important legislative acts. Every one of them performed extremely important tasks: from establishing (introducing) the institutions (phenomena) necessary to the mechanism of the functioning of a constitutional state, to legal regulation of the newly emerged societal relations specifically characteristic of the transitional period from totalitarian to democratic forms of government.

A special role in the process of constitutional development could be played by the Law «On the Constitutional Court of Ukraine», adopted on 3 June 1992. It stipulated that the Constitutional Court of Ukraine (CCU) is «an independent body within the system of judiciary, meant to ensure the correspondence of laws and other normative acts of the bodies of power of the legislative and executive power to the Constitution of Ukraine, protection of constitutional rights and freedoms». This body had to accept for consideration cases on non-correspondence of laws and other legislative acts adopted by supreme bodies of power of Ukraine and the Autonomous Republic of Crimea, as well as consider cases on violations of authority by

various bodies of power and local self-government and by their officials, of the legality of elections and referenda, of observing of rights and freedoms of human being and citizen while adopting legislative acts, on Constitutional nature of activity and liquidation of political parties, international and Ukrainian public organisations, etc.

However, transferring such a significant amount of state-authority rights to the newly-created and, what is most important, unknown to that time body was still impossible in the then Ukrainian political-and-legal reality. This was the main reason why the personal composition of the Constitutional Court was not formed, and the body of constitutional jurisdiction itself could not begin perform ignites duties.

In 1992, the time had come to return the status of state symbols to the Ukrainian national symbols. On 15 January 1992, by the Decree of the Presidium of the Verkhovna Rada of Ukraine, the music of the state anthem of Ukraine was adopted: the melody of the song by M. Verbytsky, «Ukraine's glory lives on» (the words of the anthem will be approved only in 2003). On 28 January 1992, the Verkhovna Rada approved the national flag as the State flag of Ukraine, and on 19 February 1992, «trident as Ukraine's lesser coat-of-arms» (as «the main element of the great coat-of-arms of Ukraine»).

Symbolic for the process of constitutional development of Ukraine was submitting to general discussion of the first (official) draft of the new Constitution of Ukraine (1 July 1992). The Verkhovna Rada adopted a special (stand-alone) act to «submit the draft of the Constitution of Ukraine to nationwide discussion», determine the time for the discussion until 1 November 1992, and recommended «to the Councils of people's deputies of all levels to discuss at their sessions the draft of the Constitution of Ukraine, sending conclusions and remarks to the Constitutional Commission».

The draft of the new Constitution aimed at constituting Ukraine as a democratic, legal and social state where all power should belong to the people, citizens of all ethnic groups. The people as such should have become the only source of the state power, local and regional self-government. Alongside with this, the state power should have been realised according to the principle of its division into legislative, executive, and judiciary power, while the state would have duly recognised and support local and regional self-government.

It was suggested to base the life of the society on the principles of political, economic, and ideological pluralism. The state was obliged to



recognise diversity of forms of ownership, no ideology could restrict freedom of convictions, views, thoughts, same as no ideology could be recognised as an official state ideology. The draft Constitution's authors put a number of generally recognised democratic principles into the foundation of the legal status of a person and a citizen.

Concerning its territorial arrangement, Ukraine had to become a unitary state incorporating an autonomous entity, the Republic of Crimea. The legislative power would belong to the two-chamber National Assembly, while the President would be the head of the state and of the executive power, and the government (the Cabinet of Ministers of Ukraine) would be subordinated to the head of the state. Justice should have been delivered only in courts in the forms of constitutional, civil, criminal, and administrative courts. The system of «local self-government» should have embraced city, settlement, and village councils and other forms of territorial self-organisation of population; in contrast, «territorial self-government» was to be realized by the population within the boundaries of oblasts (lands) and rayons directly by means of regional referendums and through oblast (land) and rayon councils.

The discussion of the Draft Constitution of Ukraine had lasted almost half a year. Almost 200,000 people took part in it, as well as most local councils, many state bodies, as well as scientific and educational institutions. In total, over 47 thousand remarks and suggestions were made concerning the draft Constitution of Ukraine. However, it turned out impossible to adopt the new Constitution of Ukraine in 1992, because of reasons of political nature. The process of preparing and adopting the Fundamental Law was unjustifiably made longer by several years: «new versions» of the «official» draft appeared, as well as draft Constitutions by individual political parties and public organisations, drafts by certain authors, etc. The discussion of the draft Constitution of Ukraine, discussions around its basic (principled) clauses in the Verkhovna Rada lasted for years and became subjects of numerous forums both in Ukraine and beyond its borders.





Ukraine, for quite some time, was the only state on the territory of the former USSR and the countries of the ex-socialist camp that was unable to adopt the new Fundamental Law of the state. This could not positively influence the process of socio-economic and political-and-legal transformations. A certain acceleration of the process of preparing and adopting the new Constitution of Ukraine was the conclusion on 8 June 1995 of «The Constitutional Treaty between the Verkhovna Rada of Ukraine and the President of Ukraine on the main principles of organization and functioning of the state power and local self-government in Ukraine for the period before the new Constitution of Ukraine is adopted».

Constitutional Foundations of the New State

On 28 June 1996, the Verkhovna Rada adopted the Constitution, the Fundamental Law of Ukraine. The Constitution declared our state sovereign, democratic, social, and legal (Article 1), and recognised a person, their life and health, honour and dignity, inviolability and safety the highest social value of Ukraine (Part 1 of Article 2).

The Ukrainian people were named the bearer of sovereignty and the only source of power in the state, realising this power directly and through bodies of state power and bodies of local self-government (Part 1 of Article 5). The action of principle of the rule of law was recognised in Ukraine, with the supreme legal force given directly to the Constitution of Ukraine itself (Article 8).

It was separately noted that local self-government is recognised and guaranteed in our state (Article 7), while the state power is realised on the basis of its division into legislative, executive and judiciary (Part 1 of Article 6). The system of the organization of state power according to the Constitution of Ukraine of 1996 was close to the «mixed» model of presidential-parliamentary republic. At least, this was stated in Ukraine at both official and scientific levels many times.

The Constitution had clearly defined the four basic constitutional characteristics of the present-day Ukraine as sovereign, democratic, social, and legal state (Article 1). However, these constitutional clauses had only outlined the basis of the national doctrine of constitutional state as such.

These clauses are detailed to a certain extent by placing the so-called «additional» constitutional characteristics in the text of the Fundamental



Law, as well as by an attempt to detail the content of Article 1 of the Fundamental Law of the state in other constitutional documents. Attention is drawn, first of all, to the clauses of Part 2 of Article 2 of the Constitution according to which «Ukraine is a unitary state», and Part 1 of Article 5, «Ukraine is a republic». These norms detail the basic understanding of the content of such constitutional characteristics of Ukraine as the definitions «sovereign» and «democratic».

Proceeding from logical analysis of Article 35 of the Constitution (the constitutional right to freedom of worldview and religion) it can also be said that the present-day Ukrainian state is a secular state.

The presence of Article 16 in the text of the Fundamental Law, according to which provision of environmental security and environmental balance on the territory of Ukraine is a duty of the state, with the context of Article 50 of the Constitution (the constitutional right to environment free of danger to life and health, and guaranteeing free access to information on the state of environment) provides grounds for asserting that in the future Ukraine will be proclaimed an «ecological» state.

Hence, by formal legal characteristics, Ukraine is constituted as a sovereign unitary state, a democratic state with the republican form of government, the state that ensures freedom of conscience and religion (secular state); it also is a social state which, among other things recognises ensuring environmental safety as its direct duty (ecological state). Besides, Ukraine is declared a legal state in the Fundamental Law, the state where the principle of the rule of law is recognised and working, and basic human rights and freedoms are guaranteed as well.

At the same time, a significant proportion of political and economic (property) establishment, already formed at the time, was not satisfied with the system of power relations stipulated by the new Fundamental Law. The Constitutional Court had to help the cause of proper realisation of constitutional clauses, as well as in protecting them from unlawful encroachments on the part of state power bodies and their officials. It was with this in view that the Constitutional Court was created.

According to the Constitution, 18 judges compose the Constitutional Court of Ukraine. The President of Ukraine, the Verkhovna Rada, and the

congress of judges appoint six CCU judges each (Article 148). According to the Constitution, this body is defined as «the sole body of constitutional jurisdiction» (Part 1 of Article 147), with its direct task being «guaranteeing the supremacy of the Constitution of Ukraine as Fundamental Law of the state on the entire territory of Ukraine».

Over the years of its work, the Constitutional Court made hundreds of rulings and conclusions which doubtlessly played a positive role in Ukraine's constitutional development. Among those are: the ruling on cases of death penalty (1999) which in essence meant its cancellation; on the use of the Ukrainian language which officially clarified its status as the sole state language (1999); on the realization of power by the people (2005) which determined that only the people, at an all-Ukrainian referendum, can decide to change the social order; on the dissemination of foreign films (2007) which stipulated obligation to show any film made abroad in the state language; on the non-constitutional nature of holding the local referendum in the Autonomous Republic of Crimea (2014), and many other.

Along with this, not all CCU acts were such that they could be called a manifestation of its proper activity in the cause of protecting the Constitution and ensuring human rights and freedoms in Ukraine. In particular, the Ukrainian society had extremely negatively perceived the CCU rulings on the so-called «Kuchma's third term» (1997), on legalising the so-called «carriages» (2010) during the formation of the parliamentary coalition, on «returning» to the 2004 Constitution (2010), and others.

Generally speaking, 25 years after the Constitution of Ukraine had been adopted, there are all grounds to claim that this document has completed two extremely important historic tasks: *first*, it constituted the restoration of the state independence of the Ukrainian people; *second*, it laid down (established) at the highest legal level the necessary political-and-legal foundations for Ukraine's transition from the so-called Soviet (post-totalitarian) to democratic form of government.

The current Constitution of Ukraine, at the time of its adoption, received generally positive evaluation both in the Ukrainian society and in the scientific-and-expert community. However, the practical realisation of a number of constitutional clauses was problematic from the very start, because of various objective and subjective reasons.



The Constitution's Evolution

The first attempts to change the current Constitution of Ukraine were made during the 4th year of its functioning. 16 April 2000 saw the all-Ukrainian referendum on amendments to the Constitution, officially «at the people's initiative» but in fact initiated by President L.Kuchma. According to his Decree, six questions were to be put to the all-Ukrainian referendum. However, two of those were ruled unconstitutional by the Constitutional Court (on no-confidence to the Verkhovna Rada, and on adopting the Constitution at a referendum). As a result, Ukraine's citizens had to make up their minds on the questions on decreasing the number of MPs from 450 to 300; on transforming the Verkhovna Rada into two-chamber parliament; on establishing of additional grounds for the dissolution of the Verkhovna Rada by the Head of State, and on limiting the MP's immunity. Despite the generally positive results of the voting on all four questions, the results of this referendum were never realised in practice.

The constitutional changes of 2004 have significantly redistributed the authority and duties between the President, the Parliament and the Government, as a result of which Ukraine had to transform from «presidential-parliamentary» to «parliamentary-presidential» republic. This found reflection in lessening the volume of authority and duties of the President of Ukraine and simultaneous broadening of rights and duties of the Parliament and the Government.

Since that time, the Verkhovna Rada was appointing, at submittance of the President of Ukraine, the Prime Minister, ministers of defence and of foreign affairs, and at submittance of the Prime Minister, other members of the Government. The nominees for the members of the Government were to be submitted exclusively by the coalition of MPs' factions in the Verkhovna Rada. In its turn, the coalition of MPs' factions could be formed in the Parliament according to the results of elections, and this coalition should include a majority of MPs compared to the constitutional composition of the Verkhovna Rada. The MPs faction in the Verkhovna Rada, composed of the biggest number of MPs, was given the rights of the coalition of MPs factions in the Verkhovna Rada, stipulated by the state's Fundamental Law.

Notable in this situation is that practical implementation of this constitutional clause will for the first time become a reality in 15 years, after the 2019 parliamentary elections.

The constitutional amendments of 2016 introduced essential specifications about the organisation of justice in Ukraine. The Supreme Court of Ukraine was «reorganised» into the Supreme Court, with the simultaneous procedure of reformatting its personal composition and election of new judges. The High Anti-Corruption Court appeared in the national justice system, and in time, the High Court on the issues of intellectual property has to be created. The High Council of Justice disappeared from the constitutional field, and the High Council of Judiciary appeared. The institute of prosecutors underwent essential changes. Chapter VII «Prosecutors Service» was taken out, and the constitutional status of the prosecutor service is covered by Article 131-1 of the Constitution which became part of «Chapter VIII. Judiciary».

Significant changes were made in the constitutional clauses on the organisation and work of the Constitutional Court. Thus, the CCU stopped administering justice along with courts of general jurisdiction, and is not any more called at the constitutional level «the sole body of constitutional jurisdiction in Ukraine» and is deprived of the right to official interpretation of the laws of Ukraine.

Instead, the Constitutional Court got the right to deliver rulings on the compatibility with the Constitution of Ukraine (constitutionality) of questions planned to be submitted to the all-Ukrainian referendum at people's initiative, as well as to resolve the issues on the compatibility of a law of Ukraine with the Constitution at the constitutional complaint of a person who thinks that the law of Ukraine applied in the final court ruling in their case contradicts the Constitution of Ukraine. Essential changes were also applied to the issues of guaranteeing independence and immunity of the CCU judges.

The detailing of constitutional clauses concerning organization of the work of the Constitutional Court found their reflection in the new Law «On the Constitutional Court of Ukraine» adopted in 2017. However, the constitutional amendments of 2016, or the «new» Law on the Constitutional Court were unable to protect the CCU from «dragging» it into the deep political-and-legal crisis of 2020-2021.

Two cases of constitutional changes happened in 2019. The first changes confirmed the strategic course of Ukraine at acquiring the full-fledged membership in the EU and NATO. In correspondence with these changes, the Preamble of the Fundamental Law of the state was



supplemented with the words «confirming the European identity of the Ukrainian people and the irreversibility of Ukraine's European and Euro-Atlantic course». The Parliament's rights were supplemented with «determining the tenets of domestic and foreign policy, realising the state's strategic course at acquiring the full-fledged membership of Ukraine in the European Union and the North Atlantic Treaty Organisation».

The head of the state is now additionally recognised as «the guarantor of the realisation of the state's strategic course at acquiring the full-fledged membership of Ukraine in the European Union and the North Atlantic Treaty Organisation», and the Government is given the duty of directly ensuring «the realisation of the state's strategic course at acquiring the full-fledged membership of Ukraine in the European Union and the North Atlantic Treaty Organisation».

The latest constitutional amendments introduced on 3 September 2019, concerned MPs' immunity. Article 80 of the Constitution was edited to say «People's Deputies of Ukraine do not bear judicial responsibility for the results of voting or for expressing themselves in the Parliament and its bodies, except for the responsibility for offence or slander». Other clauses of this Article had lost their validity («People's Deputies of Ukraine are guaranteed parliamentary immunity. People's Deputies of Ukraine cannot be brought to criminal responsibility, detained, or arrested without the consent of the Verkhovna Rada»). Thus, the MPs' immunity has been significantly narrowed, this immunity in principle being non-characteristic of modern democratic states.

Negative influence on the development of the state was produced by the CCU Ruling No.20 of 30 September 2010 (the case of observing the procedure of making amendments to the Constitution of Ukraine) which had brought back the 1996 version of the Constitution of Ukraine in the extra-constitutional way. In its turn, the Law «On Renewing the Action of Some Clauses of the Constitution of Ukraine» of 21 February 2014 has in fact restored the constitutional *status quo*.

Thus, over its 25-year history, the Fundamental Law of Ukraine has gone through amendments of different nature, with some of them not always well-thought-of and balanced; the text of the Constitution has the problem of proper legitimacy of some of its parts and contains a significant number of clauses of clearly declarative nature. All this does not help ensure the proper constitutional development of the country, slows down the process of its transformation in the direction of parameters determined by the Constitution's creators.

2. ESTABLISHMENT OF THE NEW POLITICAL SYSTEM: CONFLICTS AND CONTRADICTIONS

From a Soviet Republic to the Independent State

At the time the state independence was proclaimed, a modernised Soviet system of organisation of power was in place in Ukraine. Transition from the party-Soviet system with the CPSU domination and Soviets of all levels as auxiliary bodies to creating a full-value state mechanism started with the adoption of the Declaration on the State Sovereignty of the Ukrainian SSR on 17 July 1990. In its turn, the adoption of this Declaration would have been impossible without the CPSU/CPU dictatorship.

«THE REVOLUTION ON GRANITE»

The first successful example of the civil disobedience action against the then authorities, which was able to impose its agenda on the authorities, was the student revolution, or «The Revolution on Granite» in October 1990. This action was a phenomenon of a completely new nature for the Ukrainian SSR, demonstrating the presence in the society of forces prepared to real resistance (non-violent, at that stage) to the Soviet system.

The action, lasting from 2 to 17 October 1990, was organised by the Ukrainian Student Union and the Lviv Region Student Fraternity. Its co-organisers were O.Doniy, M.Ivashchyshyn, O.Barkov, while O.Zabuzhko, O.Irvanets, S.Pavlychko, V.Kipiani, A.Rudnytska, V.Kyrylenko, T.Prohasko, O.Tyahnybok, P.Rozenko, and others were among the participants.

The action was the hunger strike of students and other young people from various regions of Ukraine in the central square of Kyiv (at that time the October Revolution Square) which would last until the Ukrainian SSR authorities implemented five political demands:

- ✓ non-signing of the new «Union treaty» (on the renovated USSR);
- ✓ holding elections to the Ukrainian SSR Supreme Soviet on the multiparty basis;
- ✓ return to Ukraine of military servicemen drafted from the territory of the Ukrainian SSR and ensuring military service by draftees from Ukraine exclusively on its territory;
- ✓ nationalisation of property of the Communist Party of Ukraine and the Young Communist League of Ukraine;
- ✓ resignation of the Chairman of the Council of Ministers of the Ukrainian SSR, V.Masol.

At the start of the action, a meeting of the Chairman of the Supreme Soviet of the Ukrainian SSR, L.Kravchuk, with the hunger strikers took place.



Gradually, TV changed the tone of informing on the protest. On 17 October, the Verkhovna Rada adopted a resolution guaranteeing meeting all the demands of the protestors. In this way, student organisations put forward important political demands and managed to achieve their fulfilment, while all the then opposition parties and movements failed to do this.

Kyivans were mostly supportive of «The Revolution on Granite». Also, for the first time Kyiv became a centre of public life different from the official.

The societal significance of «The Revolution on Granite» has many aspects. In particular, it is in the action demonstrating broad societal demand for the state independence, to be realised next year. «The Revolution on Granite» became one of the first large-scale manifestations of the beginning of the formation of civil society in Ukraine. In general, «The Revolution on Granite» is worth considering the precursor of further dramatic events in the Ukrainian history, such as the Orange Revolution, and the Revolution of Dignity.

On the eve of proclaiming independence, the Ukrainian SSR Supreme Soviet had adopted a package of laws which possessed constitutive significance, among them: «On Creating the Cabinet of Minister of the Ukrainian SSR» (18 April 1991), «On Establishing the Post of the President of the Ukrainian SSR and Introduction of Amendments and Additions to the Constitution (Fundamental Law) of the Ukrainian SSR», «On the President of the Ukrainian SSR» and «On Elections of the President of the Ukrainian SSR» (3 July 1991). The elections of the first President of the Ukrainian SSR were to be held on 1 December 1991.

The Declaration on the State Sovereignty and the necessary constitutive laws were adopted in the socio-political conditions marked with preparation to holding the all-Union referendum with «the Ukrainian» question and the reaction to its results which suggested gradual movement in the direction of possible gaining of complete state independence. The Act of proclaiming the state independence and the referendum on 1 December 1991 with simultaneous elections of the President of Ukraine were happening within the societal atmosphere which demanded significant acceleration of adopting decisions in order to ensure the functioning of the state.

The modernized Constitution of the Ukrainian SSR proclaimed that «The people implement the state power through Councils of people's deputies which constitute the political foundation of Ukraine». The Councils of all levels were subordinated to the Verkhovna Rada, thus forming the

so-called «Councils vertical». Executive bodies, the executive committees, were subordinated to the Councils. This system, Soviet as to its essence, filled a certain vacuum which emerged after the CPSU monopoly to power was ruined. It was based on ideas and imperatives of the preceding era and did not provide for a full-fledged division of power into three independent branches, or real parliamentarianism, or clear determining of functions of every state body. The issues of the strategy of development were not raised in the public discourse at all.

In the process of sovereignisation of Ukraine in 1990–1991, the Supreme Soviet of Ukraine of the 12th convocation, elected on competitive basis in 1990, became the subject of adopting key decisions. In the breakthrough moment of 1991, it became the Verkhovna Rada of the 1st convocation by simple renaming. A significant numeric advantage there was held by Communists, «The 239 Group» headed by O.Moroz. L.Kravchuk was elected Chairperson of the Verkhovna Rada, and after his election as the President of Ukraine, I.Plyushch (by the way, five of the six Presidents of Ukraine, with the exception of V.Zelenskyy, got their political experience in the Verkhovna Rada). Having the representative function from the start, the Verkhovna Rada became the sole legislative body, having concentrated controlling and disbursing functions and expressly aiming at executive functions as well.

It was precisely then that the Verkhovna Rada laid down the foundations of the experience of public policy based on the struggle between the Communist majority («The 239 Group», or «For the Soviet Sovereign Ukraine») and the democratic opposition («People's Council»), their interaction, finding necessary compromises and adopting joint decisions. The balance of forces and views within the walls of Verkhovna Rada was changing depending on the socio-political context. The culmination of this process was voting for the Act of proclamation of independence of Ukraine on 24 August 1991, supported by 346 MPs (including the Communist majority).

It was only in 1992 that the Law «On the Status of People's Deputies of Ukraine» was adopted which for the first time determined that People's Deputies of Ukraine perform their duties on the constant basis (i.e. officially documented the beginning of the formation of the social group of professional politicians). Until then, the Constitution said that People's Deputies perform their duties «as a rule», without breaking from their production or service activities.



The introduction of the institute of the President became a «shock» for the established Soviet system. According to the Law adopted in July 1991, the President was defined as the top official of the state, and simultaneously the head of the executive power.

The version of the Constitution in action at that time stipulated that Councils create bodies of state executive power with the Verkhovna Rada setting up central bodies, and other Councils setting up local bodies. These bodies of power were controlled by the councils and reported to them. The form of government thus established provided for the mixed (dual) system of subordination of the bodies of executive power (to the system of councils and to the President) which objectively bore the institutional conflict.

L.Kravchuk who was an adherent of the Parliament's domination while he was the Chairperson of the Verkhovna Rada, had drastically changed his idea after being elected President. He had set the aim of strengthening the institute of the Head of State by redistributing power to his advantage (every succeeding President did likewise).

An important place in the process of establishment of bodies of power and shaping relations between them was taken by the institute of representatives of the President in oblasts, rayons, city rayons, the cities of Kyiv and Sevastopol. At the same time, executive committees of councils of People's Deputies were transformed into oblast, rayon, city rayon, city (in Kyiv and Sevastopol) administrations headed by representatives of the President.

From the beginning, these state administrations played the role of local bodies of executive power, which de facto put them in subordination to the President. Thus, the so-called «Presidential vertical» was formed. Almost at once, the Cabinet of Ministers joined the struggle for the newly formed vertical of state power, in the person of Prime Minister, L.Kuchma (1992-1993), which was inevitable taking into account the generally undetermined form of government, lack of clearly worded and legislatively approved balances, checks and counterweights between institutions and branches of power.

The President did not possess the key instruments to ensure balance in the system of state power: the right to veto legislative acts adopted by the Verkhovna Rada, and the right to disband the Verkhovna Rada and declare new parliamentary elections. At the same time, the domination of



the Verkhovna Rada was rather an imagined phenomenon. In particular, the Cabinet of Ministers had the right to issue Decrees, the documents that possessed the force of laws, thus putting to doubt the clauses of the Constitution on the Verkhovna Rada being the sole body of legislative power.

Against the general background of the sharp worsening of the socio-economic situation for the overwhelming majority of the population, the evident miscalculations of the state's leadership led to political weakening of L.Kravchuk, his conflicts with many groups aiming at political and other influence («red directors», former «party-and-economy activists», regional elites, the nascent business groups). The Verkhovna Rada, with its left-wing majority, was not able to go beyond populist slogans and to offer strategies of national development to the society instead of the struggle for political dominance.

A characteristic feature of the period were contradictions of interests of different groups and power institutes, as well as lack of adequate legal basis of the efficient model of state governance, distribution of duties and authority, establishment of an efficient system of checks and balances. Various lobbying groups were becoming stronger, with their own personal or group interests and gaining ever stronger influence on both the Verkhovna Rada and the Government. The sharp socio-economic crisis of 1993-1994 had its culmination in early Presidential and Parliamentary elections of 1994. Their results had essential influence on the further development of the state mechanism, the evolution of the form of governance, the formation of «the political class», the social stratum made up of professional politicians.

Among the doubtless gains of this period it is worth listing the achievement of the change of power by means of democratic elections, the beginning of transformation of the Soviet model, laying down the foundations of functioning of the state mechanism of an independent state.

Strengthening of the Institute of the President. Establishment of the Mixed Form of Governance

During the period from the early elections in 1994 and to the events that received the name of the Orange Revolution, coinciding in time with the two Presidential terms of L.Kuchma, the Ukrainian vision of the post-Soviet political development had mostly taken shape, and both the



beginning of this period and its end were marked with sharp stages of socio-political crisis. The main attainment of the second stage of development of statehood was the adoption of the Constitution, the absence of which had significantly slowed down further development of the country.

Lines of division began to clearly manifest themselves in the society defining political sympathies of different social groups and thus directly influencing the composition of the Verkhovna Rada and of councils of all levels. During the period of 1994-2004, the establishment and strengthening of the institute of the President took place, and formation of the Cabinet of Ministers as the highest body of executive power. The Cabinet of Ministers was constantly under the influence of both the President and the biggest business groups. The evolution of the Verkhovna Rada continued in the direction of a parliament with functions characteristic of it. For the first time, the Presidential Administration began to play a significant role in the architecture of power, a body with no constitutional status and authority but the one that possessed political influence.

The processes of the so-called «primary amassment of capital» in Ukraine reached their peak within this period. The persons who received the name of «oligarchs» have loudly stated their presence on the political scene. It was during the two Presidential terms of L.Kuchma that the degree of the influence of the «oligarchs» and financial-and-industrial groups that they headed was the highest in all aspects of life in the country, and the President himself acted as an arbiter between them. This situation had powerful influence on the functioning of the system of power. The «oligarchic» influence had spread in the Verkhovna Rada and in the Government, in some cases local bodies of authority (both councils and state administrations) were made to protect «oligarchic» interests. Thus, new aspects emerged in relations between the bodies of power being under the impact of various influences.

The political crisis fell on the period of 1995-1996, caused by the struggle for authority between President L.Kuchma and the Verkhovna Rada, to be reflected in the new Constitution of independent Ukraine. The left-wing majority of the Parliament resisted attempts by the President to dismantle the existing «system of councils» and establish the presidential-parliamentary republic, while part of «the democratic minority» was also afraid of the President's authoritarianism.



The crisis was finally made less acute with the adoption of the Constitutional Treaty (1995) as a temporary compromise, and then with the acceleration of the constitutional process ending with the adoption of the Fundamental Law on 28 June 1996. The Constitution, the work on which continued under the constant threat of dissolution of the Verkhovna Rada, was a compromise in some aspects as well. It established the sovereign, the Ukrainian people, as the sole source of power in the country, officially proclaimed Ukraine a republic, stipulated the mixed presidential-parliamentary form of governance already formed at the time. With the adoption of the Constitution it became possible to speak of the liquidation of the system of councils as the main component of the Soviet power construct and of transition to building the state mechanism on new principles.

The scopes of authority of the President, and of the Verkhovna Rada as the sole legislative body and the Parliament of the state were significantly more clearly defined (for the first time in precisely this wording), and of the Cabinet of Ministers as the highest body in the system of the state executive power. The President was no more constitutionally defined as the head of the executive power. Thus, the Cabinet of Ministers theoretically received a bigger space for work, although this had not made it free of political dependence on the President. In practice, heads of the Government were chosen, first of all, taking into account their personal loyalty to the Head of the State, and suspicion of disloyalty resulted in dismissals. During 1994–1997, President L.Kuchma dismissed three Prime Ministers: V.Masol, Ye.Marchuk, P.Lazarenko.

The President became the main acting person in the state, now in the legitimate way, controlling the Government, local bodies of the executive power, law enforcement and military structures, and exerting influence on a significant part of the Verkhovna Rada. The President received the right to veto decisions of the Parliament which he did not agree with. The right of the President to dissolve the Parliament and appoint early elections was an important element of the system of checks and balances. At the same time, the right of the Parliament to impeach the President was rather declarative, as it was practically impossible to realise. Presidential elections became the key event in socio-political life.

Same as the Constitutional Treaty, the Constitution gave the Verkhovna Rada and the President different terms of authority (four and five years,

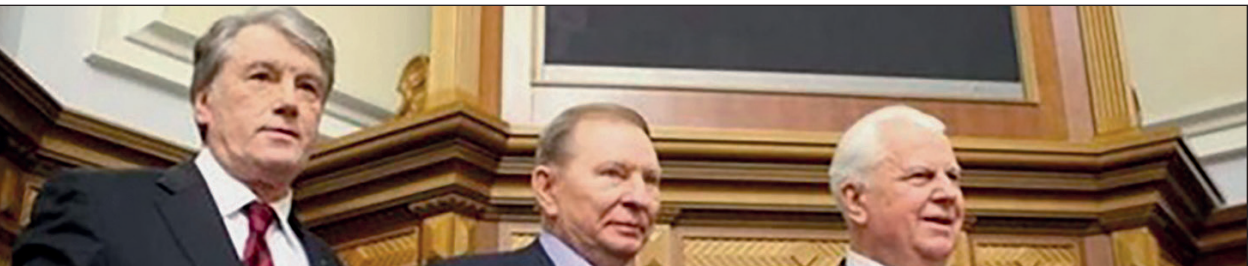


respectively) which had to assist in the process of continuity of power because the terms of elections were distanced from each other.

The active interference of the President and his milieu in the work of the Verkhovna Rada, their control over state-owned media and «oligarchic» TV led to a certain demonization of the Parliament in societal perception. However, not a single political force represented in the Verkhovna Rada could put forward a positive and realistic manifesto of its vision of the country's further development which would be supported by the majority of people. The approaching of the new election cycle (parliamentary elections in 1998, and presidential elections in 1999) transformed the Verkhovna Rada into an arena of political fighting.

As a result of the 1998 parliamentary elections, held according to the mixed system with participation of parties and blocks, Communists formed the biggest faction, resulting again in dominance of left-wing forces in the Parliament, with the corresponding agenda and rhetoric. The atomised internal structure of the Parliament (eight different factions without uniting axis) had extremely complicated opportunities for constructive legislative work.

L.Kuchma leaned upon different, often very heterogeneous forces representing «oligarchs», «red directors», regional elites, business circles, some movements of national-democratic vector. After his victory in the elections, in-fighting began in his environment between interests that had not always coincided. This competition manifested, for instance, in the form of fighting for the candidature of the new Prime Minister. Because of various reasons, L.Kuchma's partners had not supported his first nominee, V.Pustovoytenko, who had not earned reputation of a successful reformer but had not demonstrated views and ambitions of his own. With the support of national-democratic forces and international partners, L.Kuchma put forward the candidature of V.Yushchenko (head of the board of the National Bank, co-author of the policy of national currency).





In this composition of the Government, the former manager of «The Single Energy Systems of Ukraine» (not long before this, the monopolist on gas markets), Yu.Tymoshenko, became Vice Prime Minister on the issues of fuel-and-energy complex, and Yu.Yekhanurov, who earlier managed the privatisation process as former head of the State Property Fund, became the First Vice Prime Minister. The Cabinet of Ministers headed by V.Yushchenko tried to be self-sustainable (to a certain extent) player in the power system which had not helped positive attitude towards him of President Kuchma and his environment. As a result of joint efforts of «oligarchs» and Communists, V.Yushchenko's Government was dismissed in the spring of 2001.

The main vector of the efforts of the President and the forces gathered around him was aimed at changing the balance of forces in the Verkhovna Rada. Pro-Presidential factions stated the creation of the majority in the Verkhovna Rada and their intention to replace its leadership which represented left-wing parties. Another wave of juxtaposition could have led to the President using his right to dissolve the Parliament. The pro-Presidential majority in the Verkhovna Rada had provoked further sharpening of the situation having moved the sessions to «The Ukrainian House». Despite the evident violation of the Regulations of the Verkhovna Rada, the Ministry of Justice justified these actions.

Since that moment, a noticeable swerve in the direction of the political dominance of the President began, to be accompanied in the future by some manifestations of authoritarian tendencies. In early 2000, President L.Kuchma issued a Decree on holding a nationwide referendum on the issues of confidence to the Verkhovna Rada and on giving the President the right to dissolve the Parliament if there is a no-confidence vote at the referendum, and also in the case when it cannot form parliamentary majority and adopt, within three months, draft budget submitted by the Cabinet of Ministers. There were also questions on cancelling parliamentary immunity, decreasing the number of MPs to 300, of creating a two-chamber Parliament, and of adopting the Constitution by means of the all-Ukrainian referendum.

The Constitutional Court had not approved putting the questions of confidence to the Parliament and of adopting the Constitution at the all-Ukrainian referendum to the referendum. The referendum was held in April 2000. According to official data, all the questions got positive answers.



However, the reform of the form of government had not happened as the Verkhovna Rada was not able to adopt a decision to implement it.

The socio-political situation had become significantly sharper as a result of the murder of an opposition journalist, G.Gongadze in September 2000 and publication by the leader of the Socialist Party, O.Moroz, of recordings allegedly made by L.Kuchma's bodyguard, M.Melnychenko, which had information about L.Kuchma's and his environment's part in the murder of G.Gongadze and other crimes. In November 2000, massive public protests began, known as the «Ukraine without Kuchma» Action.

«UKRAINE WITHOUT KUCHMA» ACTION

In December 2000, protest actions started in Kyiv, headed by Yu.Lutsenko (a leader of Socialists at the time), activists M.Svystovych, V.Chemerys, and others. The actions had swiftly grown into a public opposition movement «Ukraine without Kuchma» aimed at L. Kuchma's resignation. Several political forces participated in the actions, with a common goal (to change the political regime) but professing different, sometimes opposite ideological directions. Among those forces were, in particular, the Socialist Party (O.Moroz, Yu.Lutsenko), UNP «Sobor» (A.Matviyenko), URP (L.Lukyanenko), «Reforms and Order» Party (V.Pynzenyk, S.Teryokhin, et al.), UNA-UNSO (D.Korchynsky, A.Shkil, et al.), the Ukrainian Young Communist League. They demanded the resignation of L.Kuchma and of heads of law enforcement structures (the Ministry of Interior, the Security Service of Ukraine), and the objective investigation into the Gongadze case.

A tent camp was set up in downtown Kyiv (guarded by UNA-UNSO), destroyed by law enforcers on 1 March of 2001.

On March 8-9 (the Shevchenko days), protesters clashed with militia next to the monument to Taras Shevchenko in Kyiv and attempted to break through to the building of the President's Administration. Several activists (mostly from UNA-UNSO, led by A.Shkil) were detained and later sentenced to prison. A.Shkil was elected an MP (and left the prison due to this), other sentences were later made more lenient by higher bodies of justice.

«Ukraine without Kuchma» had its information component, the «Maidan» web site, later to play an extremely important role in the events of the Orange Revolution. On the basis of the public movement, a political platform was formed, «The National Salvation Front», with the coordination council comprising Yu.Tymoshenko, O.Moroz, O.Turchynov, S.Holovaty, S.Khmara, L.Lukyanenko, T.Stetskiv, V.Filenko, A.Matviyenko, and others.

The protest movement failed to gain mass character and had not received broad public support. However, it was this movement that turned out to be a preparatory link of sorts for the Orange Revolution.

The regime constructed by L.Kuchma was in many aspects replicating the political development of Russia (before V.Putin was elected President). The opposition had multi-layered ideological nature (groups that later united in «Our Ukraine» around V.Yushchenko; Yu.Tymoshenko and groups oriented at her; some right-centre parties; O.Moroz and Socialists) and could not present a positive realistic programme of the country's development against the background of public disappointment with the policy of L.Kuchma.

The juxtaposition between the forces gathered around L.Kuchma and «the new faces» led by V.Yushchenko became sharper after the 2002 parliamentary elections when large-scale use of «dirty» political technologies happened for the first time. The opposition forces had won a significant parliamentary representation but failed to utilise it: the former head of the President's Administration, V.Lytvyn, was elected Chairperson of the Verkhovna Rada, while his Deputies were H.Vasylyev (later replaced by Communist A.Martynyuk) and O.Zinchenko (SDPU(U)) who were loyal to L.Kuchma. For the first time, the majority in the Verkhovna Rada was not of the left-wing political forces.

While the overall architecture of the system of authority remained unchanged, there were certain changes in the roles played by various institutions. The main centre of adopting key decisions at that time moved to the President's Administration headed by V.Medvedchuk. Clear Russian influence became felt in the country's internal policy. The Cabinet of Ministers (headed, at first, by A.Kinakh, and later, by V.Yanukovych) recognised its subordination to the President from the very start. After 2002, Prime Minister V.Yanukovych began to play the role of L.Kuchma's «successor».

The Verkhovna Rada of the 4th convocation was better structured than previous convocations because it had a formed pro-Presidential majority which allowed to pass decisions. The Communists often sided with the authorities despite their left-wing rhetoric. The President and his environment were powerfully influencing the Parliament's top officials, pro-Presidential factions and groups.

The experience of the parliamentary majority's work, not regulated at the time by any legal norm, turned out to be positive for the next convocations of the Verkhovna Rada. For the President and the Government this situation demonstrated that only when a political course is supported by the parliamentary majority does this course have chances to be realised. As far as constructing a sustainable state mechanism was concerned, this was a positive step.



Transition to the Parliamentary-presidential Model

When the sides began their preparations to the 2004 Presidential elections, several attempts to launch the so-called «political reform» were made, the essence of this reform would have included:

- ✓ political weakening of the institute of the President with possible transition to electing the President in the Parliament;
- ✓ legislative establishment of the norm on parliamentary majority which has a duty to submit a candidature of Prime Minister to the President for submitting it to the Parliament for approval;
- ✓ introduction of the two-chamber Parliament, with its second chamber composed of representatives of regions and former Presidents, while the lower chamber would have less MPs, 300;
- ✓ transfer of the authority to appoint ministers (apart from the ministers for foreign affairs, defence, internal affairs, justice) to the Parliament, while heads of state committees would be appointed by the Prime Minister.

The aim of these proposals could be providing for L.Kuchma's problem-free departure from power and not letting new, competing groups, headed by V.Yushchenko, gain power, and not thoughts of democratic development of the state on the principles of the republican form of governance and of parliamentarianism.

Some of these proposals were introduced into the Constitution in December 2004. This step was forced. Both the President's side and the opposition agreed with this solution in order to decrease the acuteness of the political crisis happening as a result of the broad protest movement to be named the Orange Revolution. In their turn, the protests on the Maidan in Kyiv had started because of the splashes of public dissatisfaction with systemic falsifications by the authorities and open deception of voters during the counting of ballots cast in favour of Presidential candidates, V.Yushchenko and V.Yanukovych.



«THE ORANGE REVOLUTION»

The events that were later called «The Orange Revolution» unfolded in the Autumn of 2004 against the background of Presidential elections that were marked with numerous violations and falsifications on the part of the authorities. Prime Minister V.Yanukovych was the candidate from the then authorities, while the most popular candidate from the opposition forces was ex-Prime Minister V.Yushchenko, with public support for both very tightly matched.

The authorities, as well as state-owned and «oligarchic» media supported V.Yanukovych, with broad use of «black» technologies which made deeper the societal splits according to socio-political markers (language, religion, cultural specifics, regional patriotism, etc.) and according to geopolitical choice (rapprochement with Russia or with the Western world). Russia was actively supporting V.Yanukovych. Russian political and media technologists were openly working in Ukraine (G.Pavlovsky, M.Gelman, and others).

Mass protests began after the second round of voting on 21 November 2004. According to exit polls, V.Yushchenko won the election, while the Central Electoral Commission (headed by S.Kivalov) announced V.Yanukovych the winner. V.Putin congratulated V.Yanukovych with the victory long before the official results were published. Oranges and colour orange became the protests' symbols. The Kyiv City Council and some oblast and city councils refused to recognise the elections' results made public by the Central Electoral Commission. V.Yushchenko swore the oath at the rostrum of the Verkhovna Rada and proclaimed the beginning of the «Orange Revolution». V.Yushchenko, Yu.Tymoshenko, and A.Kinakh said they were joining their efforts. People were transported to Kyiv in an organised way to demonstrate support for V.Yanukovych. President L.Kuchma had effectively stayed away from managing the situation.

The Supreme Court banned publishing of the elections' results in the press. Negotiations between the authorities and the opposition on peaceful settlement of the crisis brought no result. The Verkhovna Rada had adopted the Resolution, «On Political Crisis in the State Resulting from the Elections of the President of Ukraine», which recognised the results of the second round of voting invalid, and also declaring no confidence in the Central Electoral Commission.

The Kharkiv and Luhansk Oblast Councils proclaimed their intentions to create autonomies, and the congress of deputies of all levels took place in Severodonetsk where they discussed the issue of holding a referendum on Ukraine's federalisation and of creating an autonomy of the oblasts of Ukraine's East and South.

The Supreme Court had confirmed numerous violations, as well as invalidity of the results of the second round of voting. The repeat voting was scheduled for 26 December 2004. The Verkhovna Rada changed the composition of the Central Electoral Commission and made amendments to the law on elections. Amendments to the Constitution were made on the redistribution of authority between the President and the Verkhovna Rada. V.Yushchenko had won the repeat voting, this becoming the sign of the victory of the Orange Revolution, and at the same time, the sign of the first significant defeat of the policy of the RF towards Ukraine.



The key features of the Orange Revolution were:

- ✓ the first broad societal support, despite information blockade and counteractions on the part of the authorities. The massive character of the movement was a surprise both for the authorities and for the opposition;
- ✓ a high level of self-organisation of the society;
- ✓ joining efforts of different political and social forces for the sake of setting and achieving a common goal;
- ✓ support for the protest movement on the part of a significant proportion of business communities;
- ✓ making the split in the society deeper, first of all according to regional and socio-cultural markers;
- ✓ lack of common vision of the prospects of the state's development with political forces which participated in the protest.

The Orange Revolution had demonstrated preparedness of the active part of the society to counteract fraud and manipulations on the part of the authorities in order to protect democratic development, free elections, and the course to return to Europe. At the same time, the Revolution had graphically proven the existence of essential sociocultural differences between people in different regions of Ukraine which found its reflection in different political likings and geopolitical orientations.

Amendments to the Constitution, adopted in December 2004, determined that the President lost control over the executive branch of power while the Verkhovna Rada received authority to appoint the Prime Minister and members of the Government and strengthened its constitutive function. The President had the right to veto decisions by the Verkhovna Rada and the authority to dissolve it because of several reasons: no parliamentary majority, incapacity to form the Government and to adopt the budget over a certain period of time. The President also retained the right to suggest nominees for the offices of ministers of foreign affairs and of defence to be appointed by the Verkhovna Rada.

Equal terms of authority were established for the President and the Verkhovna Rada (five years). Along with this, the President had no right to dissolve the Verkhovna Rada within the last six months of the Verkhovna Rada's or the President's term.

The «political reform» had to come into force from 2006 (according to the results of the next parliamentary elections). Even a forced introduction of elements of parliamentarism like the strengthening of the constitutive and controlling functions of the Parliament, the mandatory

requirement to form a majority (which makes adopting decisions possible), formation of the principles of communication between the Government and the Parliament for successful passing of the laws necessary for the country was a positive movement. At the same time, overall the state was extremely vulnerable with the mixed form of governance.

This became clear within the next period, when the situation of «co-existence» took shape between the President and the Government who represented different political camps. Taking into account the results of the 2006 elections and after an attempt to form a coalition of «orange» political forces failed, President V.Yushchenko had to agree to forming the coalition led by the Party of Regions and to appointing V.Yanukovich to the office of Prime Minister who, in fact, sabotaged the political course declared by V.Yushchenko. Similar situation took shape again after the 2007 early parliamentary elections when Yu.Tymoshenko was appointed Prime Minister for the second time. Since the moment of forming the Government, she became a de facto opposition figure to the President who had not much influence on the situation formally and, besides, had lost the society's support by that time.

In its main features, the model of state power suggested by the «political reform» of 2004 is in action even now.

Attempts to change the form of governance started with the next Presidential elections approaching. Thus, against the background of the sharpening of the conflict between President V.Yushchenko and Prime Minister Yu.Tymoshenko who was poised to win the election, consultations began between her and V.Yushchenko's political opponents, in particular, on the review of the Constitution in order to change the model of organisation of the state power.

The following was suggested, among other things: introducing, effectively, the two-party system (for the parties headed by, respectively, by Yu.Tymoshenko and V.Yanukovich); changing the form of governance by strengthening the Verkhovna Rada and the Cabinet of Ministers (i.e., transition to the «Prime Minister's» or «Chancellor's» republic; political weakening of the institute of the President by cancelling nationwide election of the President and switching to electing the President by the Verkhovna Rada. However, V.Yanukovich, who sensed a high probability of his victory at the elections, rejected the idea of weakening the institute of the President.



Growth of Authoritarian Tendencies

After his victory at the Presidential elections, as soon as in February 2010, V.Yanukovich began moving towards cancelling the parliamentary-presidential republic and concentrating power in his own hands. Already in March 2010, the re-formatting of the coalition in the Verkhovna Rada took place, on openly doubted legal foundation: the new coalition included individual MPs (who earlier were members of other factions) despite the Constitution's norm about forming the coalition exclusively by parliamentary factions.

30 September 2010 saw the act which was dubbed «the Constitutional coup»: the Constitutional Court ruled to not only recognise the amendments made to the Constitution in December 2004 as not agreeing with the established procedure (there were some grounds for this) but to renew the action of the Constitution's 1996 version. This anti-Constitutional ruling had totally ruined the balance of the established checks and balances. The Government was in fact again subordinated to the President; the Parliament had lost not only a considerable part of its constitutive authority but also a self-sustained role in the state policy. As forming the parliamentary coalition was no longer necessary, the role of political parties became lower in the state-and-legal system, stimuli for constructing parties disappeared. A powerful blow was dealt to the idea of the development of parliamentarism as an institute representing the society's interests.

The trend to concentrate the entire power in the country in the hands of the group headed by V.Yanukovich continued with regard to the results of the 2011 local elections and the 2012 elections to the Verkhovna Rada. By that time, the ruling groups had already launched repressions against the most notable opposition leaders (Yu.Tymoshenko and the former Minister of Interior Yu.Lutsenko were imprisoned). This was helped by mass appointments to leading positions in law-enforcement structures, in the prosecutor's office, in courts of various levels of people loyal to V.Yanukovich, mostly hailing from the Donetsk region. Despite a rather significant parliamentary representation of opposition parties («Batkivshchyna», UDAR, «Svoboda»), they were deprived of any significant influence on the decision-making process.

The President, the top officials of the Verkhovna Rada and the majority of MPs, as well as the Cabinet of Ministers, represented one political camp. This political group proclaimed dedication to the European choice until October 2013 but in general it agreed its policy with Russia's strategic goals.

The Communist Party, with rare exceptions, played the role of the «junior partner» of the Party of Regions. The overall management of the situation was realised from the President's Administration.

Rather soon, the authorities went over to repressions against the most notable opponents. In October 2011, Yu.Tymoshenko was sentenced to 7-year imprisonment, followed by broad international reaction and demands by Western partners to set her free. This was done only after V.Yanukovych fled the country in February 2014. In February 2012, Yu.Lutsenko was sentenced to 4-year imprisonment (pardoned by V.Yanukovych in April 2013).

V.Yanukovych's policy had swiftly acquired signs of being agreed with Russia's leadership, both because of appointments he made and because of the contents of this policy.

V.YANUKOVYCH'S «PRO-RUSSIAN U-TURN». MAIN EVENTS AND FACTS

- ✓ A «thunderbolt-like», without any expert discussion, signing in April 2010 by Presidents V.Yanukovych and D.Medvedev of the so-called «Kharkiv Agreements» according to which the term of stationing the RF's Black Sea Fleet in Sevastopol and Crimea was prolonged for after 2017 (the term of withdrawal of the Black Sea Fleet from Ukraine's territory) for 25 years in exchange for cancelling customs duties for gas supplied to Ukraine. The agreements were simultaneously ratified by the Verkhovna Rada and the State Duma of the RF. The ratification was supported by nine MPs from the Yuliya Tymoshenko Bloc and by seven from «Our Ukraine-People's Self-Defence». The price for gas for Ukraine remained one of the highest in Europe anyway, meanwhile Ukraine was losing its international legal subjectness at a high rate. The Agreement was unilaterally cancelled by the RF's State Duma in March 2014, during the occupation of Crimea.
- ✓ In 2010, the Patriarch of the Russian Orthodox Church, Kirill, made two visits to Ukraine: to attend the inauguration of the newly elected President V.Yanukovych, and the celebration of the Baptism of Rus.
- ✓ Adoption of the Law «On Principles of Internal and Foreign Policy» where the priority of acquiring membership in the NATO was retained for Ukraine but any mention of Ukraine's integration into the Euro-Atlantic security area and membership in the NATO from the previous Law were excluded.
- ✓ Personnel policy according to which the position of the Minister of Defence was occupied by people who favoured Russia's policy (M.Yezhel) or were closely connected to Russia (D.Salamatin, P.Lebedev). Heads of the Security Service of Ukraine were appointed with agreeing their candidatures with the RF: first, I.Kalinin, then O.Yakymenko. D.Salamatin, P.Lebedev, O.Yakymenko, just as V.Yanukovych, were later accused of state treason, in absentia. At that moment, they were escapees to the RF. D.Tabachnyk was appointed the Minister of Education, remembered for his policy of the de facto de-Ukrainisation of the sphere of education.



- ✓ Adoption of the Law «On the Principles of the State's Language Policy» (the so-called «Kivalov-Kolesnychenko Law»). This Law had in fact demolished the Constitutional norm on the Ukrainian language as the sole state language. The adoption of the Law happened against the background of protests and with the Regulations of the Verkhovna Rada violated. After this Law had come into force, several local councils declared Russian and some other languages regional languages.
- ✓ The order by the Cabinet of Ministers headed by M.Azarov to halt the process of preparation for the signing of the Association Agreement with the EU on 21 November 2013.
- ✓ V.Yanukovich's refusal to sign the Association Agreement with the EU at the «Eastern Partnership» Summit in Vilnius on 29 November 2013. Both decisions, which had caused large-scale public protests, were taken after secret meetings between V.Yanukovich and V.Putin.

The society reacted to the authorities' policy by voting at the 2012 parliamentary elections for the political forces representing opposition: «Batkivshchyna», UDAR, and «Svoboda», which, within the proportional component, collected 25.54, 13.96, and 10.44 percent of votes, respectively. While the imprisoned Yu.Tymoshenko was absent from the political scene, the most popular opposition leaders were V.Klitschko, the UDAR leader, and A.Yatsenyuk. According to various sociological companies, V.Klitschko would win over V.Yanukovich with a considerable majority in the hypothetical second round of presidential elections.

As V.Yanukovich's campaign and his further policy were planned with the view to two Presidential terms, the President's milieu started to look for a possible way out of this situation. The authorities' hope had become public that V.Klitschko, after respective changes in legislation were made, could be removed from the elections on the grounds that he had not lived in Ukraine constantly.

Further events did not let these intentions materialise. The policy aimed not only against the European choice but also against the interests of a great part of the Ukrainian society (including the interests of a significant part of business circles) caused public resistance, it added to the dissatisfaction with the course of events, amassed in the society, and bore, in the Autumn of 2013, the protest movement which, in the beginning, was aimed at making V.Yanukovich fulfil his promise and sign the Association Agreement with the EU, ready for the signing at the time. This movement was called «Euromaidan».



«EUROMAIDAN»

After the publication of the Order of the Cabinet of Ministers on halting the preparation for signing the Association Agreement with the EU on 21 November 2013, the opposition forces made a statement about state treason and presence of grounds for the impeachment of V.Yanukovych. Within several days, rallies started in Kyiv, Ivano-Frankivsk, Lviv, Dnipropetrovsk, Donetsk, Kirovohrad, Odesa, Ternopil, Kharkiv, Cherkasy, Lutsk, Chernivtsi, Chernihiv, Uzhgorod. In Kyiv, approaches to the President's Administration and the Government building were blocked. As soon as the next day, first clashes of demonstrators with the militia took place.

November 24 saw a mass rally «For European Ukraine» in Kyiv with no less than 100,000 participants. The rally adopted a resolution with political demands: resignation of M.Azarov's Government for betraying national interests, holding the extraordinary session of the Verkhovna Rada in order to adopt all the laws necessary for the European integration (including setting Yu.Tymoshenko free), signing of the Association Agreement with the EU, setting Yu.Tymshenko free. In the other case, the demand for the impeachment of V.Yanukovych was put forward for the betrayal of national interests, for dissolution of the Verkhovna Rada and holding early elections. The rally addressed the West with a request to introduce personal sanctions against V.Yanukovych and people close to him, and the EU leaders with a request not to close the doors on Ukraine. Student organisations were demanding the dismissal of the Minister of Education, D.Tabachnyk. Clashes with law enforcers took place. Militia had for the first time used force and tear gas.

The organisers of the «Euromaidan» insisted on the exclusively peaceful nature of the protests and requested the absence of any party banners and symbols; often, there was a request of holding «Maidan without politicians». Two separate «Maidans» were happening in Kyiv, one of them organized by the opposition political forces on Yevropeyska Square. It was it that experienced the assault of «Berkut» and other militia units on the night of 24 November. On 26 November both Maidans amalgamated (on condition of rejecting the use of party symbols).

28 November saw the student strike, and on 29 November, the day of the summit in Vilnius, a huge rally with the participation of leaders of the opposition political forces took place.

On the night of 30 November, «Euromaidan», at that time composed of almost 300 young people, was severely dispersed by «Berkut» and «titushkas» on the pretext of the need to clear the grounds to install the New-Year's tree. The victims of the dispersal found protection in the St. Michael's Monastery. After these events, a Christmas tree was never again installed in Independence Square. The forceful dispersal of the «Euromaidan» was condemned by Western leaders and international organisations. The protests entered another stage, called the Revolution of Dignity.



After the President of Ukraine refused to sign the Association Agreement with the EU, on 30 November 2013, the «Euromaidan» was cruelly dispersed, this causing the large-scale protest movement all over the country and reprisals on the part of the authorities in response.

It is noteworthy that V.Yanukovych's refusal to sign the Association Agreement with the EU and the decision of the Government led by M.Azarov to halt the process of European integration which caused public protests were the results of several meetings of V.Yanukovych with the RF's President V.Putin. On 16 January 2014, contrary to the clauses of the Regulations of the Verkhovna Rada, a number of laws were adopted, to be called «dictatorial laws». These laws had effectively established a dictatorial regime significantly restricting citizens' rights (including the right to assembly, to rallies, etc.), the notions of «extremist activity» and «foreign agent» were introduced, the authority of law-enforcement bodies was widened. These laws, most of them replicating Russian legal acts, were condemned by representatives of the EU, the USA, and other Western partner countries of Ukraine, as well as by international organisations.

«The Laws on Dictatorship» were cancelled on 28 January 2014, against the background of significant sharpening of juxtaposition between the society and the authorities. By that time, the central authorities have been losing their control over processes but had no desire to yield to the people with their requests. The juxtaposition peaked on 18-20 February 2014, when more than 100 protesters died of targeted fire in Kyiv (in Independence Square and adjacent streets). On 21 February 2014 V.Yanukovych had fled the country which proved the victory of the Revolution of Dignity, the end of the pro-Russian regime, and at the same time created the vacuum of authority and disorientation of a significant part of public officials and law enforcers.



«THE REVOLUTION OF DIGNITY»

The events that received the name of the Revolution of Dignity were the development of the Euromaidan but had a different agenda: the demand to immediately change the power in the country (while the regular Presidential elections had to be held in 2015). They began with a huge rally in Kyiv on 1 December 2013 after the cruel dispersal by law enforcers of the Euromaidan (almost 500,000 participants).

The opposition forces put forward the demand to dismiss the Government of M.Azarov. Rallies were happening also in many other cities. Against the background of massive protests, several meetings between V.Yanukovych and V.Putin took place, and after the last of them Russia's decision to invest \$15 billion in Ukrainian securities and to lower gas prices was made public. Unofficial information was being spread that in exchange for this Ukraine had to soonest join the Customs Union (led by Russia) which would ultimately destroy the prospect of European integration. The Vice Prime Minister of the Russian government, D.Rogozin, visited several Ukrainian strategic enterprises (including «Pivdenmash»). Russia's leaders were openly speaking in support of the Ukrainian authorities and against the Ukrainian Maidan.

The political platform of the protests was composed of the forces in opposition to V.Yanukovych: first of all, the «Batkivshchyna» United Opposition (at that time, A.Yatsenyuk, O.Turchynov), UDAR (V.Klitschnko), «Svoboda» (O.Tyahnybok), and such politicians as Yu.Lutsenko, P.Poroshenko and others, while the driving force of the Maidan and the Revolution of Dignity were numerous formal and informal associations and individual activists. The major part of protesters had not always entirely supported decisions of the opposition leaders on negotiations with the authorities. It is also known that some politicians at a certain time were inclined to fold the protests while the activists were mostly inclined to radicalise the movement.

In contrast to the events of the Orange Revolution, the authorities were brutally opposing the protesters. Several large-scale clashes of the «Berkut» forces, internal troops, and militia with protesters took place, with people wounded as a result. Special means were used widely (water-throwers, stun grenades, tear gas). The use of the so-called «titushkas» by the authorities against protesters acquired a wide scope («titushkas» being people trained for fighting, armed with truncheons, pipes, etc., in order to scare protesters and cause disorder). During the protests, a usual practice was abducting and torturing activists, and then there were murders. T.Chornovol and I.Lutsenko were severely beaten, activist Yu.Verbytsky was abducted and murdered, S.Nihoyan and M.Zhyznevsky were shot to death, and then almost 100 other victims («The Heavenly Hundred»).

Unlike the period of the Orange Revolution, neither the Verkhovna Rada, nor courts had shown will or resolve to restore the democratic system and lower the tension. On the contrary, the Verkhovna Rada, with its majority oriented at V.Yanukovych, adopted a package of «dictatorial» laws of 16 January 2014 (effectively depriving citizens of democratic rights and freedoms) which had only radicalised the protests and caused reaction from Ukraine's foreign partners.



Attempts at negotiations between the authorities and the political opposition brought no result: the authorities insisted on stopping the protests and vacating the buildings seized by the protesters. Rallies and protests were happening all over the country. In Dnipropetrovsk, Cherkasy, and some other cities the protests were brutally dispersed by the authorities and «titushkas». The country was in a profound political crisis. The talks of representatives of the international community (USA, EU, individual Western countries) in Kyiv had led only to cancelling the laws of 16 January.

18-20 February 2014 saw an attempt of law enforcers to disperse the Maidan after the unsuccessful march of the activists to the Verkhovna Rada. The authorities declared the anti-terrorist operation, the metro underground was shut down. Shooting of protesters had begun. The shock because of these events made a majority of MPs claim back the political initiative. Meetings of the Verkhovna Rada had resumed, the Parliament being the only legitimate body of power after V.Yanukovych's escape on 22 February 2014. In particular, the new top officials of the Verkhovna Rada were elected, headed by O.Turchynov, V.Yanukovych had been removed from power, and the elections of the President were set for 25 May 2014, resolutions were adopted on restoring the validity of the Constitution in the 2004 version, on releasing Yu.Tymoshenko from prison, as well as the resolution on preventing separatism.

The Revolution of Dignity had not had peaceful nature, as its predecessors had: the Revolution on the Granite, the Orange Revolution, the Euromaidan. Its main significance is that Ukraine's citizens had displayed their readiness to defend their values and their vision of the prospects of the country's development even at the cost of their lives. The key specific feature of these events is in the mass character of the movement, in the readiness to overcome profound social chasms, provoked earlier, for the sake of a common goal, Ukraine's European choice.

Restoration of the Parliamentary-Presidential Republic. New Challenges

After the fall of V.Yanukovych's regime, on 22 February 2014, the Verkhovna Rada, remaining the sole legitimate body of power, restored, by the constitutional majority, the functioning of the parliamentary-presidential republic by reinstating the validity of the Constitution in the 2004 version, and by doing this had played, not for the first time in the Ukrainian history, a positive role at a critical historical moment.

The power vacuum was liquidated by scheduling the early Presidential elections (second in the history of Ukraine) for 25 May 2014. P.Poroshenko won in the first round. One of his first decisions after his inauguration was appointing early elections to the Verkhovna Rada, the composition of the Parliament not reflecting the then political situation in the country. By that time, Russia had used the moment for the annexation of Crimea



and for the organisation of mass disturbances in Donetsk and Luhansk oblasts, in Kharkiv (the attempt to set up the so-called «Novorossiya»). The central authorities headed by the Chair of the Verkhovna Rada O.Turchynov managed to avert the loss of Kharkiv but in Donetsk and Luhansk oblasts RF's regular military units were in action, part of the territory was occupied, including the oblast centres, terrorism was unleashed, as well as reprisals against those who considered themselves Ukrainian citizens. Internally displaced persons, a phenomenon new to Ukraine, appeared (according to the official data, almost 1.5 million people had to leave for the territory controlled by the central authorities).

The early elections to the Verkhovna Rada were held on 25 October 2014 according to the mixed system set up by the 2011 Law. Five parties made it to the Verkhovna Rada by proportional representation, all of them participants in the Revolution of Dignity: «Narodny Front» (A.Yatsenyuk, O.Turchynov, A.Avakov) with 22.14 percent of the vote; «Block of Petro Poroshenko» (P.Poroshenko, Yu.Lutsenko) with 21.82 percent, «Samopomich» Association (O.Syroyid, Yu.Berezyuk), with 10.97 percent; «O.Lyashko's Radical Party» (O.Lyashko), with 7.44 percent, and «Batkivshchyna» All-Ukrainian Association (Yu.Tymoshenko), with 5.68 percent.

«Narodny Front» and BPP were newly-created parties. «Samopomich» and RPL were represented in the Parliament for the first time. Only «Batkivshchyna» was an «old» political force. These parties' factions had created the «European Ukraine» coalition (302 MPs) which existed, in theory, until February 2016. However, in practice it had lost its unity as early as mid-2015. Opponents to the Revolution of Dignity were represented by a newly created party, «The Opposition Block» (9.43 percent of the vote) with its rhetoric completely replicating the Russian rhetoric.

In the conditions of war, it was evident that the President will try to subordinate both the Parliament (through the biggest faction of the governing coalition, «Block of Petro Poroshenko») to his vision of the priorities of action, and the Cabinet of Ministers (headed by A.Yatsenyuk), thus provoking conflicts. Frictions within the parliamentary coalition were growing, and in February–March of 2016, leaders of «Samopomich», «Batkivshchyna», and of Oleh Lyashko's Radical Party stated that their political forces were leaving the coalition.



In April 2016, the coalition composed of two parties («BPP-Solidarnist» and «Narodny Front») formed the new Government, headed by V.Groisman (at that time he was P.Poroshenko's creature), A.Parubiy («Narodny Front») was elected Chairperson of the Verkhovna Rada. This allowed to avoid early elections. The mixed form of government was preserved due to the relatively equal influence of every partner in the coalition on the authorities. The stabilisation of the state system was very relative while its institutional weakness was very tangible.

As a result of the regular Presidential elections of 2019, the system of checks and balances that existed at that time not without problems was almost destroyed. In his inaugural speech, the winner of the Presidential elections, V.Zelenskyy, announced the dissolution of the Verkhovna Rada (while the regular elections had to be held in October 2019). The real reason was likely that in the then composition of the Verkhovna Rada the newly elected President would have not very significant support. The Verkhovna Rada elected during the emergency situation of 2014, after five years no longer represented the dominant societal interests.

Due to the victory in the early elections of the newly formed «Sluha Narodu» party, oriented at their own interests, which has won 254 seats out of 450, and for the first time in the Ukrainian history has formed the «monomajority», V.Zelenskyy gained opportunity to form the Government totally dependent on himself (Prime Minister O.Honcharuk) and replace its members whenever he deemed it necessary (exactly what he had done in March 2020). The «Sluha Narodu» parliamentary faction was regarded effectively as a machine for passing decisions in the interests of the President. Chairperson of the Verkhovna Rada, D.Razumkov, one of the managers of V.Zelenskyy's election campaign, rose in defence of the remnants of parliamentarism.

The maximum possible real authority, including with the use of informal tools, was concentrated in the hands of V.Zelenskyy and his nearest circle,





in particular, of heads of the President's Office. The new composition of the Government, headed by D.Shmyhal, was working without the Government's Action Programme approved by the Verkhovna Rada, contrary to the Constitution. Starting from early 2021, the National Security and Defence Council has been actively used as a political tool.

Since the start of V. Zelenskyy's term, several legislative initiatives were realised which, without formally changing the current model of governance, strengthened the President's influence. Such were, for instance, the draft amendments to the Constitution which gave the President the right to set up independent regulatory bodies, appoint and dismiss directors of the National Anti-Corruption Bureau of Ukraine and the State Bureau of Investigations. The Constitutional Court ruled this draft incompatible with the Constitution. The draft amendments to the Constitution on decentralisation which effectively would have created «the President's vertical» were recalled. The Draft Law on resubordinating the National Guards to the president has not been submitted to the Verkhovna Rada so far. At the same time, the Law on the State Bureau of Investigations gives the President the right to appoint the director of this agency (nominated by the respective commission).

Under the slogan of strengthening the institutes of direct democracy, the weakening of the institutes of parliamentarism and representative democracy was happening. Thus, the Law on People's Power by means of nationwide referendums provides an opportunity to cancel laws by referendum and at the same time does not provide the opportunity to cancel decisions adopted at referendums in any other way than by means of a new referendum after three years. This weakens the authority of the Parliament as the sole legislative body. Similarly, the changes to the legislation should be remembered whereby the out-of-parliament parties were deprived of financing from the state budget, this narrowing the field for political competition.

The concentration of practically all the power around the figure of the President was legitimated by the results of the elections. In two years after the elections, public opinion surveys had found evidence of the still rather high level of the society's trust in V.Zelenskyy and the political force oriented at him (the «Sluha Narodu» party), despite the absence of significant successes in developing the socio-political situation and in the proclaimed movement to the EU and NATO.

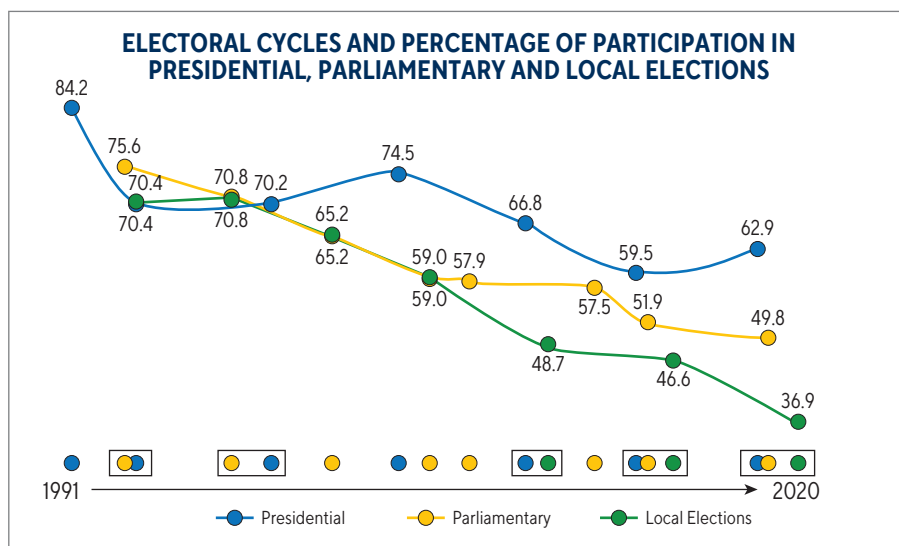


PRESIDENTIAL AND PARLIAMENTARY ELECTIONS: INFLUENCE ON POLITICAL COMPETITION, CITIZENS' INVOLVEMENT, LEGITIMATION OF AUTHORITIES

As the experience of 30 years of independence shows, in Ukraine, the practice of holding parliamentary elections soon after presidential elections produced negative effect on the development of the party system, in particular, on forming parties as stable and capable political institutions, and the establishment of inner-party democracy. Instead, this was strengthening the characteristic of public perception in Ukraine of parliamentary elections as second-rate compared to presidential elections. It also strengthens the dominance of the leader-type political parties, as well as stimulates political sponsors to invest into personal brands, not in the development of party organisations.

In contrast to parliamentary elections, presidential elections during the 30 years of independence remained a relatively stable institution, while the election system had not gone through significant changes. Thus, both the Law «On Elections of the President of the Ukrainian SSR», in force in 1991-1999, and the Law «On Elections of the President of Ukraine» (1999-2020), and the current Electoral Code (of 24 October 2020) provide for the elections of the Head of State with the absolute majority of votes (in two rounds if necessary).

The first elections of the President of Ukraine took place on 1 December 1991, at the same time as the referendum on declaring Ukraine's independence. Participation then amounted to 84.18 percent. In later years, it manifested an express trend to decrease but has always been significantly higher than at parliamentary or local elections (Chart *Electoral Cycles and Percentage of Participation in Presidential, Parliamentary and Local Elections*).



Electoral cycles are periodic holding of election campaigns of different kinds, which may be distanced in time or coincide. When electoral cycles coincide, this leads to the «jump-like» development of the political system when lengthy periods of stability of the key representative institutions (first of all, of the President and the Parliament) end up with their crisis reloading. The first such coincidence happened in 1994, when Presidential elections were held three months after parliamentary elections. On the contrary, in 2014 and 2019, a mirror-like situation was there when the series started with the Presidential elections. The coincidence of electoral cycles when first the President is elected, and then the Parliament and local self-government bodies, leads to the reformatting of the entire construction of authority «from the top down» in the interests of the newly elected President.

Electoral participation during the 30 years of independence had a clear trend to decrease. Overall, during the presidential elections the level of participation was higher than during the parliamentary elections. Having said that, in 1994 (as well as in 1998-1999), when presidential elections were held soon after parliamentary elections, the difference in the level of participation was in favour of the latter. It is probable that if voters «release steam» during the first elections, they take part in the following elections with lesser enthusiasm. The 1994 local elections were held at the same time with the presidential elections, while in 1998, 2002, and 2006 they were held at the same time as parliamentary elections; when they began to hold them at a different time, the participation of voters turned out to be the lowest (considerably less than 50 percent). It could have been lowered also by the fact that in all the three cases local elections were held in the end of the series of election campaigns.

The defining role of the institute of the nationwide elections of the head of state for legitimation of the entire political regime in the state is also proven by the fact that surveys show significant growth of respondents who assess the direction of development of events in the country as correct after the regular presidential elections. And such positive assessment correlates closely with the support for the newly elected Head of state.





The results of the 2019 elections, and the nature of authorities formed according to their results became a reflection of the character of political culture of a significant part of the Ukrainian society which combines critical attitude towards the current authorities, a high level of expectations from its reloading, a low level of interest in politics and insufficient competency there; a low level of public activity and public participation. These specifics can feed voluntarism and help spread populism in the actions of authorities and political forces.

So, over the 30 years of the development of state independence in Ukraine, the transformation was realised from a part of the Soviet system to the self-sustained democratic republic. At the same time, the presence of the hybrid, parliamentary-presidential form of government has been a factor of tension in relations between highest institutes of power, often provoking struggle between them. The scope of authority and political influence of the institute of the president have more than once become sources for authoritarian tendencies, however, these attempts were met with resistance of democratically inclined political forces, and what is the main factor, of the significant part of the society capable of self-organisation.

An essential problem of the entire system of state power in Ukraine remains its over-personalisation, explained by the lack of historic state-building and statehood positions, low level of political education and political culture of the society. The demand for «new faces in politics» has not, regrettably, resulted in the coming to power of more competent and moral persons than before. Thus, «the new power» cannot be an example for the society, and continuity in forming political and managerial elite turned out to be disrupted.

Meanwhile, the Ukrainian society during the 30 years of state independence managed to gradually desacralize power which had not happened in most other former Soviet republics. Various versions of modernisation of the Soviet system were not supported with the practice of societal development. Gradually, the Ukrainian society is coming to understand the value of parliamentarianism and of the necessity to have balances in the work of bodies of power. This corresponds to the established general European trends to which every society was going along their own complicated and rather long, from a historical viewpoint, path.



3. DEVELOPMENT OF LOCAL SELF-GOVERNMENT AND DECENTRALISATION OF POWER

Rise of Local Self-Government in the Independent Ukraine

Over the Soviet period of the history of Ukraine, there was no local self-government in its classical meaning: local councils (Soviets) were links in the centralised government apparatus totally subordinated to the CPSU/CPU. Elections to councils of all levels were held without competition until 1989.

According to the 1978 Ukrainian SSR Constitution, oblast, rayon, city, and city rayon councils, along with the Supreme Soviet of the Republic comprised the single system of the bodies of state power (Article 78). In correspondence to the principle of «democratic centralism» the councils were subordinated to each other vertically. Local councils had constitutional functions to implement decisions of state bodies of higher level and govern the work of subordinated councils, as well as the authority to directly cancel the latter's acts if these acts were contrary to the legislation (the Ukrainian SSR Constitution, Articles 125, 129).

Until 1990, the main role in the organisation and work of the bodies of power in Ukraine was played by the CPSU/CPU bodies. There was a corresponding party structure at every level of the administrative-and-territorial system: oblast committees, rayon and city committees, and all the top officials of councils and their executive committees had to be members of the ruling party.

The rebirth of local self-government in Ukraine began after elections to councils of People's Deputies of the Ukrainian SSR in March 1990. According to the results of the elections in some cities and regions councils either found themselves under the opposition control or had significant democratic groups within them. However, by that time there still were no constitutional and legal principles according to which local councils could become full-value institutes of local self-government. The subjectness of councils at the edge of 1990-1991 was caused, first of all, by the development of the socio-political situation.

The first attempt to lay down the legal basis of local self-government as early as during the process of sovereignisation of Ukraine was the



Law «On Local Councils of People's Deputies of the Ukrainian SSR and Local Self-Government» adopted in December 1990. Its special feature was the lack of delineation between the functions of state power and local self-government. The system of local councils was defined as «state bodies of local self-government», while the function of local self-government was defined as resolving on their own «of all the issues of local life... proceeding from the interests of population, on the basis of the laws of the Ukrainian SSR and their own financial and economic basis». Local councils were given broad administrative and financial-and-economic authority. This construction was a radical step towards decentralization of power but created a threat of «sovereignisation» of local councils.

The municipal reform was initiated in March 1992. The Verkhovna Rada adopted Laws «On the Representative of the President of Ukraine» and «On Local Councils of People's Deputies and on Local and Regional Self-government», making the system of power in localities more balanced. The functions of local (regional) self-government were left with the councils, while representatives of the President performed the role of leaders of bodies of executive power (local administrations) in oblasts, rayons, cities of Kyiv and Sevastopol, as well as in rayons of these cities, which created a conflict situation.

In February 1994, against the background of struggle between the Parliament and the President and the acute political crisis, the Verkhovna Rada had adopted the Law «On Formation of Local Bodies of Power and Self-Government» which restored, at the level of oblasts, rayons, and cities of Kyiv and Sevastopol, the system of councils with the functions of bodies of state power and of self-government. At the same time, the Law «On Elections of Deputies and Heads of Village, Settlement, Rayon, City, City Rayon, Oblast Councils» was adopted, stipulating direct elections of heads of those councils. The elected heads of councils were alternatives to the President's representatives, whose authority was cancelled from the moment of the council heads' election.



In June 1994, the Verkhovna Rada adopted the new version of the Law «On Formation of Local Bodies of Power and Self-Government» which restricted the authority of local councils of every level exclusively to the functions of local self-government. At the same time, implementation of executive power authority was bestowed upon heads of corresponding councils and executive committees they headed. While performing these powers, heads of councils and executive committees were subordinated to the Cabinet of Ministers and to heads of executive committees of higher levels. In this way, local bodies of executive power were subordinated to the Government, not to the President.

Desiring to restore «the President's vertical» on locations, the newly elected President L.Kuchma issued a Decree which subordinated heads of executive committees of oblast, rayon and Sevastopol city and rayon councils to him. This, however, had even more entangled relations between the President, the Cabinet of Ministers, local councils, and their heads elected by direct voting.

The next step in the rise of the system of local self-government in Ukraine was the signing in June 1995 of the Constitutional Treaty between the President and the Verkhovna Rada which defined local self-government as the right, guaranteed by the state, of territorial collectives of citizens and the bodies they elect to resolve on their own issues of local life within the boundaries of the Constitution and Ukraine's laws.

At the same time, local self-government applied only to the basic level: village, settlement, and city communities. Councils of oblast and rayon level, as well as the city councils of Kyiv and Sevastopol were defined as «representative» and had no executive committees of their own. Heads of these councils were appointed by the President as heads of state administrations of corresponding levels, possessing functions of local bodies of executive power (headed by the President). Heads of local administrations could be dismissed by the President's decree for not fulfilling decrees, resolutions and instructions of the President or the Government, which would also cause early termination of their authority as heads of corresponding councils.

Despite its temporary nature, this treaty outlined the contours of delineation of authority on locations to be preserved further: co-existence of the system of local self-government at the basic level of villages, settlements, and cities, as well as of a strong «Presidential vertical», represented by local administrations, concentrating in its hands the executive power on the level of rayons and oblasts.



With the adoption of the Constitution in June 1996, local self-government has been defined as the right of a territorial community, «residents of a village or of several villages voluntarily amalgamated into a village community, of a settlement, a city to resolve issues of local significance within the boundaries of the Constitution and Laws of Ukraine, on their own» (Article 140). The Constitution endorsed the principles basic for full-fledged functioning of local self-government, self-reliance in solving a number of issues related to life of a specific community; determined financial sources of providing for these resolutions; guaranteed the rights of local self-government and the mechanisms of their protection in court.

The Constitution has also established the two-tier system of local self-government: the primary level (village, settlement, city), and the secondary level (rayon, oblast). Apart from councils, at the first level people also elected village, settlement, and city heads who chaired the sessions of corresponding councils and headed their executive bodies. At the same time, heads of rayon and oblast councils were elected by corresponding councils and headed the executive body of power.

The authority of the bodies of local self-government of the second level was considerably narrower than the authority of the primary level, as major executive functions at the level of rayons and oblasts were concentrated in the hands of heads of state administrations, appointed and dismissed by President's Decrees (their candidatures submitted by the Cabinet of Ministers). Thus, the competence of local administrations included drafting and fulfilling local budgets, while the corresponding councils approved and controlled the fulfilment of these budgets. The major source of filling budgets of rayon and oblast levels were subventions from the national budget.

Local state administrations reported to and were controlled by «their» councils only where it concerned authority delegated to them by those councils, and in order for the President to have to dismiss a local administration head, the council of the corresponding level had to pass the vote of no confidence by the two-thirds majority.

The insufficient delineation of authority between local self-government bodies and local bodies of executive power had sometimes been a source of tension between them. The most indicative case is Kyiv where the

dualism, planted at the legislation level in the appointment of the Head of the Kiev City State Administration (the President has to appoint the elected Kyiv City Head to this position) and the subordination of the Kyiv City State Administration to the Kyiv City Council has been leading to constant conflicts between Presidents and Kyiv Mayors.

Local self-government of the primary level, according to the Constitution, was given wider capabilities for putting the life of territorial communities to order. However, in practice the overwhelming majority of territorial communities turned out to be too small for achieving economic self-reliance, and the fiscal system of Ukraine was far from the subsidiarity principle. So, as a rule, territorial communities were critically dependent in their vitality on subventions from rayon and oblast budgets, as well as on managerial decisions of the state bodies of power.

The general outline of the delineation of power in locations described in the Constitution was specified and augmented by individual laws, 'On Local State Administrations', «On Local Self-Government in Ukraine», etc. Also in 1997 Ukraine had ratified the European Charter of Local Self-Government. However, attempts to implement essential reforms of the administrative-and-territorial system and decentralise power in localities in favour of local self-government, launched in 2005 and 2012, were never realised.

The Decentralisation Reform

In April 2014, the Government had approved the Concept of reforming local self-government and the territorial organisation of power in Ukraine. Later, the corresponding Plan of measures was adopted, and in July 2014, the Law «On Cooperation of Territorial Communities» came into force, to become the legal basis for the process of amalgamating territorial communities into larger, more economically capable territorial units (amalgamated territorial communities, ATCs). Several waves of elections to self-government bodies of the newly formed ATCs took place.

The key idea of the reform of local self-government and of decentralisation of power has determined the principle of subsidiarity meaning that all the problems possible to be efficiently solved in localities have to be within the competence of municipal bodies as the ones closest to the population. ATCs should have taken over a number of rights that until



then were used by rayon councils and rayon state administrations. However, the functions of rayon bodies of local self-government and of bodies of state power remained not clarified.

By the end of 2018, the timeline for the completion of the decentralisation reform was determined as the next regular local elections of 2020, as only after the election of their deputies the bodies of local self-government of the newly created communities (local councils, heads of communities, alderpersons) would have acquired their legitimacy. In order for the new system of self-government to be ready for the launch by way of elections, changes were made in December 2019 to the Law «On Voluntary Amalgamation of Territorial Communities» according to which such amalgamation had to happen in line with prospective plans developed by oblast state administrations and approved by the Government.

Over 2020, the process of reforming the administrative-and-territorial system within the boundaries of decentralisation was transferred to the completion stage. The Parliament and the Government had used a number of other measures aimed at forcing the administrative reform «from above». In April 2020, the Verkhovna Rada gave the Cabinet of Ministers the authority to determine administrative centres and territories of territorial communities, and also to submit to the Parliament draft legislation on forming and disbanding rayons (the Law «On Introducing Amendments to Some Laws of Ukraine on Determining Territories and Administrative Centres of Territorial Communities» of 23 July 2020).

Accordingly, in June 2020, the Cabinet of Ministers adopted a number of resolutions on determining administrative centres and confirming the communities' territories. In July, the Parliament adopted the Resolution «On Forming and Disbanding Rayons», and in December 2020, the corresponding reorganisation of rayon state administrations took place. Thus, the process of amalgamation was completed in a forceful way, in the administrative manner. At the same time, the directive way in which the forming of new administrative units of the basic and sub-regional level was held preserves the risks of potential conflicts.

Overall, the new administrative-and-territorial system at the basic level consists of 1,470 territorial communities, and there are 136 rayons at the sub-regional level, covering the entire territory of Ukraine.



MAJOR CHANGES THAT HAPPENED IN THE PROCESS OF THE DECENTRALISATION REFORM

Before the Reform	After the Reform
11,250 territorial communities (half of them with less than 1,000 residents)	1,470 territorial communities (average population more than 10,000 residents)
490 rayons (from 6,000 residents)	136 rayons (from 30,000 residents)
Providing administrative services was the exclusive function of the state bodies of executive power	The authority to provide basic administrative services transferred to the level of communities: registering property, business, place of residence, as well as the authority in the sphere of architectural-and-construction control and regulation of land relations
Managing educational and medical establishments in villages and settlements was done by rayon state administrations which re elements of the vertical of t state executive power. The functions of executive bodies of village and settlement councils in these spheres were minimal	Territorial communities assumed main authority in ensuring the work of the primary link of medical aid, networks of establishments of general education, infrastructure of local significance, etc.
More than 50 percent in the structure of local budgets came from transfers from the state budget to be redistributed at the rayon level down to the basic level of communities (for all populated centres except cities of oblast significance)	In order to exercise their new authority, the bodies of local self-government got new revenue for their budgets, as well as direct transfers from the state budget (subsidies, educational and medical subventions, communities' infrastructure development subvention, etc.), the local budgets' own revenue amount to almost two-thirds in the budget structure



In the process of decentralisation, basic units of self-government (territorial communities) received broader authority stipulating management of establishments of education, culture, public health, and other socially important objects, as well as their maintenance on the communities' own. The process of transferring property from the rayon level to the communal ownership of communities is practically over.

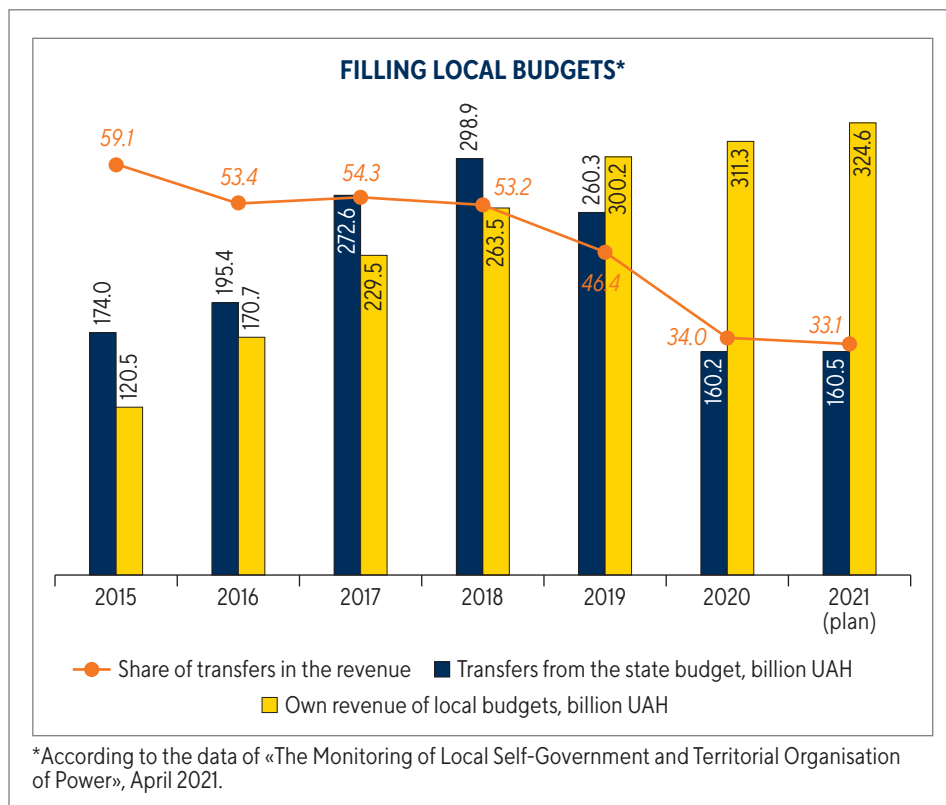
Overall, the sum of changes of administrative division, of distribution of authority and resources meets the European standards of local self-government. The principle of subsidiarity, laid in the basis of the decentralisation reform, meets the clause of the European Charter of Local Self-Government saying that «public authority, as a rule, is exercised mostly by those bodies of public authority which have the closest contact with the citizen.» Prior to the reform, positions of local self-government were significantly restricted by rayon state administrations. As communities' councils got the right to create executive bodies on their own, they control their work completely.

The changes in the mechanisms of filling local budgets are based on the Charter's clause stipulating that subsidies to local self-government bodies should not restrict the basic freedom of bodies of local self-government to conduct their policy within the boundaries of their own competence, so transfers should be designated not to finance individual projects.

ECONOMIC DECENTRALISATION AND STRENGTHENING LOCAL BUDGETS

In parallel with making territorial communities bigger, redistribution of tax revenue was taking place in favour of local budgets. During 2014-2020, local budgets' own revenue had significantly grown: from 68.6 billion UAH to 311.3 billion UAH (further growth to 324.6 billion UAH is planned for 2021). At the same time, the amount of transfers from the state budget has decreased almost twofold since 2018, from 298.9 billion UAH to 160.2 billion UAH. As a result, the share of transfers from the state budget in local budgets' revenue had gone down from 59 to 34 percent within five years.

So, territorial communities became more independent in their economic policy. Besides, from the beginning of 2021, territorial communities all over the country got similar authority and switched to direct interbudgetary relations with the state budget. This means that there are no more intermediaries in the person of oblast and rayon budgets and their disbursers in financing the life of communities of the basic level.



Meanwhile, the process of the reform's implementation has not been consistent in everything. By «forcing» the process of creating ATCs, in 2019-2020 the state abandoned the principle of the voluntary character of communities' amalgamation which contradicts the contents of the Charter's Article 5: «changes of territorial boundaries of local self-government bodies cannot be done without preliminary clarification of the opinion of respective territorial communities».

The newly elected rayon councils and the reorganised rayon state administrations were deprived of a bigger part of their previous authority, however, their formal existence remains a demand of the Constitution's respective clauses. The Fundamental Law also does not reflect the new system of territorial arrangement of the basic level, it being the key to the reform (Article 140 of the Constitution stipulates amalgamation within one community of only rural territories).



DECENTRALISATION FROM THE VIEWPOINT OF POLITICAL COMPETITION AND POWER STRUGGLE

The process of broadening the authority of local self-government and of decentralisation of power has made self-government bodies more influential in the political system of Ukraine, as well as more valuable for political and financial elites from the viewpoint of protecting and promoting their own interests, getting access to administrative resource, etc.

Because all the bodies of local self-government are formed by way of elections, the point of exertion of effort for all the groups competing for power was the 2020 local elections, marked with intensity of pre-election campaign, range and high cost of canvassing and advertisement campaign, as well as by the sharpness of political juxtaposition between participants in the elections. The main subjects in the fight for influence at the local level were the President and the vertical of the state power that he heads, the competing all-Ukrainian political forces (represented, first of all, by parliamentary parties), and regional and local financial-political elites.

The special feature of the 2020 local elections were new rules, stipulated within the Electoral Code, causing the unprecedented for Ukraine «partisanship» of the electoral process. Thus, the proportional system with open lists was introduced for the elections of local deputies in the communities where the number of voters exceeds 10,000 people, without taking into account the type of the populated centre. This had automatically narrowed the circle of those who may nominate candidates to political parties (their local organisations, to be more precise) and deprived other potential participants of opportunity to run for seats in local councils by way of self-nomination.

It should be noted that the lower boundary for using the proportional system at local elections was lowered by nine times (from 90 thousand to 10 thousand voters in the community) 100 days before the elections day, due to which potential participants in the campaign faced the necessity to swiftly decide about the way of getting on the ballot (i.e. with their own places in the lists of existing parties). Possibly, the motivation for such decision was to improve electoral prospects of influential political parties (first and foremost, the parliamentary parties whose factions voted in the Verkhovna Rada for the respective decision).

Nevertheless, the forced «partisanship» of local self-government bodies produced ambiguous results

First, the results of local elections have shown a very checkered picture of electoral sympathies in various oblasts and cities. The elections took place when the party of power, «Sluha Narodu» had significantly lost electoral support. In contrast to the 2019 parliamentary elections, being nominated by «Sluha Narodu» had not guaranteed the influential subjects of regional policy electoral success.

The local elites in the majority of the country's regions even before the electoral campaign started, were considering as alternatives cooperation with other influential

parliamentary forces or relying on their own political brands of local significance. Mayors of cities were not only strengthening their local party projects capable of getting a high result at the local council election but also united their forces around collective projects in the nature of franchises («Our Land», «Proposal», «For Future», etc.).

Finally, the governing «Sluha Narodu» party had got 15.1 percent of seats in councils of different levels, while all the parliamentary parties together got 45.5 percent of the vote. The Parliamentary parties had together got less than a half of the seats in a number of oblast and city councils, first of all because of successes of local political projects connected with influential leaders of local self-government and regional elites.

Second, even such multifaceted «partisanship» of elections to the local bodies of power had in practice a formal nature as although more than 90 percent of candidates were nominated by party organisation, three quarters of them were non-party people. Without efficient regional structure in localities and the sufficient personnel potential, most of the influential political parties (the parliamentary ones among them) worked in the quality of a «franchise» providing some representatives of local elites an opportunity to be on the party ballot list.

After the elections, the overwhelming majority of local councils turned out to be fragmented as to their party composition, and the forming of coalitions there took place on the basis of agreeing the interests of local groups of influence who succeeded in bringing their people to councils, and not of the political positions of the parties under whose banners the electoral process was happening.

The reform of local self-government and of decentralisation has not yet been consolidated by introducing respective amendments to the Constitution. For a long time, the main obstacle to this had been Clause 18 of the «Transitional Clauses» of the draft law, containing a mention of peculiarities of administering local self-government in some rayons of Donetsk and Luhansk oblasts, to be determined by a special law. Adoption of respective amendments to the Constitution in the first reading was accompanied by tragic events near the Verkhovna Rada, with human losses. Voting in the second reading was never held. In August 2019, the draft law was revoked by the President, and by the end of the year, an alternative draft law was submitted, without the above point of the «Transitional Clauses».

However, in January 2020, this draft law was also revoked for further work on it. The main reason for criticism of the President's proposals this time had been the excessive scope of authority which representatives of state power (prefects) would be given in their relations with territorial



communities and their self-government bodies. As in the past, the desire to preserve «the President's vertical» is a brake on developing real local self-government in Ukraine.

This is why in order to confirm a positive assessment of the decentralisation reform it is necessary to wait for the constitutional confirmation of its gains, as well as a bigger volume of information on efficiency of the work of the reformed system of delineation of authority locally.

4. ESTABLISHMENT OF POLITICAL PLURALISM AND ELECTORAL DEMOCRACY

The Spring of the Ukrainian Multiparty System

Political experience of the Ukrainian society by the time of restoration of the statehood was formed, mostly, by Soviet reality which included a formal electoral procedure. According to the Soviet legislation, the entire system of Soviets, the key bodies of state power, was formed by way of direct, equal, general, and secret voting. Only in 1988, the monopoly of the CPSU was liquidated as «the leading and guiding force of the Soviet society, the nucleus of its political system, of state and public organisations». Elections of People's Deputies of the USSR in 1989 and of People's Deputies of the Ukrainian SSR in 1990 became the first experience of elections on alternative basis, and played very significant role in the later political history.

The first real political force opposed to the CPSU was the People's Movement of Ukraine for Restructuring (RUKH), with its constituent congress held in September 1989. Of a compromise nature from the very start, the RUKH had swiftly acquired the nationwide scope: by October 1990, the number of its members reached 633,000. The phenomenon of the RUKH had significantly stimulated the formation of the multiparty system and filling up the political range with parties mostly opposed to the CPSU/CPU. Along with this, the RUKH itself had remained an «above-party» entity in its nature: there were representatives of 44 public and political organisations among delegates to its conferences, including even the CPU.

The elections to the Verkhovna Rada and local councils of the Ukrainian SSR in March 1990 were held according to the new legislation which stipulated alternative. The 12th convocation of the Ukrainian SSR Verkhovna Rada (Supreme Soviet) would later adopt the Declaration on Sovereignty and

the Act of Proclamation of Independence of Ukraine, and would become the 1st convocation of the Parliament of the independent Ukrainian state. The 1990 elections were marked with a high level of people's participation (85 percent) and a relatively high level of competition: almost 3,000 candidates vied for 450 seats in the parliament. The competition for the Communists was the Democratic Block formed of 43 public organisations and groups, mostly of national-democratic direction. Its electoral manifesto proclaimed achieving political and economic sovereignty of Ukraine, creating multiparty system, equality of all forms of ownership, working out of the new Constitution. Nominees of the Democratic Block had won 111 of the 442 filled parliamentary seats. Democrats also gained a significant number of seats in local councils. In the three oblasts of Halychyna, the Communists had found themselves in minority having won 20 percent of the total number of seats in Lviv and Ivano-Frankivsk oblasts, and a bit more than 40 percent in the Ternopil Oblast Council. It was there that the phenomenon of non-Communist Soviet power had emerged for the first time.

As of the beginning of 1991, apart from the CPU, there were 13 parties in Ukraine (of national-democratic, nationalist, liberal-democratic, social-democratic sector, etc.). These parties' activities had mostly local dimension. Overall, almost 30,000 people were in their ranks.

The CPU remained the dominant political force, having collected 75 percent of seats in the Verkhovna Rada as a result of the 1990 elections, and almost 52 percent of seats in councils of all levels. As of the beginning of 1991, there were almost 3 million members in the CPU. In August 1991, the Presidium of the Verkhovna Rada had banned the CPU activity for its assistance to the GKChP plotters.

The Soviet experience of organizing the political life «from the top down» was later preserved during the entire next period of the country's development in the form of the phenomenon of «the party of power».





Political Structuring and Formation of the Party System

The massive creation of new political parties continued until the early elections of 1994, while the method of creating parties «from the grassroots» was preserved. Their leaders were mostly representatives of humanitarian and scientific-and-technical intelligentsia, as well as of the former Communist nomenclature.

Programme-and-ideological tenets played a significant role in the structuring of the party system being formed. The most numerous group were right-wing (including radical right) and centre-right (national-democratic) parties. Centrist parties were created as representatives of major political ideologies (Social Democrats, «Green», Liberals, etc.) or as «general democratic» parties (for example, the Party of Ukraine's Democratic Rebirth (PDVU)). The left wing was represented by parties that had emerged on the basis of the Communist Party of the Ukrainian SSR, banned in 1991 (the Socialist (SPU) and Peasants (SelPU) parties, small radical left-wing parties (for example, the VKP(B)), as well as parties aiming at the restoration of the union of former Soviet republics (the Citizens' Congress of Ukraine (HKU), the Party of Slavic Unity of Ukraine, et al.).

In 1993, two parties were legalized, most influential in the future: the Communist Party of Ukraine (CPU) and the People's Movement of Ukraine (NRU), being principled ideological opponents.

The active founding of parties was happening despite the fact that at the beginning of independence the party form of organisation had not opened access to any exclusive political-and-legal functions. It was only the Law «On Associations of Citizens», adopted in June 1992, that defined some legal grounds for the work of political parties. In particular, in contrast to public organisations, parties had the right to «take part in developing the state policy», participate in forming bodies of power, be represented within them, and they were also guaranteed access to state-owned mass media during election campaigns.

The first law on elections of People's Deputies of Ukraine (1993) had to some extent specified the role of parties in the election process (the right to nominate one candidate for one constituency, representation in electoral commissions, etc.), however, elections, just as before, were held according

to the majority system, while the procedure of self-nomination was very simple. This is why the parties were, first of all, «natural» associations of citizens according to their political views and interests.

Under the majority system of elections in 1994, both the CPU and the NRU had shown modest results (85 and 30 parliamentary seats out of 450). Overall, relative majority was gained by left-wing parties (133 seats, while right-wing and centre-right parties got 53 seats, and centrists, 14 seats). However, in practice the results of voting in the session hall depended primarily on positions taken by «non-party» groups.

Evolution of Electoral Rules: the Parties' Role Grows

The 1994 election campaign revealed the drawbacks of the then current electoral rules. The request to collect over 50 percent of support on condition of participation of more than a half of registered voters resulted in electing just 336 of the 450 People's Deputies of Ukraine from the first try. Later, re-elections took place in some constituencies twice, and the process lasted for a whole year. Even after this, only 90 percent of deputies were elected. In the light of these facts, it was evident that the electoral system requires further reforming.

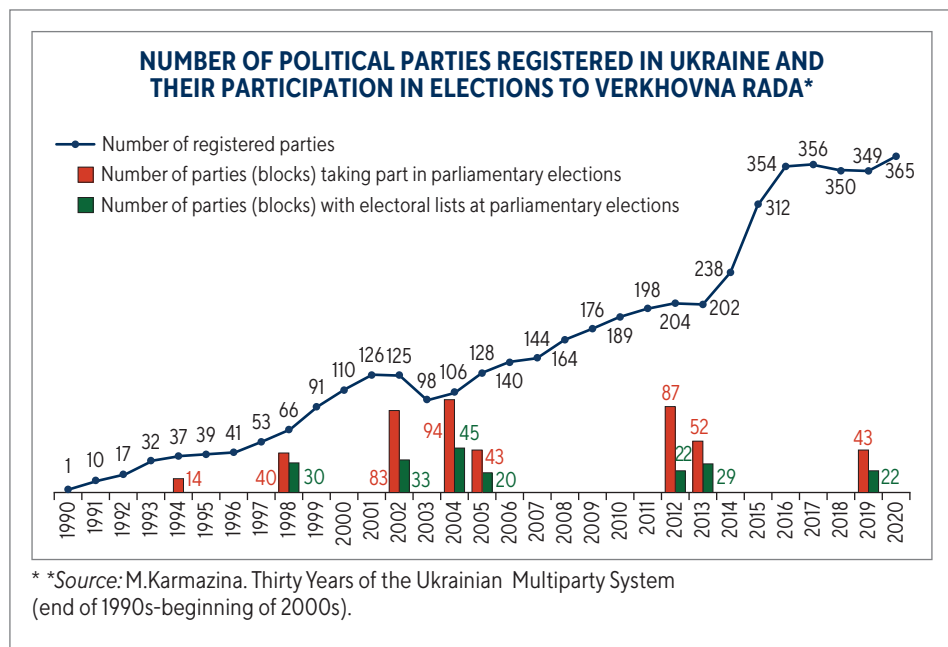
The 1997 Law on elections stipulated the introduction of mixed majority-and-proportional system. This meant that half of the deputies were elected on party lists, according to proportions where votes were distributed between parties within the boundaries of a single multi-mandate constituency. An important point was that the Law allowed parties to form blocks, while the threshold for them was the same as for parties (4 percent).

These changes have sharply raised the parties' significance in the political system: they began transforming into «electoral machines» with a specific task, to «import» another batch of the necessary people to the Parliament. The new rules made it important to popularise «party brands» among voters, and their correct positioning. Starting with the 1998 campaign, Russian political technologists were involved, who, since 1995, had experience of holding elections to the RF's State Duma, according to the mixed system.



Over 1996–2001, the number of registered parties grew more than threefold: from 41 to 126 (Chart *Number of Political Parties Registered in Ukraine and Their Participation in Elections to Verkhovna Rada*). There are firm reasons to believe that this «party boom» was mostly of artificial, technological nature; often, parties were created «from the top». It was at that time that the first examples of «the party of power» were formed, with state structures used for their organizational build-up, the central and local bodies of executive power in general (the People’s Democratic Party), or sectoral (the Agrarian Party of Ukraine). In the process of party building, the activity of business structures and of financial-and-industrial groups had grown significantly as they had gained a significant economic potential by that time.

A certain number of parties created during this period can be considered «personal projects» of individual politicians, including businessmen. The degree of influence of business interests and business structures on political parties can be testified to by expert assessments according to which electoral funds of parties and blocks at the 1998 elections were formed for 90 percent by contributions of legal persons, i.e. firms, enterprises, etc.





UKRAINIAN MULTIPARTY SYSTEM: FORMAL AND REAL

The formal growth of the number of political parties was going on practically over the entire period of independence and reached a globally unique number in 2020: 365 parties. Other than the 1997-2001 period, the peaks of registering parties took place in «post-revolution» periods: after 2004 and especially in 2014-2016.

On average, during 1997-2020, 17 parties per year were registered. Meanwhile, mass cancellation of parties' registration was held only once, in 2003. The initiative of the Ministry of Justice, launched in 2020, to cancel registration of 48 parties by court decisions has not brought result yet. Moreover, in 2020 another 16 parties were registered, including some with very original names: «Good Neighbours», «We Will Be Able», «The City of Life», etc.

Despite the growing number of registered parties, the number of those really using the prerogative of taking part in parliamentary elections and putting forward lists of candidates for People's Deputies according to the proportional electoral system remains relatively stable (with the maximum number registered in 2006). While 67 percent of registered political parties took part in the 2007 parliamentary elections, 43 percent participated in them in 2012, with 22 percent in 2014, and only 12 percent in 2019. This proves that most parties' existence now is fictitious.

The Law «On Political Parties in Ukraine» leaves open opportunities for abusing the mechanism of registering new political parties with commercial goals (legal registration of a «pre-fab» party with its later shadow sale to interested individuals). Another negative result of this phenomenon is the profanation of the procedure of collecting signatures, stipulated for the time of registering a party as proof of its sufficient public support.

Most of registered political parties took part in the 1998 parliamentary elections (40 out of 52), 21 of them on their own, and 19 within nine electoral blocks. The electoral field turned out to be very much fragmented: the CPU collected 24.7 percent of the votes, the NRU got 9.4 percent, while other parties received less. The electoral threshold of 4 percent was overcome by seven parties (CPU, NRU, PZU, NDP, «Hromada», PSPU, SDPU(U)), and one electoral block (SPU-SelPU), another 13 political parties got their representation in the parliament through majority constituencies. Later, the faction structure of the Parliament had gone through significant changes: because of splits, changes of party affiliation of People's Deputies, and mass moves of MPs between factions. There was no stable parliamentary majority in the Verkhovna Rada. The President's power was an important factor of influencing these processes.



While there were two wings of the opposition (anti-systemic left wing, led by the CPU, and more state-oriented right wing, grouped around the NRU), President L.Kuchma and political forces loyal to him which declared «centrist» ideology, had put their stakes on the moderate course of liberal reforms, situationally supported by the right-wing opposition in the circumstances of «the left threat». The factor of «the left threat» on the part of the restored CPU was played upon during the 1999 Presidential elections, when L.Kuchma won over the Communist candidate, P.Symonenko, in the second round.

The 2002 elections to the Verkhovna Rada, just as the previous ones, were held according to the mixed system. 83 political parties took part in them (both with party lists or in majority constituencies), most of the parties registered at the time of the elections. Party lists were put forward by 21 political parties and 12 blocks.

The main delineation was between pro-presidential and anti-presidential forces. The main opposition forces were represented by the left-wing CPU and «Nataliya Vitrenko Block», the centre-left SPU, the centre-right «Our Ukraine» Block of Viktor Yushchenko (positioning itself as «moderately anti-Presidential») and «The Electoral Block of Yuliya Tymoshenko (positioning itself as radically anti-Presidential). The pro-Presidential forces were represented by the Block «For Single Ukraine!» («ZaYeDU!»), SDPU(U), «Women for the Future», the «Team of Winter Generation» Block, etc. The elections were marked with a high level of applying administrative resource and dirty political technologies, in particular, by the use of «technical» entities whose task was to take votes away from the «main» parties and blocks of the opposition. Clones of well-known parties were created (of the CPU, the NRU, etc.).

During the election campaign, the trend for personalisation of party-political activity became manifest, reflected in the creation of «name» blocks with calculation on electoral attractiveness of popular leaders. Later, this trend would develop.

As a result of elections by party lists, the six political forces electoral threshold was overcome by: the «Our Ukraine» Block (23.57 percent), CPU (19.98 percent), «For Single Ukraine!» Block (11.77 percent), the Block of Yuliya Tymoshenko (BYuT) (7.26 percent), SPU (6.87 percent), and the SDPU(U) (6.27 percent). Despite the victory of opposition forces in

the elections held according to party lists, the parliamentary majority was formed on the basis of pro-presidential factions with participation of MPs elected in majority constituencies.

In the circumstances of strong presidential power (both formal, reflected in the 1996 Constitution, and the informal, leaning upon the consensus of the key financial-and-industrial groups for which President L.Kuchma was the arbiter and the guarantor of preserving the *status quo*, the majority component of the mixed election system allowed for the formation of the Verkhovna Rada more loyal to the Head of State. While the conditions of competition between parties at the national level were more favourable for oppositional manifestations (both «left-wing» and «national-democratic»), in the competition in majority constituencies the decisive role was played by support on the part of elites influential in the region, as well as by access to administrative resource.

The principle of relative majority which worked during elections with the majority component, left broad opportunities for various abuse on the part of authorities and candidates loyal to them who possessed the necessary resources. In their turn, MPs elected in majority constituencies had an additional incentive to be loyal to the authorities (de facto, «the Presidential vertical») in order to secure its assistance while preparing for the future elections. The existence of this conditionally democratic system at a certain stage helped stabilise the power construct but caused a demand for changes within a significant part of the society, aggregated by the opposition forces during the 2002 parliamentary elections and the 2004 presidential elections.

Further «Partisation» of Political Life

After the Orange Revolution which accompanied the 2004 presidential elections, the political system of Ukraine went through essential changes. «The President's vertical» of L.Kuchma's time has lost its dominant role. Parties became the major form for public representation of interests or various groups of interests (first of all, «Our Ukraine» Block, the Block of Yuliya Tymoshenko, and the Party of Regions headed by V.Yanukovych).

The redistribution of authority between the President and the Verkhovna Rada, being the essence of the 2004 Constitutional reform, was supplemented by new laws on elections of People's Deputies of Ukraine



(March 2004) and on elections to local self-government bodies (April 2004). The entire Verkhovna Rada was now elected in the single multi-mandate nationwide constituency according to the lists of political parties (blocks). The election threshold was lowered from 4 to 3 percent. The Supreme Council of the Autonomous Republic of Crimea, oblast, rayon, and city rayon councils were all to be elected also by party lists (previously, only majority system was used in local elections). Thus, the institute of «majoritarians» was liquidated, while earlier they were a standby force for the formation of the power vertical loyal to the President. Groups of influence and regional elites, through parties, received opportunity to formalise their dominance in some regions at elections to local councils.

After the March 2006 parliamentary elections, the Constitution's clauses on the coalition of deputies' factions came into force, the coalition's competence including the formation of the Cabinet of Ministers (with the exception of the Minister of Defence and the Minister for Foreign Affairs). Besides, elements of «party» (imperative) mandate were introduced (Article 81 of the Constitution), the reason for them being the goal of stabilising the Parliament's political structure and creating restrictions for MPs switching their faction affiliations. This clause helped strengthen control of party leadership over MPs, though it was not implemented to the full.

Thus, strengthening of the subjectness of parties and their factions in councils had happened. This made Ukraine's political system more dynamic and competitive and made it somewhat similar to European democracies where parties have traditionally played the key role in political representation of the interests of the society and closely cooperated when developing the national political course.

The results of the 2006 elections and the protracted «coalition saga», along with the violation by the Socialists, led by O.Moroz, of agreements with «Our Ukraine» and BYuT, caused the formation of the coalition of the Party of Regions and the SPU. This coalition was in opposition to the President. The «co-existence» of political opponents, President V.Yushchenko and Prime Minister V.Yanukovych, led to sharp conflicts and declaring early elections to the Verkhovna Rada in 2007.

The election campaigns of 2006-2007 were characterised by sharp competition between leading political forces. The Party of Regions became the front-runner of both campaigns, the BYuT had also demonstrated

high results, and the President's block «Our Ukraine» (NUNS) became the third influential force in the Parliament. Parties like the CPU, the SPU, Lytvyn's Block got a significantly lesser representation in the Verkhovna Rada, while the rest had not overcome the electoral threshold.

As a result of the 2007 early elections, the majority composed of «Orange» political forces was formed in the Verkhovna Rada. Meanwhile, relations of the Head of State with its main component, BYut, and Prime Minister Yu.Tymoshenko were constantly conflicting, with periodic sharpening. In order to weaken the opponent, the sides resorted to temporary cooperation with their main adversary, the Party of Regions. During this period, the Governments were formed according to different norms of the Constitution, with parties actively participating in this. The position of the Prime Minister was held by the BYut leader, Yu.Tymoshenko (2005, 2007-2010), the leader of the Party of Regions, V.Yanukovych (2006-2007), a representative of «Our Ukraine», Yu.Yekhanurov (2005-2006).

After V.Yanukovych was elected President in 2010, the restoration of the presidential-parliamentary model of state system happened, with «the President's vertical» being swiftly rebuilt. In addition to the cancellation of the constitutional reform of 2004, the mixed electoral system for elections to the Verkhovna Rada was brought back; it was also introduced at the levels of oblast and rayon local councils. Electoral blocks were excluded from the list of election subjects, complicating joining forces of the opposition political entities. The electoral threshold was raised to 5 percent.

The 2010 local elections were for the first time held as a stand-alone campaign (in 1994, 1998, 2002, and 2006 they were held simultaneously with parliamentary elections but because of the early parliamentary elections in 2007 the electoral cycles became desynchronized). A characteristic feature of these elections was massive use of administrative resource in





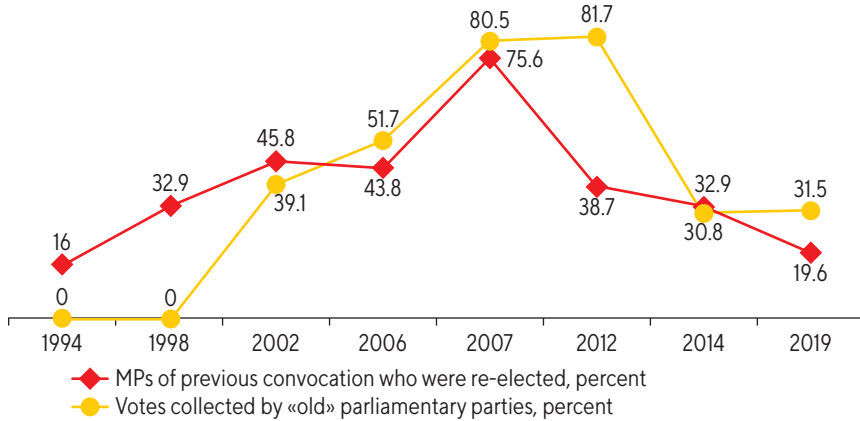
favour of the Party of Regions and to pressurise the opposition). As a result of elections to councils of different levels, held on party lists, 39.39 percent of deputies were elected from the Party of Regions while only 16.34 percent of deputies were elected from the leading opposition force, «Batkivshchyna». The Party of Regions won first places in elections on party lists in 17 oblast councils and the Supreme Council of the Autonomous Republic of Crimea, and got absolute majority in some of them.

The 2012 Verkhovna Rada election campaign was less successful for the party of power: it collected 30 percent of votes by proportional component, while the three leading opposition forces had collected a significantly higher aggregate support: «Batkivshchyna» collected 25.54 percent of the vote, UDAR, 13.96 percent, and «Svoboda», 10.44 percent. However, the nominees of the Party of Regions and those who were supported by this party had won in 113 majority constituencies, secured support from the CPU faction (13.18 percent of votes), as well as of some non-faction MPs elected in majority constituencies, and some deserters from opposition parties. All this, in the circumstances of the renewal of the action of the 1996 Constitution and removal of request on forming the coalition of factions, allowed to assemble a parliamentary majority in order to appoint the government loyal to V.Yanukovych's regime and not to hide the tendency to usurp the authority anymore.

Overall, in 2006-2012, the process of stabilising the party system continued, and of its development in the direction of the two-party model. Two political forces were regularly gaining the biggest support from voters. The Party of Regions and the BYuT («Batkivshchyna» in 2012) (Chart *Changing Composition of Parliament According to Election Results*, p.247). Returning to the mixed electoral system had not destroyed this model but created opportunities for the President to strengthen control over the Parliament.

This period is also characterised by the decisive influence of financial-and-industrial groups on the parties' work. The main reason for this dependence was a significant increase in expenditures for election campaigns and impossibility to cover them from other sources. An additional lever of influence on parties was created by their dependence in popularity on mass media (first of all, television), also controlled by the financial-and-industrial groups. This impacted on the institutional resilience of parties and frequent changes of the subjects of the party system.

CHANGING COMPOSITION OF PARLIAMENT ACCORDING TO ELECTION RESULTS



The share of MPs of previous convocation who were re-elected is a comfortable indicator for monitoring the changes of political generations in the Parliament. Overall, personal composition of the Parliament is sufficiently changeable, and in practice every time less than a half of representatives of the previous convocation are re-elected (with the exception of the 2007 early elections, just a year after the previous election). The biggest personal changes happened in 1994 and 2019.

The share of the votes collected by the «old» parties (i.e. the parties which participated in parliamentary elections earlier) is the indicator of change of political formations, being sensitive to the maximum to the appearance of new players in the electoral field. It is due to this that the stabilisation of the party system was clearly seen in 2006-2012, when several leading parties (first of all, the Party of Regions and the Block of Yuliya Tymoshenko) were regularly achieving significant representation in the Verkhovna Rada. *[Using this parameter was suggested by A.Meleshevych, calculations are quoted according the M.Leshanych's publication].*

Re-Formatting of the Party System and New Tendencies

Authoritarian tendencies, corruption, arbitrariness of law-enforcement bodies, the use of sensitive topics (language, historical memory, etc.) by the authorities and the opposition, as well as the refusal by V.Yanukovych's regime to sign the Association Agreement with the EU have created, by the end of 2013, preconditions for unfolding mass protests, and after an attempt to quench them by force, for the large-scale uprising against V.Yanukovych's regime, known as the Revolution of Dignity.



After the loss of lives in Maidan in Kyiv and V. Yanukovych's escape in February 2014, re-grouping of forces took place in the Verkhovna Rada: part of the pro-authorities' majority established cooperation with the opposition. The Parliament's decision renewed the validity of constitutional clauses on the division of authority of the 2004-2010 model, early parliamentary elections were scheduled, and soon the procedure for early parliamentary elections was launched. The elections' mixed system remained unchanged.

Although the parliamentary parties («Batkivshchyna, UDAR, «Svoboda») played an important role in these events, the mandate of trust to «systemic» opposition on the part of rank-and-file participants in the protest remained questionable. A powerful demand had grown in the society for the replacement of leading actors on the political forestage, while the realities of post-revolutionary Ukraine, facing the Russian aggression and huge economic difficulties, demanded a cardinal change of the political discourse. The coalition of political and financial elites, being a promoter and chief beneficiary of the toppling of V.Yanukovych's regime, was capable of swiftly satisfying this demand for changes, having put forward a new generation of political leaders from their own environment, and taking the new party brands «as weapons».

In May 2014, after the shortened Presidential election campaign, P.Poroshenko was elected Head of State in the first round, and parliamentary elections were held in October. Five of the six parties that had made it to the Verkhovna Rada found themselves there for the first time (only «Batkivshchyna», now with 5.68 percent of the vote, used to be represented there earlier). The biggest share of the vote was collected by the newly formed parties, «Narodny Front» (22.14 percent), and Petro Poroshenko's Block «Solidarnist» (21.82 percent). These parties became the basis for the new parliamentary coalition. The President's party had traditionally received a bigger representation, first of all, because its nominees had won in majority constituencies.

As a result of re-formatting the party system during the 2014 parliamentary elections, the number of «party» MPs has sharply decreased (both elected on lists and in majority constituencies). While in 2006-2012, the share of members of political parties among MPs was over 70 percent, in 2014 it was 35.9 percent (Table *Representation of Parties in Composition of the Verkhovna Rada*, p.249).

REPRESENTATION OF PARTIES IN COMPOSITION OF THE VERKHOVNA RADA

Elections year	1994	1998	2002	2006	2007	2012	2014	2019
Electoral system	M1	M2	M2	P	P	M2	M2	M2
Election threshold, percent	-	4	4	3	3	5	5	5
Number of parties (blocks) to have overcome election threshold	-	8	6	5	5	5	6	5
Share of votes gained by parties (blocks) to not overcome election threshold, percent	-	34.2	24.3	22.6	13.4	5.9	22.5	21.7
Share of party members among the elected MPs	44	68.5	63.6	79.1	84.7	71.9	35.9	28.5

M1 – Majority

M2 – Mixed

P – Proportional

The number of parties (blocks) to overcome the election threshold, despite periodical change of this threshold, remains relatively stable, usually it is 5-6 parties. The exception is only the results of the 1998 elections when the party system was at an early stage of formation, characterised by certain atomisation.

The share of votes gained by parties (blocks) which do not overcome the election threshold serves as an important indicator of the sustainability of the party system. Low numbers (10 percent and less) point to its firmness in shape and «agreed work»: the overwhelming majority of voters choose among several influential parties that make it to the parliament and have an opportunity to defend the interests of their adherents. In contrast, when a significant part of the vote is scattered among numerous «small» parties, this is a feature of atomisation of a party system. The party system was the most stable in 2012: then, the votes of 96 percent of voters were distributed between five parties. Although the election threshold in Ukraine has changed more than once, this had not had a decisive influence on the parameter.

The share of party members among MPs is an indirect indicator of how parties are fulfilling their societal functions beyond the boundaries of the electoral process, in particular, political recruiting and the formation of political elite. A low indicator of this parameter is a clear evidence of limiting the party's function to the role of «election machines». In contrast to the 2006-2012 period, when the overwhelming majority of elected MPs were party members, this indicator had sharply fallen in 2014 and 2019.



The regular local elections took place in October 2015. According to the Law «On Local Elections», adopted before the campaign's launch, the voting was held on the proportional system and on party lists. Oblast, rayon, city rayon, and city councils were being elected. Parties had the right to nominate candidates in majority constituencies and form election lists with tying candidates to constituencies.

While parliamentary parties dominated overall, the election results also testified to a relative success of the party projects that were alliances of local elites of different regions («Nash Kray» (Our Land), the Agrarian Party of Ukraine, «Vidrodzhennya» (Rebirth)), as well as a number of local and regional political parties which were being actively created on the eve of elections (in particular, «Ridne misto» (Native Town) in Poltava oblast, «Cherkashchany» in Cherkasy Oblast, «Za konkretni diy!» (For Concrete Actions!) in Khmelnytsky Oblast. Ukraine's legislation, by the way, only recognises nationwide political parties.

In 2015, a record number of new parties was registered: 79. Parties became active participants of election processes locally only where this was a demand of the proportional election system. Among all the elected deputies of local councils the majority (67 percent) were self-nominees. Compare this to 2010 when, under the mixed system, 41.38 elected deputies were self-nominees.

The 2019 election season unfolded in the atmosphere of an acute public demand for «new politicians». V.Zelenskyy had won the Presidential elections, a person with no political experience but popular due to his successful acting career and his intensive presence in the information field.

The factor of Presidential elections, like before, was the key event of the entire electoral cycle and had to a great extent determined the positions of political forces at the parliamentary elections. The newly elected President V.Zelenskyy was able to appoint early parliamentary elections for July 2019, to be held according to the same mixed system and resulted in the unprecedented success of the newly created «Sluha Narodu» (*People's Servant*) Party assembled around the figure of V.Zelenskyy.

This party's activity had mostly virtual nature. Having won 43.1 percent of popular vote, the party that had no previously known leaders apart from V.Zelenskyy, collected 124 MPs' mandates according to the

proportional component, and 130 more according to the majority system. This allowed «Sluha Narodu», for the first time in the history of independent Ukraine, to form one-party majority in the Parliament, i.e. the faction with the rights of the coalition of parliamentary factions.

MAJOR STAGES OF EVOLUTION OF UKRAINE'S PARTY SYSTEM

1991-
1995

Establishment of atomised multiparty system with the tendency to polarisation (its foundation being the division into «democrats» and «communists»)

1996-
1999

Strengthening of the system of polarised pluralism (national democrats-centrists-left)

2000-
2004

Transformation in the direction of moderate pluralism (situational cooperation between right and left flanks of the opposition)

2005-
2010

Stabilisation of the system of moderate pluralism (the three biggest parties actively compete and interact)

2010-
2013

The system of moderate pluralism with a hegemon party (the Party of Regions consolidates power using the administrative resource, the united opposition opposes it)

2014-
2016

The renovated system of moderate pluralism (power switch to the coalition of pro-European parties)

2017-
2018

The tendency to polarisation of the party system (the ruling alliance of the BPP and NF, «patriotic» opposition, and «pro-Russian» opposition)

2019

Creation of the system of polarised pluralism with a dominant part («Sluha Narodu», «patriotic» opposition, and «pro-Russian» opposition)

2020-
2021

Preservation of the system of polarised pluralism, erosion of dominant positions of the ruling party, fragmentation of the opposition



The presence of the single ruling party has become the most characteristic feature of the party system that has taken shape after 2019. Later, the party system has preserved features of polarised pluralism. The opposition remained divided between opposite ideological poles, «pro-Western patriotic» and «pro-Russian», dominated, respectively, by «Yevropeyska solidarnist» (European Solidarity) and «Opozytsiyna platforma-Za zhyttya» (Opposition Platform-For Life) parties. Apart from those, the party system was formed of a number of other parties, both parliamentary («Batkivshchyna», «Holos»(Voice)), and ex-parliamentary, with essential but not high electoral support.

However, forming parties «for specific elections» led to the situation when MPs factions created on the party basis turned out to be weakly united groups of companions. Only 28.5 elected MPs of the 9th convocation were members of parties. In practice, the lack of party unity and discipline manifested itself in numerous conflicts in the «Sluha Narodu» faction, as well as in the split of «Holos» faction and party.

It was the erosion of the one-party parliamentary majority that increased competitiveness within the party system and made President V.Zelenskyy and the leadership of «Sluha Narodu» seek situational partners in order to pass individual laws. Although the monomajority retains its ability to be guided as of today, the decrease in electoral support practically excludes formation of a similar construct with the single ruling party at the next parliamentary elections.

Thus, over the years of Ukraine's independence, the competitive multi-party system has formed, while the functioning of the institute of elections provides for the regular changing of power in a democratic way. Most elections of the President of Ukraine and of elections to the Verkhovna Rada of Ukraine resulted in the victory of the opposition candidate or success or tangible results of political forces posing as an alternative to the then authorities.



5. ESTABLISHMENT OF HUMAN RIGHTS PROTECTION INSTITUTES

Establishment of Independent Judiciary

The clause of the Declaration of the State Sovereignty of Ukraine (1990) according to which «the state power in the Republic is implemented according to the principle of its division into legislative, executive, and judiciary» for judiciary meant acquiring independent status and gradually going over to establishing independent judiciary all over the territory of the country. The Fundamental Law of the Ukrainian SSR (1978), in force at that time, had not recognised the very principle of division of the state power as such, CPSU organisations were functioning in courts and any other state establishments. The courts theoretically got an opportunity to become independent only after the CPSU monopoly would be cancelled.

At the time of the proclamation of Ukraine's independence, the court system of the country was composed of the Ukrainian SSR Supreme Court, oblast courts, the Kyiv City Court, rayon (city) people's courts. They all had to be formed on the principles of electing judges and people's assessors. In particular, Article 150 of the Constitution of the Ukrainian SSR stipulated that «people's judges of rayon (city) people's courts are elected by citizens of rayons (cities) on the basis of general, equal, and direct electoral right with secret ballot for the term of five years. People's assessors of rayon (city) people's courts are elected at citizens' assemblies at their places of work or their residence by open voting for the term of two and a half years. Higher courts are elected by respective Soviets of People's Deputies for the term of five years».

Article 149 of the Constitution of the Ukrainian SSR stipulated that «justice in the Ukrainian SSR is being implemented only by court». However, the reality was different. The then court system of the country was entirely within the framework of the previous political-and-legal realities, the notion of protecting human and citizen's rights, of the rule of law were rather theoretical. Cardinal changes in all links of the court system were needed.

The first step in reforming the justice system in Ukraine was the adoption by the Verkhovna Rada on 28 April 1992 of «The Concept of Judicial-and-Legal Reform in Ukraine». Its authors were aware of the immediate need to conduct the judicial-and-legal reform in connection with the adoption of the Declaration on the State Sovereignty of Ukraine and the Act of Proclaiming Independence of Ukraine. The need for the judicial-and-legal reform was also really caused by the fact that «the Republic's courts, the entire system of justice and the current legislation regulating the work of law-enforcement bodies were undergoing a profound



crisis caused by many factors that negatively influenced their work; the courts /.../ were an important instrument of the command-and-administrative system and were made to be transistors of its will; courts had no authority, and the authorities were using courts with no control whatsoever».

The main goal of the judicial-and-legal reform of 1992 was defined as «formation of independent judicial power, restructuring of the court system, creation of new legislation and improvement of the forms of administering justice». In connection to this, it was planned to provide («guarantee») «judicial bodies' self-sufficiency and independence of the influence of legislative and executive powers». After this, it was necessary to realise the democratic ideas of justice «elaborated by the world practice and science», create the system of the corresponding legislation on the judiciary, implement the courts' specialization, bring courts «maximally close» to the population, determine the competence of different links of the court system, and guarantee the citizens' right to consideration of their cases by competent, independent, and unbiased courts.

To a certain extent, the declared intentions were reflected in clauses of the Laws «On the Status of Judges» (1992) and «On the Court System» (in the 1994 version) with later amendments and additions. In parallel with this, the process of the constitutional-and-legal improvement of the procedure of forming courts in Ukraine continued, of the organisation of legal proceedings in general, and of administering justice by courts in particular.

As of mid-1990s, the court system of Ukraine was composed of the Supreme Court of Ukraine, the Supreme Court of the Autonomous Republic of Crimea, oblast courts, the inter-oblast court, the Kyiv and Sevastopol City Courts, inter-rayon (divisional) courts, rayon (city) courts, as well as military courts of regions, of the Naval Forces, and of garrisons. The supreme judicial control and monitoring of the work of general courts was entrusted to the Supreme Court of Ukraine. All the courts of Ukraine were to be created on the so-called «principles of the electiveness of judges and people's assessors».

Judges of rayon (city) courts were elected, respectively, by the Supreme Rada of the Autonomous Republic of Crimea, oblast, Kyiv and Sevastopol City Councils of People's Deputies. Judges of the Supreme Court of Ukraine, the Supreme Court of the Autonomous Republic of Crimea, oblast, inter-oblast, Kyiv and Sevastopol City Courts, of the military courts of regions, Naval Forces, and garrisons were to be elected by the Verkhovna Rada of Ukraine.



The Fundamental Law stipulated that legal proceedings had to be conducted in the Ukrainian language or in the language of the majority of local population. However, people who took part in proceedings and had no command of the language of court proceedings, had to be provided the right to fully acquaint themselves with the case's materials, to take part in court proceedings through an interpreter, and to speak in the court in their native tongue.

The new page in the history of the development of the national system of judiciary of Ukraine, of the organisation of court proceedings, and of administering justice on its territory began with the adoption of the 1996 Constitution of Ukraine. According to its clauses, justice in Ukraine was to be administered exclusively by courts, delegating courts' functions, as well as acquisition of these functions by other bodies or officials was not allowed.

MAIN PRINCIPLES OF THE FUNCTIONING OF THE JUDICIARY IN THE 1996 CONSTITUTION

Courts' jurisdiction spread to all legal relations emerging in the state, and court proceedings had to be administered by the Constitutional Court of Ukraine and by courts of general jurisdiction. The system of courts of general jurisdiction had to be built according to the principles of territorial affiliation and of specialisation. The Supreme Court of Ukraine was defined as the highest judicial body in the system of courts of general jurisdiction, and respective high courts were defined as highest judicial bodies of specialised courts.

Locally, courts of appeal and local courts had to function. Creation of emergency and special courts was not allowed. Court proceedings in Ukraine was entrusted exclusively to professional judges and, in the instances determined by the law, of people's assessors and of jurors. Professional judges could not belong to political parties and trade unions, take part in any political activity, have a representative mandate, hold any other paid positions, perform any other paid work except scientific, teaching, and creative work.

A citizen of Ukraine not younger than 25 years of age could be recommended for the position of a judge by a qualifying commission of judges, a person with a higher legal education and the record of work in the sphere of law not less than three years, who has lived in Ukraine for no less than 10 years, and has command of the state language. People who had professional training on the issues of jurisdiction of specialised courts could become judges of such courts; such judges could administer justice only within judges' collegiums.

The first appointment to the position of the professional judge for the term of five years is done by the President of Ukraine; all other judges, except the judges of the Constitutional Court of Ukraine, have to be elected by the Verkhovna Rada of Ukraine on open-ended basis.



The novelty in the national system of organisation of judiciary was the creation in Ukraine of the High Council of Justice; according to Article 131 of the Constitution (1996), it has to include 20 members, of which the Verkhovna Rada of Ukraine, the President of Ukraine, the Congress of judges of Ukraine, the Congress of Lawyers of Ukraine, the Congress of representatives of higher educational establishments of law and of scientific institutions appoint three members each, and the all-Ukrainian Conference of workers of prosecutors authority appoints two members. Besides, the Head of the Supreme Court of Ukraine, the Minister of Justice of Ukraine, and Prosecutor General of Ukraine had to be members of the High Council of Justice by force of the offices they held.

The High Council of Justice had the duties of submitting applications for appointing judges to their offices or for dismissing them from their offices, adopting decisions on violation by judges and prosecutors of clauses on non-compatibility, as well as carrying out disciplinary proceedings related to judges of the Supreme Court of Ukraine and judges of high specialised courts, and considering complaints against rulings on bringing to disciplinary responsibility of judges of courts of appeal and of local courts, as well as of prosecutors. To fulfil the quoted Constitutional clauses, on 15 January 1998, the Law «On the High Council of Justice» was adopted, and the first session of this body took place on 31 March 1998.

After the adoption of the Constitution, the development of the national court system and the state of administering justice in the country had overall matched the general societal tendencies, reflecting majority of positive and negative phenomena of the time. Prolonged political struggle for power between different groups, the uncontrolled process of replacement of the old party/administrative-and-command elite with a new one, the rapid social stratification of the population, evidently could not positively influence the process of the establishment of the new judicial system.

This caused the emergence of the shoots of judges' corruption, the restoration of «the telephone law», and other negative phenomena. However, this period also knows a number of positive examples when the acts of national courts were becoming signs of «the justice of the new times», the times of the establishment of the civil society, the establishment of democracy, the building of the constitutional state.

One of such acts was the ruling of the Supreme Court of Ukraine in the so-called «Yushchenko vs the Central Electoral Commission» case (a civil case on establishing the results of the 2004 elections of the President of Ukraine). Then, the Supreme Court of Ukraine ruled the actions of the



Central Electoral Commission unlawful, cancelled its resolutions on the results of the elections of the President of Ukraine of 21 November 2004, on the election of the President of Ukraine, and on the publication of these results, and obliged the Central Electoral Commission to declare the repeat voting in the elections of the President of Ukraine.

The ruling of the Supreme Court of Ukraine of 3 December 2004 on the second round of the elections of the President of Ukraine was perceived by a significant part of the Ukrainian society not only as lawful but also as just. It had a significant influence on the process of strengthening the constitutional statehood of Ukraine, and on consolidating Ukraine as a democratic and legal state. This should have been helped also by «The Concept of Improving the Judiciary for Establishing of Just Courts in Ukraine According to European Standards», approved later by a Decree of the President of Ukraine V.Yushchenko.

The change of the political leadership of the state in early 2010, the systemic activity of the newly elected Head of State, V.Yanukovych, and of his milieu aimed at folding down democratic transformations in the country, the cardinal change of the vectors of the foreign policy course of the state, strengthening of «the personal power» of the President of Ukraine, unlawful enrichment of members of his family and of his closest circle impacted extremely negatively on the state of the national judiciary. What is meant here is massive abuses of law, and administrative influence with the aim of subordinating the judiciary to personal interests.

In this process, a noticeable negative role was played by the ruling of the Constitutional Court (No.8 of 11 March 2010) on the case of the Constitutional submittance by 46 People's Deputies of Ukraine on the official interpretation of the terms «the highest court body», «the higher court body», «cassation», contained in Articles 125, 129 of the Constitution of Ukraine and in the Law «On Judiciary and the Status of Judges» (of 7 July 2010). Leaning on them and openly abusing the law, the ruling regime resorted to levelling the constitutional status of the Supreme Court of Ukraine, effectively substituting it for the loyal newly created high specialised courts. The court system was becoming in fact a supplement to the ruling regime, often strengthening with its acts/actions the process of gradual usurpation of power by the Head of State and his nearest circle.

Cardinal changes in Ukraine in early 2014 objectively demanded making all the segments of its state-and-political system, without exception, healthier. This especially concerned the judiciary of the country as a whole and the restoration of democratic tenets of the judiciary as such. These



tasks motivated the adoption of Laws, «On Restoring Trust to the Judiciary Power in Ukraine» (of April 2014), «On Guaranteeing the Right to Just Court Proceedings» (of 12 February 2015), which related, in a new version, the Law «On the Judiciary and the Status of Judges», the President's Decree «On the Constitutional Commission» (No.119 of 3 March 2015), the Strategy of Reforming the Judiciary, Court Proceedings, and Collateral Legal Institutes for 2015–2020, approved by the President's Decree No.276 of 20 May 2015.

The needs to improve the national judiciary, improve the quality of the courts' work and their administering of justice pushed for the next reform of the judiciary. Its content component was determined by the Constitutional amendments of 2016 on the judiciary, with its legal boundaries determined by a new law in the part concerning the organisation of the national judiciary.

Apart from the formal renaming of the Supreme Court of Ukraine to «Supreme Court», and the High Council of Justice to «High Council of the Judiciary», the transfer of Constitutional clauses on the prosecutors' authority to «Chapter VIII. Judiciary» and, correspondingly, liquidation of the earlier existing «Chapter VII. Prosecutors», the Constitutional clauses in the part of judiciary were supplemented by a number of significant phenomena and essential «clarifications».

CONSTITUTIONAL AMENDMENTS ON THE JUDICIARY IN 2016

In difference from the previous version, the Constitution had it that:

- ✓ courts' jurisdiction in Ukraine «covers any legal argument and any criminal accusation» (previously, «courts' jurisdiction covers all legal relations that emerge in the state»);
- ✓ «Ukraine may recognise the jurisdiction of the International Criminal Court on conditions determined by the Rome Statute of the International Criminal Court»;
- ✓ «a court is formed, reorganised and liquidated by a law, with its draft submitted to the Verkhovna Rada of Ukraine by the President of Ukraine after consultations with the High Council of the Judiciary»;
- ✓ «according to the law, high specialised courts may act», while administrative courts act only «with the aim of protecting rights, freedoms and interests of a person in the sphere of public-legal relations».

From the moment the above-mentioned changes had come into force, a judge could not be detained or held in custody before the guilty verdict is pronounced by court, without the consent of the High Council of

the Judiciary, except the cases when the judge is detained during or immediately after perpetration of a grave or especially grave crime.

Among the grounds for judges' dismissal, there appeared perpetration by the judge «of a significant disciplinary offence, gross or systemic negligence of duty, incompatible with the status of a judge, or revealing the judge's non-compliance with the office held», the judge's «disagreement with transferring the judge to another court in the case of liquidation or reorganization of the court where the judge holds office», and violation by the judge «of the duty to prove the lawfulness of the source of origin of property and assets».

The procedure of appointing judges has also changed. As of now, the appointment to the office of a judge is made by the President of Ukraine at the submittance of the High Council of the Judiciary according to the procedure stipulated by law. The authority of the High Council of the Judiciary, compared to its predecessor, has become considerably wider.

As a result of implementing the judicial reform of 2016, new legal acts were adopted, or the previously existing were significantly renovated, directly regulating societal relations in the sphere of the judiciary (the Laws, «On the Judiciary and the Status of Judges», «On Court Enforcement Action», «On Bodies and Persons Implementing Enforcement Action on Court Decisions and Decisions of Other Organisations», «On the High Council of the Judiciary», «On the Constitutional Court of Ukraine», «On Introducing Amendments to the Economic Procedural Code of Ukraine, the Civil Procedural Code of Ukraine, the Code of Administrative Justice of Ukraine, and Other Legal Acts»). All this together allowed to form the personal composition and «launch the work of the renovated Supreme Court, fill the vacancies in the CCU on competitive basis, and begin consideration by it of Constitutional complaints, form the body of judges, and launch the work of the High Anti-Corruption Court».

However, in the process of implementing the court reform, the issues of the formation of the body of judges and of the beginning of the work of the High Court on Issues of Intellectual Property were left open, as well as the completion of the procedure of the liquidation of the Supreme Court. The process of the judicial reform of 2016-2019 has been widely discussed in Ukraine and beyond, while the majority of constitutional transformations received overall positive assessment of Ukraine's European partners.



The change of the political leadership of the country as a result of the 2019 Presidential and Parliamentary elections caused a significant slowing down of the earlier launched judicial reform, while in some of its segments its halting was visible, or even reversal, pointed to by the contents of some clauses of the 2019 Law «On Introducing Amendments to the Law of Ukraine 'On the Judiciary and the Status of Judges' and Some Laws of Ukraine on the Activity of Bodies of Judges' Self-Governance».

The biggest concern was caused by clauses on holding the repeat selection of judges of the Supreme Court and decreasing their number from 200 to 100, the lowering of the basic office remuneration of judges of the Supreme Court, as well as the effective halting of the work of the High Qualification Commission of Judges (HQCJU) as a result of establishing a new procedure of its formation and of significant change of its legal status. Later, some of these were ruled incompatible with the Constitution by the Constitutional Court.

The judiciary had amassed many problems. As of 2021, the formation of the body of judges remained not completed, the High Court on Issues of Intellectual Property had not begun its work, the High Anti-Corruption Court had not been completely formed, there are still vacancies in the Constitutional Court, the new composition of the HQCJU has not been formed, while the previous composition of the HQCJU had terminated its existence early, on the basis of the Parliament's resolution several years ago.

Extremely complicated is a many-year problem of proper filling of local courts and courts of appeal with judges, where there are a quarter less judges than needed. At the same time, according to the official Supreme Court data, as of the last quarter of 2020, the actual number of judges in Ukraine was 5,363, while the determined number is 7, 295. At that, only 4,809 judges had the right to administer justice, while the number of vacant judges' offices was 1,932. The problem of insufficient financing of the work of courts in Ukraine remains chronic as well.

Thus, the realisation of the Constitutional rights of citizens to judicial protection of their rights and freedoms in Ukraine is significantly complicated. As a result, ever more Ukrainian citizens have to seek protection of their rights and freedoms in the European Court of Human Rights (ECHR), with the number of complaints to it growing year in, year out. **Ukraine holds the third position (after Russia and Turkey) as for the number of complaints to the ECHR.** 95 percent of Ukrainians' complaints to the ECHR are about non-fulfilment of court verdicts.

Other Institutes of Human Rights Protection

The imperfectness of the system of the judiciary and incompleteness of its reform restrict opportunities for protecting human and citizen rights. Meanwhile, when adopting the Declaration on the State Sovereignty of Ukraine, MPs proceeded from «the need for all-round safeguarding of human rights and freedoms» and planned the existence of additional institutes for protecting human rights and freedoms.

The Ukrainian Constitution giver (this function was singularly performed in 1996 by the Parliament) had adopted the Fundamental Law of the state «caring about the safeguarding of human rights and freedoms» and «worthy conditions of people's life». This is why it was entirely logical to define the main Constitutional duty of the modern Ukrainian state as «the establishment and safeguarding of human rights and freedoms» (Article 3 of the Constitution).

When adopting the current Fundamental Law, the necessary list of the human and citizen rights and freedoms was stipulated, and the foundations of the mechanism of their protection were laid down. The main elements of the mechanism of protecting human rights and freedoms in Ukraine are defined as national courts, the body of constitutional jurisdiction, international court institutions and corresponding international organisations, and **the Ukrainian Parliament Commissioner for Human Rights**. It is this person that is entrusted with effecting parliamentary control over observing Constitutional human and citizen rights and freedoms in Ukraine (Article 101 of the Constitution). This function had special significance in the context of periodical attempts of Ukraine's transition from the regime of presidential-parliamentary to parliamentary-presidential model of republican government (Constitutional amendments of 2004, 2014, 2019).

The institute of the Ukrainian Parliament Commissioner for Human Rights (the National Ombudsperson) was stipulated for the first time by the current Fundamental Law in 1996. The basic law on organising their work and authority had been adopted only by the end of 1997, while this institute could really start working only with the election of the first Ukrainian Parliament Commissioner for Human Rights.





STATUS AND AUTHORITY OF THE UKRAINIAN PARLIAMENT COMMISSIONER FOR HUMAN RIGHTS

According to the current legislation, the Ukrainian Parliament Commissioner for Human Rights, with the aim to properly perform their office duties, has the right to immediate reception by the President, the Chairperson of the Verkhovna Rada, the Prime Minister, heads of the CCU, the Supreme Court and high specialised courts of Ukraine, Prosecutor General, heads of other state bodies, bodies of local self-government, citizen associations, enterprises, institutions, organisations of any form of ownership, their managers and workers. With the same aim, the Commissioner may attend sessions of the Verkhovna Rada, meetings of the Cabinet of Ministers, the Constitutional Court, the Supreme Court and high specialised courts of Ukraine, the collegium of the Prosecutor's Office and other collegiate bodies.

The Ombudsperson has the right to submit proposals on improving Ukraine's legislation in the sphere of protection of human and citizen rights and freedoms, and to visit, without obstruction, state power bodies, local self-government bodies, enterprises, institutions, organisations of any form of ownership, and to attend their meetings.

The Ombudsperson's rights also include the right to visit (without preliminary notice on the time and purpose of visiting) places where people are forcibly held by court order or by order of an administrative body according to the law (including detention centres, criminal enforcement institutions, military units, forced treatment establishments, special learning-and-upbringing establishments, National Police structures, etc.).

Every year, according to the current legislation, the Ombudsperson delivers the annual report to the Verkhovna Rada on the state of observing and protecting human and citizen rights and freedoms in Ukraine and on drawbacks revealed in the legislation in this sphere.

This document, as a rule, contains references to the cases of violations of human and citizen rights and freedoms about which the Commissioner had applied the necessary measures, to the results of inspections during the year, as well as information on the state of implementing recommendations contained in the annual report of the previous year.

A characteristic feature of the Ukrainian Ombudsperson's reports of latter years has been information on the state of observance of the right to social, legal protection of people who suffered from the armed conflict in the East of the country, on the rights of citizens who live in the territories of Ukraine temporarily occupied by the RF, on the right to compensation for the property (material) losses inflicted on the civil population who suffered as a result of the armed conflict, etc.

The extremely important role in the mechanism of protecting human rights is accorded to the right/capacity of the Ukrainian Parliament Commissioner for Human Rights to address the Constitutional Court with respective constitutional submissions. Thus, according to the Constitution's clauses, the Ombudsperson has the right to address the Constitutional Court with submissions on compatibility with the Constitution of laws and other legal acts of the Verkhovna Rada, of the acts of the President, the acts of the Cabinet of Ministers, legal acts of the Supreme Rada of the Autonomous Republic of Crimea, and also about the official interpretation of the Constitution (Article 150 of the Constitution).

All the constitutional clauses on the right of the Ukrainian Ombudsperson to address the only body of the constitutional jurisdiction have been in existence in the national normative-and-legal system from the very beginning of the functioning of the institute of the Ukrainian Parliament Commissioner for Human Rights, with their other rights and authority established in 1997. However, the practice of their implementation is not particularly rich. This also concerns the Constitutional right of the Ombudsperson to protect rights and freedoms of Ukrainian citizens by way of addressing the Constitutional Court. Especially acute had been this problem in the times of civil juxtaposition (the events of the Revolution of Dignity of 2013-2014, when the ruling regime was brutally violating basic human and citizen rights, while the Ombudsperson acted in fact as part of this regime).

In the latter years, the Ombudsperson's approaches have been cardinally changing, the work on protecting rights of the Ukrainian citizens living in Ukraine's territories occupied by the RF becomes more active, on protecting hostages in some districts of Luhansk and Donetsk oblasts, on protecting rights and lawful interests of internally displaced people.

From the beginnings of the real functioning of the institute of constitutional control in Ukraine (1996), **the Constitutional Court of Ukraine** has widely used two main methods of protecting human rights and freedoms in its work: firstly, recognizing as unconstitutional clauses on human rights and freedoms contained in laws, normative-and-legal acts of the Parliament, of the Head of State, of the Government, of the Supreme Rada of the Autonomous Republic of Crimea; second, the official interpretation of constitutional clauses on human and citizen rights and freedoms; and also, until 2016, the official interpretation of similar legislative clauses.



Thus, in the first aspect, it is worth remembering the ruling of the Constitutional Court of Ukraine on the case of capital punishment (1999), according to which «clauses of Article 24 of the General Part and clauses on sanctions of the Special Part of the Criminal Code of Ukraine stipulating capital punishment as a kind of punishment» were recognised unconstitutional. With its other ruling, the Constitutional Court of Ukraine had, at one time, recognised as unconstitutional a number of clauses of the Law of Ukraine «On the State Budget of Ukraine for 2007» which in effect halted social payments and assistance to the population established by other laws, among them assistance for taking care of children until they are three years of age, assistance to working pensioners covered by the Law of Ukraine «On Mandatory State Pension Insurance», etc.

The issues of securing human rights and freedoms, of observing their guarantees have many times been central in the official interpretation by the Constitutional Court of Ukraine of respective Constitutional clauses. Overall, there were almost 20 such acts of the only body of the constitutional jurisdiction over its years of activity, and they concerned clauses of eleven Articles of the Fundamental Law of the state.

«The constitutional complaint», introduced by the constitutional amendments of 2016 (on the judiciary) is meant to become an important component of the constitutional-and-legal mechanism of protecting human rights and freedoms in Ukraine. «Everyone is guaranteed the right to address the Constitutional Court of Ukraine with a constitutional complaint on the grounds established by this Constitution and according to the procedure determined by law» (Part 4 of Article 55 of the Constitution). According to Article 151 of the Constitution, «The Constitutional Court of Ukraine solves the issue of compatibility with the Constitution of Ukraine (constitutionality) of a law of Ukraine on the constitutional complaint of a person who believes that the law of Ukraine applied in the final court ruling on their case contradicts the Constitution of Ukraine. The constitutional complaint may be submitted if all the other national ways of legal protection are exhausted».

CONSTITUTIONAL COMPLAINT AS A WAY OF PROTECTING RIGHTS AND FREEDOMS OF UKRAINE'S CITIZENS

The Law «On the Constitutional Court of Ukraine» (2017) has regulated the constitutional clauses on the institute of constitutional complaint, noting that constitutional complaint is a written submission to the Constitutional Court on examining for compatibility with the Constitution of a law of Ukraine or its individual clauses, used in the final court ruling in the case of the subject of the right to constitutional complaint.

The subject of the right to constitutional complaint, according to Article 56 of the Law «On the Constitutional Court of Ukraine» is a person who thinks that the law of Ukraine (its individual clauses), used in the final court ruling in their case, contradicts the Constitution. Along with this, the legislator clearly establishes that legal persons of public law do not belong to such subjects.

Part of the requirements to the contents of the constitutional complaint, established by the Law of Ukraine «On the Constitutional Court of Ukraine» are considered, not without ground, excessive in the expert community.

Ukraine's establishment as a democratic social legal state is impossible without proper ensuring human and citizen's rights and freedoms, without creation and functioning of the just judiciary system, the consolidation of the rule of law, political, economic, and ideological diversity.

Very much has been accomplished in these spheres over the years of independence, especially after the current Constitution of Ukraine had been adopted. It was its clauses that established the consolidation and ensuring of human rights and freedoms as the main constitutional duty of the Ukrainian state. The Constitution of Ukraine has stipulated the necessary scope of personal, political, and socio-economic human and citizen rights and freedoms. It constituted inalienability, inviolability, and inexhaustibility of stipulated (constitutional) human rights and freedoms, and such important elements of the system of modern mechanism of their protection have been established as institutes of the Ombudsperson, of the constitutional complaint, administrative justice, etc.

However, practical implementation of constitutional clauses on human and citizen rights and freedoms, as well as legislative establishment of mechanisms of their realisation and protection need serious improvement. The weakness of the national judiciary system still remains a serious obstacle to proper securing of human rights and freedoms, their guaranteeing and protection. The reform of judiciary, as any other activity of state power bodies and their officials has to be subordinated to fulfilling the main constitutional duty of the state, the establishment and ensuring of human rights and freedoms. Solving the problems of the real guaranteeing of the independence of the judiciary, proper financing and staffing of courts, overcoming the problem of non-fulfilling of court rulings, improvement of the national court legislation and bringing it to comply with European standards remain the tasks of priority.

New challenges and threats caused, in the first turn, by the RF's hybrid war against Ukraine, the unlawful annexation of Crimea by the RF, as well as by the massive spread of the coronavirus disease, COVID-19,



require essential review of the previously established ideas about guaranteeing and protecting human rights and freedoms, about the functioning of bodies of state power, in particular, the judiciary. This means that in Ukraine acute is the issue of looking for optimum models of societal balance between the need to ensure the generally recognised human rights, the efficient functioning of the national judiciary system, and the proper level of public health, epidemiology safety, and the country's sustainable development.

Evolution of Law-Enforcement Bodies

By the time of proclaiming the Act on State Independence, Ukraine's law-enforcement bodies were part of the all-Soviet system. The militia was a component of the Ministry of Interior, the same applied to the prosecutors, and the State Security Committee (KGB) of the Ukrainian SSR continued to function.

The sovereignisation process led to certain «nationalisation» of these structures: with their adaptation to the new circumstances of the independent Ukraine but without significant changes in their essence. The rule of law, democratic control, and other European standards were not the norms of their activity at the starting stage.

From mid-1990s, attempts to superficially reform the Ministry of Interior's bodies were happening. Only after the Revolution of Dignity has it become possible to speak of the beginning of systemic changes under the pressure of the active part of the society. In particular, the Law «On the National Police» was adopted in 2015, transforming the militia into a law-enforcement body of a European model. In the Law, the police are defined as a central body of executive power in the service of the society, so its main task has become the provision of police services on the basis of the rule of law. Foreign partners of Ukraine took an active part in reforming the Ministry of Interior. The most tangible results are reforming and subordinating of the National Guard, the State Border Service, the National Police, the State Emergency Situations Service to the Ministry of Interior, creation of the new Patrol Police, a certain decentralisation of the work of the Ministry of Interior with the emphasis on providing services to the population.

The Security Service of Ukraine (SSU) was created on the basis of the Ukrainian SSR KGB after the adoption of the Act on the State Independence, first by the Resolution of the Verkhovna Rada in September 1991, and then by the Law in 1992. The Security Service of Ukraine has concentrated in its hands the counter-intelligence work, fighting terrorism,

fighting organised crime, and reminded of the Soviet reprisal mechanism no more; however, it had not become a modern special service of a democratic state, and in many aspects it continued to follow Soviet traditions and stereotypes. During V.Yanukovich's Presidential term, the SSU became one of the tools of promoting the Russian agenda, aimed at subordinating Ukraine to Russia's interests. The reform of the SSU aiming at its demilitarisation, strengthening of public control, taking the investigation function away from it, as well as the functions of fighting economic crime and corruption has in fact begun only in 2020.

After the Revolution of Dignity, the reform of the prosecutors' structures has started, without strategic vision and not systemic in actions and approaches. The 2016 amendments to the Constitution do not single out the prosecutors' office as a body of its own but place it within the general system of judiciary. The prosecutors' authorities have been deprived of the function of general supervision and of pre-trial investigation. At the same time, the problem of independence of prosecutors' structures from external influences remains there.

During the transformation of the law-enforcement sphere, after a number of failed attempts, a new body had appeared in 2016, the State Bureau of Investigations with the authority for pre-trial investigation of crimes perpetrated by the country's leaders, politicians, MPs, judges, law enforcers, etc.

From 2015, the law-enforcement system has an entirely new segment: structures formed in order to counteract corruption. They include the National Anti-Corruption Bureau, the Specialised Anti-Corruption Prosecutor's Office, the National Agency on Corruption Prevention, the High Anti-Corruption Court (its work has started in September 2019). The formation of these bodies was a response to the society's demand, and was a result of Ukraine's cooperation with international partners. The establishment of the anti-corruption system in the first years of its work had been accompanied by conflicts between the structures, competition, attempts to influence their work from the outside, and this has undermined public trust in them to a significant extent. However, this element of the law-enforcing structure is still at the stage of establishing itself.

Today, a more or less full architecture of law-enforcement bodies is present in Ukraine, with their work aimed at protection of national interests, democratic values, citizens' rights and freedoms, and is ever more based on European standards. The urgent task of the authorities is the ultimate transformation of the law-enforcement system of Ukraine into a system of the European pattern.



FOREIGN POLICY AND SECURITY IN INDEPENDENT UKRAINE

Ukraine's establishment on the global arena as an independent state and an international actor has its history that contains important stages, strategic decisions and global-scale events. Recognition of Ukraine as an independent sovereign state in the international community is a logical result of the historical process of Ukrainian nation's political self-organisation.

Ukraine was joining the global community, positioning itself in the system of international relations, and gradually determining its pro-European strategic reference points amidst complex internal transformations connected with developing and establishing the state, external influences of global leader countries, volatile geopolitical and economic situation, etc. Thus, began our path to Europe, the path of absorption of European values and learning to protect them. Military aggression, launched by Russia against Ukraine in February 2014, became a dangerous challenge. The war became a «watershed divide» that split foreign policy process into «pre-war» formation and development stage, and the state of resisting the aggressor which is still ongoing. The «hybrid war» has largely determined the direction, character and reference points of Ukraine's modern foreign policy.

1. UKRAINE IN THE WORLD: ESTABLISHING ITSELF ON THE GLOBAL ARENA, FOREIGN POLICY FORMATION

Independent Ukraine: First Steps on the Global Arena

After the National Referendum on 1 December 1991, an active process of international recognition started for Ukraine. The first ones to recognise Ukraine as an independent state, already on December 2, were Poland and Canada, and within a month, it was done by approximately 70 states, including the USA, China, France, Germany, United Kingdom, Russia. Overall, in the first years of independence, Ukraine was recognised by over 170 countries.

At this stage, two determinant processes were happening: internal and external self-identification of Ukraine. This is aptly defined in «Main Foreign Policy Directions of Ukraine» (1993): «...State formation and building of a free civil society in Ukraine is happening at the same time with its gradual incorporation in the global community and the search for its place in the modern ... world». Briefly outlining special aspects of evolvement of Ukraine's policy on the global arena, we should pay attention to the following important processes and trends.

Defining and perfecting the ideology and legislative framework of foreign policy. Certain basic foreign policy principles have been defined already in the Declaration of State Sovereignty of Ukraine (16 July 1990). Namely, the Declaration emphasised equality in foreign relations, priority of universal human values and generally accepted norms of international law. At the same time, Ukraine announced its intention to become a «permanently neutral» and non-nuclear state in the future.

An integral legal framework for Ukraine's foreign policy has been created in the abovementioned «Main Foreign Policy Directions of Ukraine», which classified national interests of our state on the global arena, defined main tasks, foundations and priorities of foreign policy. Later, conceptual principles of foreign policy were captured in the Constitution in 1996.

In turn, a number of framework provisions on the national security sector were included in the Law «On the Basics of National Security of Ukraine» (2003). And in 2010, the Law «On the Principles of Domestic and Foreign Policy» came into force, which improved some principles of Ukraine's operation in the world. Although the law officially captured the goal of achieving EU membership, Ukraine was being defined as a «European non-aligned state», which does not take part in «military and political unions» and maintains «constructive partnership with NATO». Later this «non-aligned» position turned out to be strategically unjustified, worthless in the political security sense, and thus was eliminated by the Verkhovna Rada in December 2014, at the height of Russian aggression. Instead, the Law captured the prospect of NATO accession (the final version of Alliance membership statement was approved in 2017).

Formation of state «realpolitik», e.g. power politics. In October 1992, Presidential Decree approved the Provision «On Diplomatic Representation of Ukraine Abroad». Along with this, we standardised the order of concluding and executing international agreements



(Law «On Ukraine's International Agreements» of 1993). The external functions and competencies of ministries and authorities, system of coordination of government institutions' actions in the foreign policy sector (Presidential Decree «On Measures for Improving Coordination of Work of Executive Government in the Foreign Relations Sector» as of 18 September 1996).

Diplomatic service of independent Ukraine has been created. It was based on two pre-conditions: institutional – existence of our own Ministry of Foreign Affairs (active back in the Soviet times with limited functionality) and ideological – Ukraine's historical traditions of diplomatic relations.

SOME HISTORICAL MILESTONES OF UKRAINE'S FOREIGN POLICY

Creation of foreign policy authority in Ukraine as a full-fledged state body is connected with proclamation of the 1st Universal (manifest) of Ukrainian Central Council and creation of Ukrainian People's Republic on 10 June 1917. On 22 December 1917, the «Bill on Establishing General Secretariat for International Affairs» came into effect. The Secretariat was entrusted with «realising the international relations of the state, protecting the interests of Ukrainian citizens outside the borders of UPR...». In the spring of 1918, Ukraine prepared a draft law «On Foreign Establishments of UPR», started developing contacts with other countries.

Later, in the times of the Hetman government, the circle of countries, with which Ukraine established diplomatic relations broadened. The Ukrainian state launched diplomatic missions in Romania, Finland, Switzerland, Sweden, etc. (overall, 10 states), and also hosted over 20 plenipotentiaries of foreign countries. In June 1918, the «Law on Embassies and Missions of the Ukrainian State» was approved, and in July – the «Law on Ukraine's Consular Service».

In the first years of Soviet Ukraine, «foreign policy functions» were executed by People's Secretariat for International Affairs, later – Ukrainian Soviet Socialist Republic People's Commissariat for Foreign Affairs. In 1922, after creation of the USSR, all foreign policy, economic and trade relations of Ukraine were turned over to Soviet central command. In February 1944, Ukrainian People's Commissariat for Foreign Affairs was created.

Ukraine's international activity in the Soviet period was primarily oriented at participation in the work of the UN, which provided a symbolic and limited possibility to take part in discussions of global and regional issues, gain experience in multilateral diplomacy.

As a founding state of the UN, Ukraine took part in the development of its Charter, formation of its structure, bodies and agencies. In 1948-1949 and 1984-1985, Ukraine was elected a non-permanent member of United Nations Security Council. However, it was only in 2000-2001, when Ukraine was elected to UNSC for the third time that our state was acting as an independent participant of international relations.



In the early days of independence, Ukrainian SSR MFA had approximately 100 diplomats (at the moment, MFA system has over 1,800 employees). At that time, Ukraine started actively reforming its foreign affairs ministry and organising a network of embassies, consulates, Ukrainian representational offices abroad. Diplomatic service was expanding its workforce capacity. Already in 1992, 18 diplomatic missions were opened: in particular, in such politically and diplomatically important countries as the UK, Italy, Canada, Germany, USA, Poland, Russia, Austria, Belgium, Israel, Hungary, etc. Along with this, three consulate generals were opened in New York, Chicago and Munich.

The number of Ukrainian representational offices abroad was gradually growing, later optimization process was started; so, at the moment, Ukraine has 116 diplomatic establishments: embassies, embassy offices, consulates, permanent missions to international organisations, as well as representational offices and missions (to the EU and NATO). At the same time, a powerful core of international representational offices was being formed in Ukraine, which at the moment has over 140 diplomatic institutions with approximately 2,500 staff.

Building legal and contractual relationships with countries and international organisations. Throughout the 1990s, Ukraine has established contractual relationships with countries from all regions of the world. This process was very active in 1992-1995, when contractual relationships were established with new CIS member states, EU countries, leading Asian, African and Latin American countries. Today, Ukraine has legal and contractual relationships with over 180 countries.

As a founding member of the UN, back in the Soviet times, Ukraine was a member of a number of high-profile international organisations (the World Court, WHO, ILO, UNESCO, IAEA), and in the period of independence, the country achieved full-fledged membership in the system of international institutions. The first step in this direction was accession in 1992 to the Conference on Security and Cooperation in Europe (today, OSCE). An important achievement was the 1995 membership in the Council of Europe. At the same time, Ukraine had a lengthy path to WTO membership, which it gained in 2008, after 13 years of negotiations. Today, according to state register, Ukraine is a member of 81 international organisations.

Overall, evaluating this period, there are grounds to state that social enthusiasm and political uplift of the first independence years, triumphant



recognition of Ukraine by the world community, desire of patriotic elite to build a Ukraine that is open to the world, – translated into the general formula of non-aligned nuclear-free status, peaceful European integration course along with cooperation with CIS countries (foremost, Russia), with equitable relationships with other countries, and renunciation of dialogue from a position of strength. This course has determined Kyiv's willingness to compromise during the «civilizational divorce» of the former Soviet republics, namely, during the division of the Black Sea Fleet and negotiations on conditions of its presence on the Ukrainian territory.

And later, the idea of «nuclear-free Ukraine» was manifested in the «Memorandum on Security Assurances in connection with Ukraine's accession to the Treaty on the Non-Proliferation of Nuclear Weapons» concluded on 5 December 1994 («Budapest Memorandum»). In this document, guarantors – Russia, the USA and the UK – pledged to respect Ukraine's independence, sovereignty and existing borders, «refrain from the threat of or use of force against the territorial integrity or political independence of Ukraine, and that none of their weapons would be used against Ukraine...». In exchange for these guarantees, Ukraine renounced the third-largest nuclear weapons stockpile in the world. Obviously, this step should be evaluated from the point of view of the situation at that time, internal conditions and external circumstances. But we should also acknowledge, that these «guarantees» did not ensure Ukraine's security, did not protect it from Russia's aggression.

Overall, this period of establishment and development of foreign policy was complicated and contradictory. On the one hand, Ukraine was successfully establishing itself on the global arena, building partnerships with leading countries (USA, China, the UK, Canada, Germany, Poland and others), as well as with regional leader states in the Asia-Pacific, Middle East, Latin America, Africa. At the same time, we were strengthening cooperation (in the form of membership and partnerships) with influential international institutions (UN, OSCE, EU, NATO, PACE). Also, in a short period of time, we built a massive legal and contractual system of trade and economic cooperation on the bi- and multilateral levels. In particular,





in the period of independence, Ukraine signed 19 free-trade agreements that provide preferential access to 47 countries' markets (over 800 million consumers).

It is important to add that the key components of Kyiv's official policy on the global arena have always been and still remain peacefulness and disposition toward peaceful conflict resolution within the framework of existing international institutions. Thus, since early 1990s, Ukraine has been an active contributor to first UN peace-keeping operations, and taken part in over 20 peace-keeping missions – from Guatemala and Croatia to Mozambique. Currently, over 300 «Blue Helmets» from Ukraine are taking part in six UN peace-keeping operations.

On the other hand, during this period, we have observed fluctuations of the country's foreign policy course, its adjustment depending on internal processes and external influences. Foreign relations evolution had a contradictory multi-vector stage in the 1990s, as the country balanced between the proclaimed European course and the process of reintegration in the post-Soviet space led by Russia. This multi-vector mind set was based on certain hopes for the possibility of peaceful, neighbourly relations with Kremlin simultaneously with Ukraine's «Europeanisation» and progress towards the EU.

The Orange Revolution of 2005 put an end to geopolitical uncertainty by determining the country's European and Euro-Atlantic integration course. However, further events led to our country taking a step back from the pro-western course as Ukraine started drifting towards Russia in the period of Viktor Yanukovych's presidency. Then, there was a real threat of us joining the Customs Union (EAEU) led by Moscow, and turning into a controlled satellite state. The so-called «Kharkiv Agreements» (April 2010) were a telling example, as they stipulated prolongation of stationing of Russia's Black Sea Fleet in Crimea until 2042 in exchange for gas discounts, as well as V.Yanukovych's refusal to sign the EU-Ukraine Association Agreement in 2013.

Outlining the general characteristics and trends of this period, note that evolution and special aspects of foreign policy can be analysed, among other things, through the lens of presidential terms. This is due to the fact that according to his constitutional powers, the President, as the Head of State, acts in the name of Ukraine, represents it in international relations, leads negotiations and concludes international agreements, oversees the country's foreign policy activity.



CHARACTERISTICS OF UKRAINE'S FOREIGN POLICY (1991-2014)	
Presidential terms	Main events and characteristics of Ukraine's foreign policy
Leonid Kravchuk (December 1991 - July 1994)	<ul style="list-style-type: none"> ✓ Under way were strategically important processes of determination of foreign policy guidelines, format of relations with other countries, Ukraine's role and place in the post-Soviet space, etc. Ukraine became a founder of the CIS, yet ratified the corresponding agreement with fundamental reservations, and as for the Commonwealth Charter – Ukraine did not sign it altogether. ✓ Kyiv did not agree to the so-called «zero option» in the division of assets of the former USSR. Thus started the lengthy process of Black Sea Fleet division, which was accompanied by active political and economic pressure by Russia. Ukraine's negotiating capacity was at a disadvantage due to the complicated socio-economic situation. ✓ Kyiv was trying to consolidate its positions in different directions. Ukraine joined high-profile financial institutions – IMF and IBRD, joined North Atlantic Cooperation Council. ✓ In June 1992, Presidents of Russia and Ukraine signed the Agreement on Development of Interstate Relations. ✓ In 1994, Ukraine became a participant in NATO Partnership for Peace programme and got the status of the Associate Council member of Central European Initiative – a regional organisation of Central and Eastern Europe countries, which currently includes 17 countries (10 EU member states), and is an important mechanism of integrating into European economic and political space. ✓ Foundations of Ukraine's foreign policy were laid.
Leonid Kuchma (July 1994 - January 2005)	<ul style="list-style-type: none"> ✓ In the global arena, the government was trying to achieve a balance of interests, developing relations in different geopolitical directions. ✓ The best illustration of multi-vector policy is the historical episode, when on 31 May 1997, Presidents of Russia and Ukraine signed the framework Treaty on Friendship, Cooperation, and Partnership, and already on 9 July 1997, Ukraine signed the Charter on a Distinctive Partnership with NATO, in the framework of which the NATO-Ukraine Commission was created. ✓ In 1998, Programme of Cooperation with NATO until 2001 was approved, and in April 1999, Washington Summit of the NATO-Ukraine Commission took place at top level. ✓ Kyiv was trying to intensify partnership with the EU – in 1998-2000, a number of strategic documents were approved regarding Ukraine's integration with the EU. ✓ In September 2003, Ukraine, together with Russia, Kazakhstan, and Belarus signed Agreement on Formation of Single Economic Space. ✓ The multi-vector practices aimed at combining both Eurointegration and deepening relations with Russia turned out to be ineffective amid the intensifying geopolitical power struggle between the global leaders – Russia, the EU, and the USA. In the early 2000s, Ukraine's government image and relations with western countries were significantly damaged during the infamous «Kolchuga» scandal

	<p>(supplying Kolchuga electronic intelligence systems to Iraq) and the «cassette» scandal (murder of journalist G. Gongadze).</p> <ul style="list-style-type: none"> ✓ In 2004, western states' disappointment in Ukraine caused a purely momentary decision to leave the statement on NATO membership out of Ukraine's Military Doctrine. As V.Putin came to power in Russia, Russian influence on Ukraine started growing stronger and getting more aggressive.
Viktor Yushchenko (January 2005 - February 2010)	<ul style="list-style-type: none"> ✓ After V. Yushchenko came to power in the wake of the Orange Revolution, Ukraine consolidated the priority of European and Euro-Atlantic course, made efforts to distance itself from Russia and from Eurasian integration. ✓ In April 2005, the President brought the NATO membership provision back into Ukraine's Military Doctrine. An important step was the 2005 signing of the «New Century Agenda for the Ukrainian-American Strategic Partnership» by the Presidents of Ukraine and the USA. Later, the USA recognised Ukraine as a country with a market economy. ✓ In 2007-2008, Ukraine started strategically important negotiations with the EU on the Association Agreement and commenced the visa liberalisation dialogue. Ukraine became a participant in the EU's «Eastern Partnership» project. ✓ Kyiv was actively implementing its Euro-Atlantic integration policy, but its aspirations to get NATO Membership Action Plan were not supported by the Alliance countries at the 2008 Bucharest summit. ✓ Relations with Russia were aggravated by the President's domestic policy regarding Holodomor (aka Famine Genocide), rehabilitation of OUN-UPA (Ukrainian Insurgent Army of the Organization of Ukrainian Nationalists), as well as the new order of crossing Ukrainian borders for Russia's Black Sea Fleet ships and public initiative to review the status of Russian Black Sea Fleet in Ukraine.
Viktor Yanukovych (February 2010 - February 2014)	<ul style="list-style-type: none"> ✓ Strengthening of the pro-Russian vector in Ukraine's foreign policy, departure from the European and Euro-Atlantic integration course. ✓ In April 2010, Presidents of Ukraine and Russia signed the so-called Kharkiv Agreements, and in the same month V.Yanukovych liquidated the Interdepartmental Commission on Ukraine's Accession to NATO and the National Centre for Ukraine's Euro-Atlantic Integration. ✓ The new Law «On the Principles of Domestic and Foreign Policy» (July 2010) did not contain provisions on Ukraine's NATO membership prospects. ✓ Despite declarations of partnerships with the EU and NATO, the western direction of Ukraine's foreign policy was gradually phased down. The arrest of an opposition leader Y. Tymoshenko caused negative public reaction in the West. ✓ Contacts with Moscow and in the Eurasian direction intensified. There appeared a real threat of Eastern integration following Moscow's scenario. ✓ At the Vilnius Summit in November 2013, V.Yanukovych refused to sign the EU-Ukraine Association Agreement, which provoked the Revolution of Dignity that opened a new chapter in the history of Ukraine.



A typical characteristic of that period was the predominant focus of Ukraine's political-diplomatic and trade-and-economic contacts on Russia, post-Soviet space (CIS) and the EU, despite the development of a wide cooperation network with countries in different regions of the world. Such lack of diversification in foreign relations, on the one hand, created a dangerous critical dependence on our Eastern partner, whose policy was becoming increasingly more aggressive, and on the other – limited Ukraine's presence in promising markets of APAC, Africa, Middle East, which were being actively tapped into by third countries.

Foreign Policy amidst the «Hybrid War»

At this new stage, which started in 2014, Ukraine met with new dangerous global/regional challenges and threats in the global arena.

Russia's military aggression became the biggest external threat and danger for Ukraine, as its main goal was to subordinate Ukraine to Russia, make Kyiv's progress towards the EU and NATO impossible. Clearly, the annexation of Crimea and occupation of Donbas should be viewed in the broader context of Kremlin's neo-imperial aggressive geopolitics, which poses a threat and challenge not just to Ukraine's statehood and sovereignty, but to the entire modern world order, including the political system of today's Europe. Thus, the Russia-Ukraine war, which has been going on for seven years, is one of the reasons, components and fragments of the large-scale confrontation between Russia and the West, which is prone to further escalation.

Along with this, ascendant geopolitical instability and conflict level between influential global players were on the rise, new tension areas appeared on the European continent, instability and internal crises aggravated in some countries (Moldova, Georgia, Belarus, Armenia, etc.). At the same time, historical conflicts and ethnic issues in Ukraine's relations with neighbouring partner states (Hungary, Poland) rose to the forefront of the agenda. Later, the *COVID-19* pandemic significantly altered the global agenda, causing a large-scale economic crisis, which directly affected Ukraine.

Thus, in this period, security issues have become the obvious priority in Ukraine's foreign policy: protection of Ukraine's statehood, its independence and sovereignty, ensuring international support and solidarity

in standing up to Russia's expansion; maintaining and strengthening the western sanctions regime against Russia. Amidst the long-lasting hybrid war, Ukraine's foreign policy required maximal coordination with security policy.

An important result of Ukraine's foreign policy work is that over the period of the war, its key geopolitical priorities were established: countering Russia's hybrid aggression, focus on integration with the EU and NATO, strategic partnership with the USA. This foreign policy position can be illustrated with the following events and processes.

First. A broad legal framework was developed for countering Russia's aggression, which defines the goals and means of Russia's expansion, identifies directions, methods and tools for countering it. In this context, the foundation is laid by the Law of Ukraine «On Russia's Aggression in Donbas» (February 2018), National Security Strategy (September 2020), Military Doctrine (March 2020). Simultaneously, we introduced and improved our sanctions policy against the aggressor state.

Second. A strategic step was Ukraine's refusal to participate in any integration processes in the post-Soviet space led by Russia. In May 2018, Ukraine terminated its participation in the work of CIS charter bodies.

Third. A landmark event was Ukraine's termination of the Great Agreement with Russia (Treaty on Friendship, Cooperation, and Partnership between Ukraine and the Russian Federation), which put a start to the process of denunciation of treaties and agreements concluded with the aggressor state.

Fourth. The Law «On the Principles of Domestic and Foreign Policy» and the Constitution were amended with provisions on integration with the EU and NATO with the purpose of achieving membership.

Note that this consolidation of strategic priorities was happening in parallel to corresponding changes in foreign policy orientations of Ukrainian citizens. The war launched by Russia impacted Ukrainian citizens' foreign policy preferences, changed their attitude to Russia, its state institutions and prospects of relations. Simultaneously grew the level of support for European and Euro-Atlantic integration. The dynamics of the past years has proven that this is not an ad-hoc change of public sentiment, but a stable, established trend.



FOREIGN POLICY PREFERENCES OF UKRAINIAN CITIZENS: CHANGE DYNAMICS

In the years of Ukraine's independence, and particularly from the early 2000s, citizens' foreign policy preferences have changed profoundly. While in 2002 equal parts (31%, each) of Ukrainians considered relations with Russia and the EU a priority, in 2021 – 52% chose the European direction as a priority, 10% – the Russian.

In October 2011, EU accession was supported by 44% of respondents, joining the EurAsEC – 31%. In 2021, situation changed: EU accession was supported by 57%, EurAsEC integration – by 11%.

In 2002, Ukraine-Russia relations were perceived as good by 23%, unstable – by 62% and bad – by 10%. And in 2021, 1% of respondents called Kyiv-Moscow relations good, 13% – unstable, 33% – bad, 49% – hostile.

In April 2014, a reduction of cooperation with Russia was supported by 35%, and intensification – by 22%. In 2021, 38% stressed the need to cease cooperation with Russia, 27% – to reduce cooperation, 16% – to deepen. At the same time, in 2021, 78% of citizens were convinced that there is an ongoing war between Russia and Ukraine.

An important external factor is that in countering Russia's aggression Ukraine has the support of influential global powers and international organisations. Ukraine receives political, financial and economic, military assistance from the USA, Canada, the UK, Turkey, Australia, Japan, etc. Along with that, the collective West has introduced a complex of different anti-Russia sanctions. Because of its aggression against Ukraine, Russia was expelled from G 8. In turn, Germany and France initiated negotiations in the Normandy format framework. Regrettably, the many years of this political-diplomatic dialogue did not lead to positive results.

Support of the ally countries (the Baltic states, Poland, other EU countries, as well as Georgia and Moldova) is significant for Ukraine. An example of solidarity with Ukraine is the support of the «Crimea Platform» project initiated by Ukraine by a number of states from different regions of the world; the project entails the establishment of a coordination and consultation international platform with the goal of consolidating international effort on de-occupation of Crimea.

Solidarity with Ukraine is observed in the framework of international organisations (UN, OSCE, PACE, EU, NATO). Namely, in the period of war, a stable group of over 60 countries that support Ukraine has formed in the UN. An extremely important political and international legal value

has the UNGA approved package of resolutions on the territorial integrity of Ukraine, situation with human rights violation in Crimea, and militarisation of the peninsula.

Ukraine is trying to actively promote its national interests at different international platforms, together with partner states – counter Russia's influence, maintain the topicality of Crimea and Donbas occupation on the global agenda. We are actively countering the aggressor using PACE and OSCE platforms. With support of our partner states, high-profile international organisations (EU, NATO, PACE and OSCE) have approved a number of resolutions that support Ukraine, demand restoration of its territorial integrity and condemn Russia's aggression.

Other platforms for countering Russia's aggression are the International Court of Justice, International Criminal Court, European Court of Human Rights, where at the suits filed by Kyiv, large-scale investigations of crimes committed during Russia's aggression against Ukraine are under way.

The priority topic of security was complemented by and combined with activity in other areas and directions of foreign policy. Pursuing its interests in the global arena, Ukraine gradually tapped into different geographical regions, developed and solidified contacts with politically and economically promising countries, international structures. Namely, sectoral integration with the EU was growing stronger, there was positive dynamic in the relations with NATO.

In June 2020, the North Atlantic Council gave Ukraine the NATO Enhanced Opportunities Partner status, which greatly strengthened and deepened our cooperation with the Alliance. Strategically important is development of partnership with the USA. Washington is the moderator and initiator of the anti-Russia sanctions campaign, the main donor of military and economic assistance to Ukraine, and is consistently upholding





Ukraine's position in international organisations. It is important that in its relations with the USA, Ukraine managed to avoid being dragged into America's internal pre-election conflict, and after Joe Biden's ascent to power, there are hopes for intensification of cooperation.

Ukraine's foreign economic cooperation with other states was also growing stronger – in recent years, we have achieved conclusion of a number of important trade and economic agreements on the bilateral level. A number of free-trade agreements were signed with Canada, Israel, the United Kingdom. We set course for economisation of foreign policy: Exporters and Investors Council was created under the MFA for establishing contacts between Ukrainian exporters and foreign partners. A system of work efficiency assessment was introduced for embassy work in the economic sector. At the moment, MFA focuses its work on three key areas of economic diplomacy: attracting foreign investment; advancement of Ukrainian exports; promotion of Ukraine's tourism capacities.

Public Opinion

In 2000, 31% of citizens thought Ukraine's international image was positive, to varying degree. In 2004, this percentage grew to 37%. And in 2021, already 47% of respondents assessed Ukraine's image in the world as positive.

Over the past years, we have been gradually improving and optimising the foreign relations execution system. A number of framework regulatory documents have been approved: the new MFA Provision (2016), Diplomatic Service Law (2018), Foreign Diplomatic Institutions Provision (2021).

Along with this, we were working on strengthening our public diplomacy. Thus, during 2014-2018, Ukrainian NGOs and think tanks played an important role in spreading abroad truthful information on Russia's aggression against Ukraine and its consequences, dispelling myths disseminated by Russian propaganda, in attracting attention to success of Ukrainian reforms, and, at the same time, to problems, resolution of which requires international assistance. This work was being done in constant contact and with support of Ukraine's MFA agencies.

In the framework of MFA reorganisation, a number of measures were implemented aimed at strengthening institutional and conceptual basis of the foreign policy's informational component. Department of



Communications and Public Diplomacy was created at the MFA, which works on strategic communications, public diplomacy, digital diplomacy and press service. Communications Strategy and Public Diplomacy Strategy were developed. Another positive step in this context was the creation in 2019 of the specialised state institution «Ukrainian Institute», which is advancing Ukraine's image abroad, namely, through organisation of cultural-informational PR events in different regions of the world.

Thus, Ukraine's establishment on the global arena as a full-fledged participant of international relations was taking place along with the establishment of our statehood, determination and protection of our own civilizational choice – along with our return to the European community. In the three decades of its independence, Ukraine has established mutually beneficial partnerships with countries in different regions of the world, became a full-fledged participant of reputable and influential international organisations.

The «hybrid war» launched by Russia against Ukraine has affected the content and character of Ukraine's foreign policy. Currently, Ukraine's top priorities on the global arena include countering Russia's aggression, deepening European and Euro-Atlantic integration, development of strategic partnership with the USA.

Clearly, in the situation of war, the main tasks of Ukrainian diplomacy for the near future include creating external conditions for the country's sustainable upward development, building its resiliency and defence capacities in order to effectively stand up to Russia's expansion.

2. UKRAINE'S PATH TO THE EU: STAGES, ACHIEVEMENTS, PROBLEMS, PROSPECTS

Relations between Ukraine and the EU started in December 1991, when the Minister of Foreign Affairs of the Netherlands (the then EU presiding country) Hans van den Broek recognised Ukraine's independence on behalf of the EU. Cooperation with the EU was continuing through the complicated stages of Ukraine establishing its statehood, its international legal identity, and determination of guidelines for its foreign policy course. In parallel, large-scale processes of geopolitical re-formatting were taking place in the post-Soviet space, new states were establishing relations with other countries and international institutions.



At the same time, influenced by internal and external factors, Brussels was gradually shaping its policy in the post-Soviet space, including regarding Ukraine.

Relations with the EU were not a linear process, they contain achievements and problems, «pauses» and conflicts», important agreements and dramatic events. Figuratively speaking, EU-Ukraine relations were mirroring the problems and particulars of Ukraine's foreign and domestic policy development.

In general, Kyiv-Brussels relations may be notionally divided into two stages.

- ✓ *Cooperation and Partnership Stage (1991-2014)*. This was the time, when systemic political dialogue was being established, a complex of partnerships in different sectors was created, contractual-legal framework for cooperation was being built, gradual establishment of Ukraine's Eurointegration course was under way.
- ✓ *«Political Association and Economic Integration» Stage (since 2014 until now)*. This period is marked by the new quality the EU-Ukraine partnership has acquired in the framework of the Association Agreement – the final assurance of the irreversibility of Ukraine's Eurointegration course, joint opposition against Russia's aggression.

Establishment and Development of EU-Ukraine Cooperation

Since the very start of political and diplomatic recognition by the global community, Ukraine has viewed its relations with the EU as phased full-scale integration. Let us remember the most important steps of Ukrainian government in determining and refining the country's Eurointegration course. Thus, Verkhovna Rada Resolution «On the Main Directions of Ukraine's Foreign Policy» as of 2 July 1993 stressed «the restoration of Ukraine's former political, economic, cultural and spiritual ties with the European civilisation...expanding Ukraine's involvement in European institutions ...integration of its economy with the European... economic space».

The next step was the approval on 11 June 1998 of the «Strategy of Ukraine's Integration into the European Union», which proclaimed the country's strategic goal of «becoming a part of European political (including foreign policy and security policy), informational, economic and

legal space». The Strategy declared that «the national interests of Ukraine require its establishment as an influential European state, a full-fledged member of the EU».

In September 2000, a broad Programme of Ukraine's Integration into the EU came into effect, which consisted of 140 sections, each of which contained assessment of the current situation, short-term (2000-2001), medium-term (2002-2003) and long-term (2004-2007) priorities. One of the tasks set in the document was «to create conditions for Ukraine to achieve EU membership...». Ukraine's strategic intentions in the European direction were reflected in the Law «On the Principles of Domestic and Foreign Policy» as of 1 July 2010, which determined one of the foreign policy principles as «ensuring Ukraine's integration into European political, economic, legal space with the purpose of becoming a member of the European Union».

Thus, in the 1990s, during Ukraine's establishment on the global arena, its leadership has proclaimed movement towards the European community the strategic direction of Ukraine's foreign policy development. But then the country's foreign policy was being shaped in conditions of establishment of national statehood, under the influence of complicated and controversial internal political processes and unfavourable economic trends.

Determination of foreign relations priorities was influenced by the interests of national leadership elite and financial-industrial groups that were taking shape in that period. Noticeable was also the influence of post-Soviet and pro-Russian sentiment, which were fuelled by integration processes in the framework of the CIS and Russia's policy on the territory of the former USSR. So, these internal and external factors affected Ukraine's positioning on the global arena, and as a result, foreign policy





practices of that time (namely, the so-called «multi-vector» policy) were mostly of ad-hoc, momentary nature, and differed from the proclaimed ideology of movement towards the EU.

An illustration of these «multi-vector», or to be more exact, undetermined strategic guidelines, is the fact that in the early 2000s, Ukraine had at least 19 «strategic» (special, key) partners. With some countries (the USA, Poland, Uzbekistan, Bulgaria, Azerbaijan, Canada, Russia, Georgia) strategic partnership relations were announced through joint statements, declarations, agreements. In other cases, Ukraine's leadership declared strategic relations in a unilateral way – China, Argentina, Israel, Germany, Finland.

Note that the «Main Foreign Policy Directions of Ukraine» (1993) also determined all border states as strategic partners, thus adding to the above group of strategic partners a number of other states. These declarative practices hardly facilitated development of truly strategic relations, instead they demonstrated «looseness» of foreign policy course.

At the same time, in domestic policy, government was using means and methods that failed to correspond with European principles and standards. Overall, this was undermining the European idea within the country and raising concerns and disappointment in European partners, which later turned into «fatigue» from Ukraine.

Simultaneously, this was the period of development of contractual and legal framework for the EU-Ukraine partnership. The foundation of relations with the EU was laid in 1994 with the Partnership and Cooperation Agreement. This was a comprehensive long-term document, which stipulated systemic internal reforms in Ukraine. However, unlike similar agreements concluded by the EU with Central and Eastern European countries and the Baltic States in 1991-1996, the Ukraine Agreement did not contain EU membership prospects.

In turn, EU Common Strategy on Ukraine declared Kyiv-Brussels' strategic partnership, and was a step ahead, foremost, in the political sense. But the EU's general approach to developing relations with neighbouring states, as laid out in the European Neighbourhood Policy, had overly general approach to neighbour states, which later turned out ineffective. At the moment, this policy needs to be reviewed and updated. Short-term EU-Ukraine Action Plan, unfortunately, did not bring any significant value added in Kyiv-Brussels' relations.

EVOLUTION OF CONTRACTUAL AND LEGAL EU-UKRAINE RELATIONS	
Partnership and Cooperation Agreement (PCA) (June 1994)	The Agreement was intended for 10 years, and stipulated a large-scale internal transformation of Ukraine in political, economic and trade sectors. Its goals were tactical and limited to supporting political dialogue, development of political relations, facilitating mutual trade and supporting internal reforms in Ukraine. PCA consisted of 10 sections (109 articles and five annexes) and covered Ukraine's cooperation with the EU in energy, trade and investment, justice and internal affairs, adaptation of Ukraine's legislation to EU norms, protection of environment, transport, science, space, trans-border cooperation, etc.
EU Common Strategy on Ukraine (December 1999)	The Strategy contained a number of important provisions: (a) strategic partnership was being established between the EU and Ukraine, based on shared values and interests; (b) Ukraine was called the key "actor in the region", and its independence and stability - named one of the most significant achievements of the new Europe; (c) the EU acknowledged Ukraine's European aspirations and welcomed its pro-European choice; (d) EU's readiness to support political and economic transformations in Ukraine with the purpose of further rapprochement of parties was officially documented; (e) cooperation areas were clearly identified: strengthening of democracy, rule of law in Ukraine, support of economic transformations in Ukraine, cooperation to build stability and security in Europe.
European Neighbourhood Policy (ENP) (May 2004)	The document was intended to create an area of stability, peace and welfare [to the south and east of EU's newly expanded borders through establishing close long-term relations with neighbour states. However, ENP had an overly broad geographical scope (Ukraine, Israel, Jordan, Moldova, Morocco, Tunisia, etc.). At the same time, neighbour states were given similar requirements to those put forward for EU candidate countries, without any guarantees of full-fledged EU membership prospects.
EU-Ukraine Action Plan (February 2005)	Action Plan was a short-term (three-year) framework programme, which generally did not match Ukraine's strategic interests. The Plan stipulated intensification of political, economic, humanitarian relations, joint responsibility for conflict prevention and resolution. It also captured the possibility of Ukraine's involvement in key aspects of EU policies and programmes. Other aspects included deepening of political cooperation, mutual opening up of economies and reduction of trade barriers, as well as the possibility of concluding a new enhanced agreement.

In March 2007, Kyiv and Brussels started complex negotiations on the new framework agreement (the Association Agreement), which lasted almost five years. In March 2012, Agreement text was initialled.

The developed contractual system in Kyiv-Brussels relations, on the one hand, was aimed at implementing comprehensive reforms in Ukraine in



different areas, modernisation of its economy, government, infrastructure, social sector, etc. This was obviously important in the period of our country's establishment, as it generally defined the pro-European direction of its development.

On the other hand, the level of support and assistance on the part of the EU did not match the scale of the planned reforms. Moreover, in these documents, Brussels was building relations with Ukraine, figuratively speaking, «from a distance», solely as with an external partner, who has «long-term homework» and ensures stability on EU's eastern border. This did not meet the Eurointegration ambitions of official Kyiv.

Remember that the years after the approval of the Action Plan were saturated with important events and initiatives that impacted the further nature and atmosphere of cooperation between Kyiv and Brussels. The 2005 Orange Revolution, supported by EU leaders, put an end to the complicated period of multi-vector foreign policy, determined Ukraine's pro-western course and provided a strong momentum for further Eurointegration.

In 2005, Ukraine unilaterally cancelled visa regime for EU member states, and in December of the same year, at the 9th EU-Ukraine Summit a decision was made to give Ukraine the status of a market economy. In 2007, Ukraine and the EU signed visa facilitation and readmission agreements. In 2009, the EU launched a new foreign policy initiative —Eastern Partnership, which included Ukraine, Moldova, Belarus, Armenia, Azerbaijan, and Georgia. The new format provided for cooperation on the bi- and multi-lateral levels, but (just as the earlier agreements mentioned above) did not contain any prospects of EU membership for the six participating countries.

Presidency of V.Yanukovych (2010–2014) was marked by departure from the Eurointegration course and strengthening of pro-Russian orientations in Ukraine's foreign policy. Eurasian integration based on Moscow scenario emerged as a real alternative to the EU course. So, we are talking about two mutually exclusive integration models: (a) European, based on democratic values and standards, the rule of law, political pluralism and liberal economy, and (b) Russian —authoritarian, state-centred, based on the principle of domination of one actor.



Reference

The Agreement was to be signed in November 2013. However, as a result of pressure by Russia, M.Azarov's Government has made a decision to suspend the preparations for Agreement conclusion. At Vilnius Eastern Partnership Summit on 29 November 2013, President of Ukraine V.Yanukovych has definitively withdrawn from signing the document. This decision caused the most massive public protests in Ukraine's history.

This complicated, tragic period in EU-Ukraine relations was brought to a close by the Revolution of Dignity, which affirmed Ukraine's irreversible and natural course towards European and Euro-Atlantic integration.

Summarising the interim results of this period in EU-Ukraine relations, note, on the one hand, the complicated nature, problems and ambivalent trends in the development of cooperation with the EU. Yet on the other —there are grounds to talk about certain positive aspects of Kyiv-Brussels partnership and cooperation. There was progress in Eurointegration, namely, political dialogue became more active, a system of communications with the EU was formed on different levels. A number of important agreements were concluded in trade and economics, energy sector, justice, visa and migration policy. The level of cooperation was gradually growing, as cooperation sectors expanded, and Ukrainian law was being adapted to EU norms and standards. The number of trade barriers was being reduced for Ukrainian manufacturers, opportunities (albeit limited) were opening up for conducting business in EU internal market.

However, Eurointegration was limited by a set of factors. In particular, Ukraine's movement towards the EU was hampered by the complicated internal situation within Ukraine, weakness of democratic institutions, slow pace of reforms, inadequate anti-corruption work, unsatisfactory indicators of socio-economic development, etc. We should also remember the opposition and rematch attempts by the communist forces, pushback from former establishment elites, opportunistic interests of oligarchic groups.

Coupled with other internal issues, this made Ukraine objectively unprepared to join the EU. The proclaimed European integration course was largely declarative in nature and was implemented ineffectively and inconsistently by the Ukrainian authorities as part of the country's domestic policy and on the global arena. In its foreign policy practices, official Kyiv kept



manoeuvring between Brussels and Moscow depending on the situation, drifting further away from the Eurointegration course.

The EU itself was not ready to provide membership prospects to former Soviet republics, except for the Baltic States, which, despite having been a part of the USSR, have always been considered a part of the European civilizational environment. This unpreparedness was explained by many factors, namely, growing internal issues within the EU, «over-load» with several enlargement waves (2004-2007), etc. Brussels was rather sceptical about opening EU membership prospects to Kyiv, and focused on concluding partnership agreements that de facto looked like «homework», completing which did not guarantee any membership prospects. At the same time, the EU stimulated Ukraine to undergo comprehensive internal transformations, presenting requirements largely similar to membership candidates, yet providing limited support without membership prospects.

Besides, as V.Putin assumed power in Russia, Russian influence on Ukraine started growing stronger. Russia kept attempting to return the former Soviet republics to the zone of its own «privileged» interests, and was imposing the alternative Eurasian integration in the form of the EES, Customs Union, and later –EAEU. Moscow pursued its «integration policy» through political and diplomatic pressure, using financial and economic, energy levers of influence, blackmail, threats, bribery, information pressure, etc. Kremlin's hybrid pressure was getting stronger and expanding to all areas of bilateral relations, and ultimately turned into military aggression.

Ukraine's European Integration: the Russia Factor

Starting from 2014, countering Russian aggression became one of the main topics in Kyiv-Brussels dialogue. Moscow's «hybrid war» against Kyiv is thoroughly analysed in many domestic and foreign studies. So, it makes sense to focus on certain aspects connected with Ukraine's Eurointegration. First – the influence of Russian aggression on Ukraine's European movement. Second – Russia's hybrid expansion in the EU, which poses a threat to the unity, political system and the overall existence of the European Union. Third – EU's assistance and solidarity with Ukraine in standing up to Russia.

For Russian leadership that views post-Soviet countries as its zone of «privileged» interest, an independent Ukraine headed towards Europe

is both a challenge and a threat. Foremost, because Kyiv's successful European integration gives incentive to other post-Soviet countries and means a failure for Russia's plans of reintegration of Eurasian countries. Ukraine's movement towards the EU is the «sentence» for Russia's authoritarian leadership and, in general, the totalitarian police state model, recreated in modern Russia. Thus, Kyiv's European and Euro-Atlantic integration is the main reason and motive of Kremlin's hybrid aggression, which aims to block Ukraine's movement towards Europe.

The long Russia-Ukraine war has negatively affected and slowed down Ukraine's European integration.

(1) Russian aggression caused massive human and financial-economic losses. In the years of war in Donbas (April 2014 - January 2021), according to the UN, 13,300 people were killed, 33,500 –wounded. Approximately 1.5 million of Donbas and Crimea residents were forced to relocate. Territories still under occupation: Crimea, a part of Donbas –overall, 43,744 sq. kilometres (7.2% of Ukraine's territory).

According to experts, the overall volume of economic losses is from \$60-70 billion to \$300 billion. 388 state enterprises, 4500 state property facilities (real estate units) and over 100 large non-state enterprises remained in the occupied territories. Such colossal losses slowed down Ukraine's socio-economic reforms, including those implemented in the framework of the EU-Ukraine Association Agreement. On the other hand, they reduced the activity of European partners in developing contacts with the warring state.

(2) Ukraine is forced to funnel major resources to counter Kremlin's aggression. Kyiv has to keep a large military contingent in Eastern Ukraine and on the administrative border with Crimea, constantly increase defence





spending. For instance, in 2020, Ukraine's military expenditure was 4.1% of the GDP (\$5.9 billion). This is 11% more than in 2019 and 198% more than in 2011. This is a heavy burden on the budget in the complicated economic circumstances, connected, among other things, with the pandemic. Essentially, Ukraine found itself in the attrition war, and thus, European integration is supported, putting it mildly, on the residual basis.

(3) Political decisions and actions of the Ukrainian government, society's attention and the overall public political discourse are mainly focused on the topics of Donbas war and the annexation of Crimea. While the topic of European integration, results of implementation of the Association Agreement by Ukraine, sectoral cooperation with the EU were downgraded on the list of priorities.

Thus, the «hybrid war» launched by Russia is slowing down Ukraine's European integration, distracts vast resources, which could otherwise have been directed towards European integration.

At the same time, Russia's aggression on the European continent is a long-term threat for the EU, an aggravator of EU's internal problems. Kremlin is exerting broad hybrid influence on the EU with the purpose of causing EU disintegration, and reformatting European political system according to its plan. Moscow's tasks are: destabilisation of internal situation in EU countries, discretization of EU institutions, erosion of basic European values, disorientation of public opinion, formation of influential pro-Russian lobby within the European political class, support of radical extremist movements, etc.

Russia is using a wide and constantly updated arsenal of hybrid aggression tools. Namely, it uses information subversion techniques, large-scale export of distorted, fake media products. From the end of 2015 to March 2021, *East StratCom Task Force* at the European External Action Service (EEAS) has recorded over 11 thousand disinformation cases coming from Kremlin.

Russia interferes with internal political processes in EU countries (including elections), conducts sabotage and subversion activities, actively uses energy «weapons», organises export of corruption through the

networks of «influence agents». Kremlin is behind large-scale cyber-attacks against Internet resources of EU countries' government bodies.

Overall, in the situation of the ongoing long-term Russian aggression, the European community has demonstrated its solidarity with Ukraine, support of its territorial integrity, independence and sovereignty. The European Union did not recognise the annexation of Crimea, condemned Russia's intervention in Donbas; provided financial and economic, technical and material assistance to Ukraine; introduced different political and economic sanctions against Russia; initiated multilateral negotiations to stop the war in Eastern Ukraine.

Governing EU institutions – European Council, European Parliament, European Commission – expressed their active and consistent support for Ukraine. In particular, in 2014-2021, the European Parliament has approved a number of resolutions with demands to stop Russia's aggression, ensure territorial integrity of Ukraine. At the same time, heads of state/EU government have been appealing to the international community with statements on supporting Ukraine. Remember that back on 1 September 2014, leaders of EU countries approved «Conclusions of the European Council on the Situation in Ukraine», which decisively condemned «the illegal annexation of Crimea... infiltration of militants and weapons from the territory of Russia into Eastern Ukraine, and the aggression of Russia's armed forces towards the Ukrainian territory».

Overall, throughout the Russia-Ukraine conflict, the EU has been providing active and consistent economic assistance and support to Ukraine. Brussels has provided a number of grant programmes, loans, credits, humanitarian assistance shipments. In the period between 2014 and 2021, EU's overall assistance to Ukraine equalled approximately €16 billion. Official Brussels has unfailingly been demonstrating consistent and inviolable support for Ukraine at the high and highest levels. Namely, the joint statement of the 22nd EU-Ukraine Summit (October 2020) emphasised support for Ukraine in countering Russia's aggression and restoring its territorial integrity within the internationally recognised borders.

Consolidated support and solidarity of the EU with Ukraine, condemnation of Russia's aggression are very important for strengthening Ukraine's standing on the international arena, and keeping the topics of the Donbas war and illegally annexed Crimea on the global agenda.



Kyiv-Brussels: From Partnership to Association

Second stage of Ukraine's Eurointegration started in 2014 and is ongoing at present. In this period, the Association Agreement came into effect; the irreversibility of Ukraine's Eurointegration course was decisively affirmed; Russia launched military aggression against Ukraine, which dramatically changed the relations in the nominal «Kyiv-Brussels-Moscow» triangle. The basis of EU-Ukraine relations at the moment is the Association Agreement (the Agreement), and its component – the Deep and Comprehensive Free Trade Area (DCFTA). The European Parliament and the Verkhovna Rada of Ukraine have simultaneously ratified this document on 16 September 2014. Yet as a result of Russia's categorical position and pressure, provisional application of the economic part of the Agreement (DCFTA) was postponed until 1 January 2016. On 1 September 2017, the Agreement came into force.

The Agreement is the programme and guideline for Ukrainian reforms in different sectors and areas, and the level of its implementation – an indicator of efficiency of Ukraine's Eurointegration course. The Agreement is the most extensive legally binding bilateral Treaty in the entire history of EU-Ukraine relations. It contains 486 articles grouped into seven titles, 44 annexes and three protocols. Overall, Agreement implementation stipulates execution of almost 8,000 measures in the framework of over 2,000 tasks on the part of Ukraine. Implementation is monitored (through the Agreement Pulse system) across 24 areas (sectors) of cooperation.

At the start of Agreement implementation, Ukrainian government took a number of steps to ensure joint work of executive and legislative branches of power on the adoption of Eurointegration laws, educating citizens about the benefits of Eurointegration. Namely, in 2015–2018, Association Agenda came into effect, the Government approved the Action Plan for implementation of the Association Agreement, the 2017–2018 Plan of



Translating EU Legislative Acts and Agreement Communication Strategy. Also, the Roadmap for Agreement Implementation was approved.

Agreement implementation helped intensify comprehensive cooperation with the EU, created a stimulus for national economy development and introduction of European norms and rules in different areas of social life, facilitated adaptation of national legislation to European standards, and, ultimately, minimised our critical trade-and-economy dependence on the aggressor state.

ASSOCIATION AGREEMENT IMPLEMENTATION: RESULTS AND ACHIEVEMENTS

- ✓ The EU became Ukraine's key trade partner. Since the start of free-trade area operation, the proportion of goods and services trade with the EU has increased and now amounts to over 40% of Ukraine's total trade volume. Just in 2017, 362 new commodity items appeared in Ukraine's export to the EU, which means workspaces and welfare for Ukrainians. A large portion of exports to the EU are goods and services produced by small and medium-sized enterprises. In 2019, 14,545 companies were supplying their products to EU single market. Also growing is the number of exporters with the focus on Europe, who received the approved exporter status and are allowed to export to the EU without obtaining the *EUR.1* certificate. In 2013, Ukrainian exports to the EU amounted to €13.4 billion, in 2019 – €19.1 billion. Unfortunately, in 2020, due to the pandemic, export figures dropped to €16.5 billion.
- ✓ The EU has supported Ukraine's European aspirations, reforms that are being implemented, declared its solidarity in countering Russia's aggression.
- ✓ A multi-vector institutionally established yet flexible system of EU-Ukraine political dialogue has been created, from the top level (annual EU-Ukraine summits) to regular expert contacts. Important dialogue components are interparliamentary cooperation and contacts between CSOs.
- ✓ Certain elements of political association have been created. Ukraine is actively joining foreign policy statements and decisions of the EU (in 2020, it was about 90%). Ukraine supports EU's sanctions policy regarding third countries. Namely, in 2020-2021, official Kyiv joined a number of sanctions the EU introduced against Belarus and Trans-Dniester leaders, as well as sanctions against Russia and other countries for human rights violations.
- ✓ Harmonisation of Ukrainian laws and regulations with European rules and standards has a positive effect. Among other things, this includes introduction of European standards in manufacture of food, sanitary and phytosanitary norms, ensuring transport safety, establishing environmental requirements, and execution of other reforms. In 2014-2017, Ukraine annulled 14,475 outdated standards.



- ✓ Significant changes took place in the energy sector. Competitive conditions for production of electricity from alternative energy sources were introduced. A number of European norms that increase transparency of the gas market and enhance cooperation with European gas operators and traders were introduced. One of the key energy sector reforms has taken place – Ukraine has completely synchronised its gas market operation mode with Europe.
- ✓ New EU standards have been introduced in the electronic communications sector, phased integration to EU Digital Single Market is being ensured.
- ✓ Sectoral integration with the EU has deepened. Conditions have been fulfilled for conclusion of the «industrial visa liberalisation regime» (ACAA) and agreement achieved on its signing for certain categories of industrial products. At the same time, conditions have been created for joining the EU Common Transit System, and launching the work of authorised economic operators.

According to the latest Report on implementation of the Association Agreement (2015–2020), the overall progress of Agreement implementation is 54%. At the same time, execution pace is slowing down: namely, in 2015, 95% of planned tasks have been completed, in 2018 – 65%, in 2019 – 48%, and in 2020 – 34%.

Thus, most progress in the entire period of Association Agreement implementation was achieved in such sectors as political dialogue, national security and defence – 89%; justice, freedom, security, human rights – 85%; technical barriers in trade – 85%.

Least progress is observed in such sectors as financial cooperation and fighting fraud – 24%; transport, transport infrastructure, postal and courier services – 35%; financial sector – 36%.

Problems with execution of tasks defined in the Agreement are rooted in many factors. On the one hand, there are internal Ukrainian issues – low pace of socio-economic development, imperfections of state management system, low efficiency in overcoming corruption, slow and controversial judicial reform. One should also remember specific factors: level of coordination of government bodies' actions in the Euro-integration sector, efficiency of planning and management of enterprises, etc. Also, the Government has to catch up on the tasks not executed in the previous years, including the long-term ones.

On the other hand, Agreement implementation is affected by unfavourable external factors: increasing geopolitical instability in the world, continued Russian aggression, complicated situation in the European continent, dangerous centrifugal processes within the EU. The global adverse factor of *COVID-19* pandemic also has to be taken into account, as it has drastically changed socio-economic situation in Europe and the agenda of EU institutions, affected the topics and intensity of EU-Ukraine dialogue.

It also needs to be acknowledged that the current Association Agreement, the text of which has been approved 10 years ago, is now incompletely reflecting the current situation and must be updated and modernised. The very important Title II of the Agreement, which is dedicated to EU-Ukraine partnership in the political and security sectors, is mostly of declarative character and primarily contains general statements, which look more like a declaration of intent. Thus, unlike the «economic block», the political part of the Agreement does not contain clear commitments of the parties, specific plans or performance indicators. Also, this title does not contain a clear comprehensible definition of the «political association» concept. So, issues connected with this title remain open at the moment.

Obviously, relations between Kyiv and Brussels are not limited just to Agreement execution. Talking about progress in EU-Ukraine relations, we must remember a number of important events of strategic value.

Namely, on 11 June 2017, visa liberalisation came into effect, which allowed for visa-free travel to the EU for Ukrainian citizens. Free travel to Europe was of huge importance and value, both for intensification of interpersonal contacts, increasing the number of tourist trips and simplification of business operations in the EU for Ukrainian entrepreneurs, as well as for educating Ukrainians about the EU, facilitating the process of development of their pro-European self-identification.

Another important step that Ukraine took was affirmation of irreversibility of its European and Euro-Atlantic course. In June 2017, the Verkhovna Rada approved amendments to the Law «On the Principles of Domestic and Foreign Policy», which solidified Ukraine's movement



towards EU and NATO membership. In 2018, President Petro Poroshenko proposed an initiative on capturing the EU and NATO integration statement in the Constitution. Later, on 7 February 2019, the Verkhovna Rada approved amendments to the Basic Law on the country's strategic course towards gaining full membership in the EU and NATO.

Eurointegration Start of the New Government (2019-2021)

New government's foreign policy generally gives reasons to talk about succession and sustainability of Ukraine's Eurointegration policy. The team of President V. Zelenskyy, elected in 2019, has declared and attempted to implement in practice the focus on continuing and deepening integration with the EU.

High pace of political dialogue has been introduced at once – Volodymyr Zelenskyy's first official visit was to Brussels on 4-5 June 2019, where our President met with the leadership of the European Council, EC, NATO Secretary General and the President of Poland. Next visits in the same month – to France and Germany, and already on 8 July 2019, Kyiv hosted an important 21st EU-Ukraine summit, during which parties signed a number of agreements on financial support for civil society, decentralisation, anti-corruption measures, EU-Ukraine technical cooperation.

To various degrees, the current government managed to retain previous achievements and positive trends in relations between Kyiv and Brussels. In particular, this includes: (a) modernisation of the contractual basis and agreement on the review of the Association Agreement; (b) development of cooperation in trade and economy; (c) ensuring the irreversibility of the European course; (d) preservation of political-diplomatic solidarity and economic support in countering Russia's aggression. This is clearly stated in the summary of two recent EU-Ukraine summits. That said, Kyiv was coming forward with rather ambitious proposals. Namely, in the government's 2019 Report on Agreement Implementation the then Vice Prime Minister for European and Euro-Atlantic Integration Dmytro Kuleba noted: «... for the first time the Government acknowledged European integration as the overarching objective for reforming the country...and set the goal to achieve Copenhagen criteria for EU membership».

Later, in September 2020, President V.Zelenskyy stated that «Ukraine wants full integration into the EU. We are a European country that has a lot to give to Europe in our joint work ... So it would be logical, if Ukraine became a full-fledged member of the European Union». (Later this position transformed into the new tactic of Ukraine's leadership in the European direction).

In the «pre-pandemic» period, we observed rather high intensity of political-diplomatic, expert, humanitarian contacts with the EU – from top-level summits to expert meetings in the framework of Association Council. In parallel, Ukrainian government took a number of constructive steps and implemented initiatives that are worth mentioning. Namely, a joint parliamentary-governmental European integration platform was established; Government office and the corresponding Vice Prime Minister were given the power to initiate legislation; practice of «Eurointegration» government sessions was established; public got access to the Agreement Pulse system, which allows to follow the progress of Agreement implementation in real time; regional Eurointegration offices started opening in regions.

Also, government was able to intensify sectoral integration processes and achieve important agreements on the introduction of «industrial visa liberalisation», Common Aviation Area, engagement in the EU's Green Deal, etc. September 2019 marked the increased tempo of adoption of European integration legislation, some of which had been passed down from the previous Verkhovna Rada. Parties reached an accord on the Agreement update.

Yet, at the same time, government actions were filled with numerous problem points. Some of them were tied to objective circumstances, such as adjustment period and lack of experience, some – to heritage from the predecessors, and others – to special aspects and shortcomings of the presidential team.





Thus, talking about the «shortfalls» in government actions in the Eurointegration sector, we need to remember the lack of programme-based, conceptual approaches and strategic vision. Some structural reorganisations and staffing decisions were hasty, erroneous, caused doubts and concern. There was a variety of opinions within the presidential team, and some premature statements caused negative public response. Communication with society has been and still remains a problem. There was a lack of public activity of relevant ministries and agencies on the topics of European integration. In the end, the accelerated pace of the new Parliament has affected the quality of legislative acts, which has been pointed out by our European partners on numerous occasions.

At the start of 2021, Ukrainian government's attempts to officially formalise and define EU membership prospects in its European policy became pronouncedly visible. Ukrainian leaders are persistently pushing forward the topic of formal determination of Ukraine's Eurointegration prospects in the European discourse. Practices of signing declarations with individual EU member states on support of Ukraine's accession to the EU have been introduced. The first step was signing such documents with leaders of three Baltic states and Poland (March-May 2021). Namely, the Declaration signed by V.Zelenskyy and A.Duda emphasises: «The Presidents of Ukraine and Poland noted Ukraine's intention to apply for EU membership in the future after the implementation of the Association Agreement subject to the Copenhagen criteria and agreed that the Republic of Poland will support Ukraine in this regard».

Is this tactic of Ukraine's leadership reasonable? Pessimists say that European countries are mostly rather sceptical as to Ukraine's EU membership prospects. Optimists believe that we need to actively promote the idea of defining the coordinates and develop a Ukrainian «roadmap» to EU membership. In any event, the practice of creating «a support platform» for the idea of Ukraine's accession to the EU introduced by the current government is noteworthy.

We also acknowledge that today's temporary period of uncertainty, «integration without membership» have a certain adverse political-ideological and socio-psychological effect on Ukraine, particularly, in connection with society's euro-expectations and the level of support for the Eurointegration course.



Obviously, formalisation of coordinates and stages of EU accession would become an important stimulus and catalyst for the country's European development. That said, EU accession is an instrument for improving citizens' well-being, not a political goal in itself for the government, and not the ultimate destination for internal transformations. Current situation of uncertainty regarding Ukraine's EU membership prospects should not affect the pace of Eurointegration and in no way should cause euro-pessimism, discretization of the idea of joining the EU, or launch the search for illusory «alternatives» to Eurointegration.

Clearly, the pace and prospects of Ukraine's European integration ultimately depend on success of internal transformations, continuity and efficiency of EU accession course. But another thing is also obvious – the future format of Kyiv–Brussels relations will significantly depend on the trends and directions of development in the EU itself, improvement of its institutional architecture. Thus, Ukraine has to be actively involved in the European dialogue on the future of the European Union.

Talking about the near-term prospects of EU–Ukraine relations, – the partnership will be primarily focusing on phased political, economic, socio-cultural integration of Ukraine into EU space in the framework of the Association Agreement. There will be painstaking, routine, yet very important work on Agreement implementation. In this context, a tactical priority is Agreement update with the goal of liberalising economic relations, minimising barriers in mutual trade.

Concluding agreements on «industrial visa liberalisation regime» and common aviation area are on the agenda, as well as integration into single digital and energy markets of the EU, development of cooperation in agriculture, joining the European Green Deal, etc. Thus, successful sectoral integration can be viewed as the basis and favourable background for deepening relations between Kyiv and Brussels, strengthening of mutual trust and intensifying progress towards EU membership. Another important partnership component is solidarity and search for joint answers to modern challenges and security threats, including countering Russian hybrid aggression in Europe.



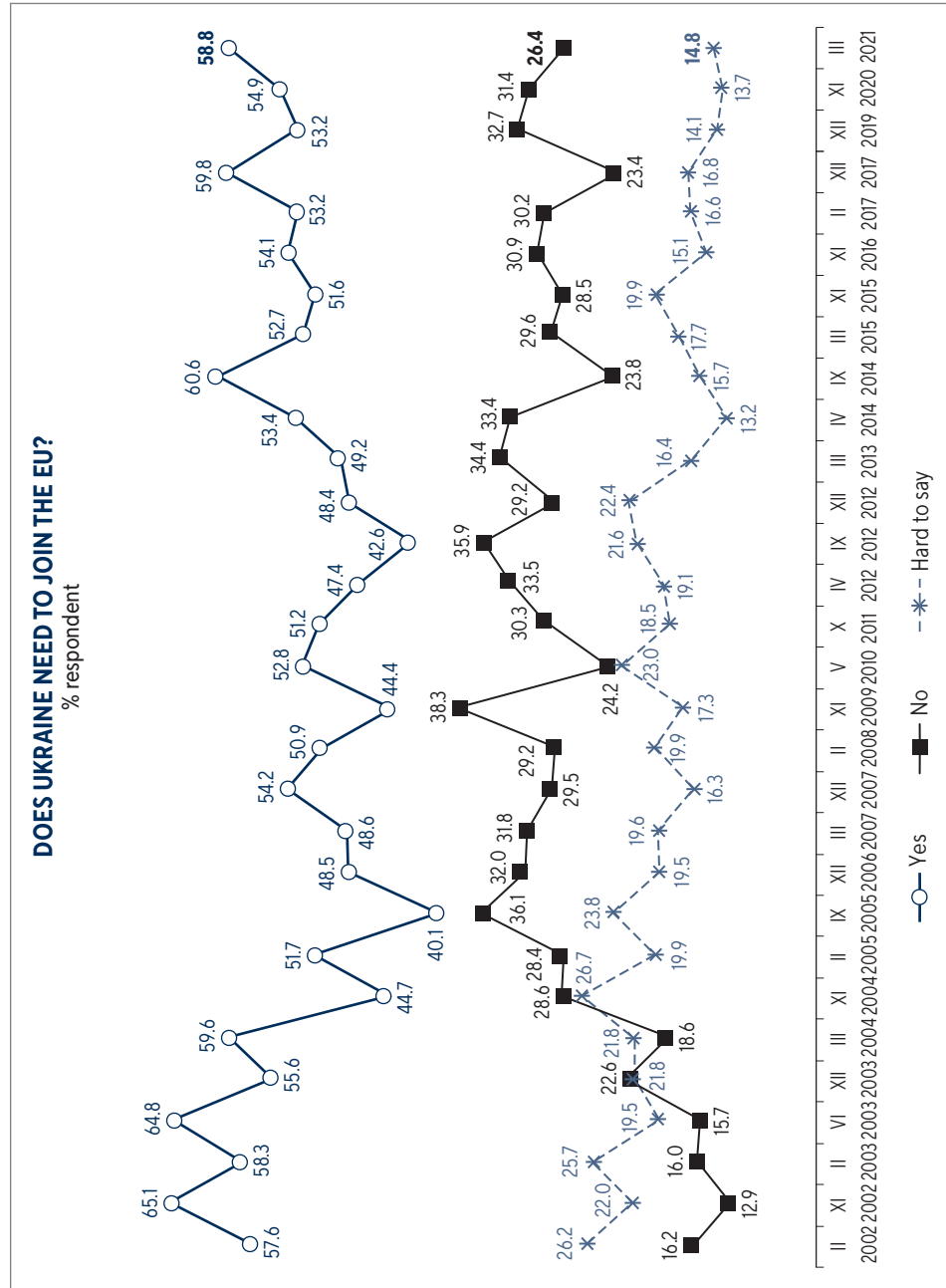
Ukraine's European Integration: Public Support and Expectations

A defining factor for success of government's Eurointegration initiatives and the country's progress towards the EU in general, is citizen support. Movement towards the EU is the basic public narrative, ideological position of the majority of top political parties in Ukraine. At the same time, summarising results of many years of sociological studies by the Razumkov Centre, we have reasons to state that support for the idea of joining the EU is overall steadily prevalent in the Ukrainian society.

Outlining results and trends of evolution of Ukrainian citizens' position on Eurointegration, we can make the following conclusions and observations.

Pro-European sentiment is steadily prevalent in Ukrainian society. The largest percentage of citizens support Ukraine's accession to the EU. In the past almost 20 years (2002-2021), there were only several cases where the level of support for EU accession slightly dropped (minimal support – 40% was recorded in September 2005, while the percentage of opponents of EU accession was 36%). At the same time, maximum support was recorded in November 2002– 65%. As of March 2021, 59% of Ukrainian citizens approve the idea of Ukraine joining the EU. Thus, despite the fact that our movement towards the European community has complicated and dramatic evolution, Ukrainian society is largely dominated by pro-European sentiment.

Assessing the overall dynamic of citizens' euro-sympathies, we noted that since 2014, a steady majority of Ukrainians have been supporting the country's accession to the EU. We can assume that Russia's aggression aimed at blocking our eurointegration movement and ensuring control over Ukraine, increased pro-European preferences in Ukrainian society. Overall, during the seven years of Russia's hybrid aggression, major changes have taken place in the public consciousness, including geopolitical orientations –there is now an apparent trend of scepticism regarding «the peaceful nature of brotherly Russia» and distancing from it, as well as the increasing awareness of importance and absence of alternative to European integration. The basis and foundation of the country's European course is conscious and steady support of citizens, their civilizational choice in favour of joining the European community.





An important indicator of people's Eurointegration sentiment is their readiness to take part and vote in a hypothetical referendum on Ukraine's accession to the EU. Thus, if such a referendum was taking place in the near future, 72% of Ukrainian citizens would vote. Out of them, 80% would vote in favour of Ukraine's accession to the EU. Note, that these indicators of activity and support for EU accession have been stable for the last five years (Charts *If a referendum on Ukraine's accession to the EU too place in the near future, how would you vote?*, *If you took part on referendum on Ukraine's accession to the EU, how would you vote?*, p.366). This is a rather telling result, which shows that most citizens approve of the country's Eurointegration course and see Ukraine as a full-fledged member of the European community in the future.

Most often, citizens assess the results of EU accession for the country and themselves personally as positive. Over the study period from 2005 to 2021, positive expectations from Ukraine's hypothetical accession to the EU have been consistently prevalent. In June 2021, percentage of citizens who believed that they personally would benefit from the accession was 49% (vs 23% of those who believed it would be their personal loss). This is the highest figure for all years of study, which indicates that in general, society demonstrates an upward dynamic of positive personal expectations from joining the EU. Citizens are also primarily optimistic regarding benefits from EU membership for Ukraine. Thus, 52% believe that Ukraine would benefit from joining the EU, and a quarter of respondents (25%) are pessimistic (Tables *Are you personally likely to win or lose from Ukraine's accession to the EU?*, p.364, *Is Ukraine likely to win or lose from its accession to the EU?*, p.365).

The process of European self-identification of Ukrainian citizens is strategically important. According to the latest study (June 2021), to a varying degree, 41% of respondents think of themselves as Europeans, and are aware of their belonging to European community culture and history. 49% hold an opposite opinion. To compare, in December 2008, less than a third of respondents thought of themselves as European – 30%, and non-European – 62% (Table *Do you feel like a European*, p.357). Although these changes in citizens' self-identification are not very rapid, they are quite noticeable and obviously leaning towards gradual Europeanisation.



This is a complex and historically long-term trend, which is developing under the influence of various external and internal factors – from society's well-being, socio-political and living conditions, to the state and prospects of Kyiv-Brussels relations. We also cannot ignore residual post-Soviet mentality and historical nostalgia characteristic of the older generation, as well as destructive influences of hostile fake «Russian world» ideology that is being produced by Kremlin for Ukraine.

Formation of national identity and citizens' awakening to the idea that they belong to European civilizational space are natural, interconnected processes rooted in history. Without exaggeration, these are the fundamental conditions of successful progress along the Eurointegration path.

In this context, we should look at people's opinions on whether Ukraine is a European state (Chart, p.365). Clearly, respondents understand «European» in somewhat different ways. Yet most citizens are convinced that geographically and historically – Ukraine is a European state. Opinions divided almost in half regarding our country's European in cultural sense. At the same time, most respondents agree that so far Ukraine has not achieved European standards in politics, economy or social sector.

Eurointegration Prospects: Cautious Optimism. Obviously, in the current unstable situation it is rather hard to make predictions regarding the prospects of Kyiv-Brussels relations, namely, on further steps in Eurointegration and the timeframe of Ukraine's accession to the EU. Yet, citizens are cautiously optimistic regarding the development of our relations with the EU in the next years. Most often (39%) they say that relations will remain unchanged (Chart *How would you assess the future development of the EU-Ukraine partnership?*, p.367).

On the one hand, one might view this opinion as sceptical, as overall, this means stagnation and lack of progressing forward. But on the other – amidst new challenges and threats, negative global and regional dynamics, increasing complexity of situation on the European continent, – steady and unchanging nature of partnership is not a negative factor. Moreover, so, if we are talking about EU's unchanging policy of political



solidarity and economic support of Ukraine in countering Russian aggression, prolongation of anti-Russia sanctions, etc. So in this context, absence of change has positive aspects.

At the same time, 26% of respondents believe that relations with the EU will improve. We can assume that such favourable prognosis is based on the active ongoing political and diplomatic dialogue between Kyiv and Brussels, steady support of Ukraine's internal reforms, intensification of cooperation with the EU in different sectors, etc.

In summary we can say that pro-European sentiment in society, citizens' steady support of EU accession, on the one hand, give the current government free reign to advance the country along the Euro-integration path, and on the other – present an important compelling argument in Kyiv-Brussels dialogue. However, public support of the Eurointegration course is not a sociological invariable, it is overwhelmingly dependent on the government's commitment to real pro-European reforms, on its political will and ability to convert the declared Eurointegration course into practical achievements that Ukrainians will feel in their everyday lives.

Thus, on the path towards the EU, Ukraine faced massive problems and dangerous challenges. Eurointegration is a complex process with its challenging periods, successes and achievements. Work on Kyiv-Brussels relations is characterised by development of consistent political dialogue, formation of a complex of contractual partnerships in different areas of cooperation, gradual consolidation of Ukraine's Eurointegration course.

The Association Agreement (2014) launched the new stage in EU-Ukraine partnership bringing it to a new qualitative level, establishing the irreversibility of Ukraine's Eurointegration course, ensuring joint actions in countering Russian aggression. The current Ukrainian government managed to retain previous achievements and positive trends in relations with the EU, continue modernisation of the partnership's legal framework, intensify sectoral cooperation, preserve political solidarity and economic support in countering Russia's aggression.

The content and prospects of EU-Ukraine relations depend on many internal and external factors. Among them – complex geopolitical

processes in Europe and the world, internal EU issues, as well as the factor of long-lasting Russian aggression, which is the most dangerous challenge and threat to the world as a whole. At the same time, of great importance is the complex of issues connected with Ukraine's domestic transformations in areas most sensitive for our European partners (judicial reform, fighting corruption, modernisation of governance system, etc.). Progress in these areas is an important condition to maintain upward progress in political relations between Kyiv and Brussels.

Ukraine's internal self-identification as a part of the European community is a topical process. In this context, support of European integration expressed consciously and steadily by the majority of Ukrainian citizens is an important argument in Kyiv-Brussels dialogue.

At the moment, the topics of European integration prospects and identifying the EU membership «roadmap» are gaining relevance. Unfortunately, so far, strategic prospects in Kyiv-Brussels partnership remain undefined. The current «transition period» must be used with maximum efficiency, on the one hand, to review and update cooperation tools, strengthen political relations, expand and deepen sectoral integration. And on the other –to gradually and irreversibly establish European principles, standards and rules in domestic political practices, implement urgent reforms in the most problem areas. Another important partnership component is solidarity and search for joint answers to modern challenges and security threats, including countering Russia's hybrid aggression in Europe.





3. ESTABLISHMENT AND DEVELOPMENT OF UKRAINE'S SECURITY SECTOR

24 August 1991 is the officially recognised starting point of the history of Ukraine's security and defence sector. On this day, the Verkhovna Rada, having declared Ukraine an independent democratic state, placed all military formations stationed on the territory of the republic under its control. Since day one, building of a national security system was based on historical and military traditions of previous generations, the national consciousness and patriotism of the Ukrainian people.

The period of formation of the Ukrainian army's traditions covers Kievan Rus, the Zaporozhian Army, the struggle for independence in the early and mid-20th century. These connections were symbolically confirmed by the choice of some holidays: 6 December (Armed Forces Day) coincides with the First Winter Campaign of the army of the Ukrainian People's Republic (UNR) in 1919; 14 October (Defender of Ukraine Day) is also the Ukrainian Cossacks Day and birthday of the Ukrainian Insurgent Army (UPA); and 24 January (Foreign Intelligence Day) is also the date of the creation of the first intelligence unit within the Political Department of the UNR Directory in 1919.

2014 became the turning point in the contemporary history of the Ukrainian state in general and the national security system development in particular. The first days of war made a sober estimation of the results of laying the groundwork, further building, reforming and developing of not only the Armed Forces of Ukraine (AFU), but also of the entire national security system. It is through the prism of the onset and further course of the Russia-Ukraine conflict that one can most objectively assess the fundamental decisions of the first days and years of independence, other important events of past decades, and the current state of Ukraine's national security.

First steps

The Verkhovna Rada of the Ukrainian Soviet Socialist Republic proclaimed the right to its own armed forces, internal troops and state security bodies in the Declaration of State Sovereignty of Ukraine of 16 July 1990. However, the first practical step in implementing the Decla-



ration in this area was taken more than a year later, with the adoption of the Resolution on Military Formations in Ukraine, according to which «all military forces stationed on the territory of the republic» were to be subordinated to the Verkhovna Rada. This decision was forced and risky, yet necessary and timely.

Ukraine's political leadership had good reasons to view the security forces stationed in the country as a threat of military interference in internal affairs, especially given the events in the Baltics and Georgia, as well as attempts to pressure the Ukrainian leadership by the top military command during the coup in Moscow. Therefore, said decision was a bold and risky one because of the complexity and duration of its implementation, as well as the real threat of resistance from Russia and the military command on the ground. It was timely thanks to good use of the period of anarchy and uncertainty in Russia – the time when the decision was made, and the first important steps were taken to make it irreversible.

The total size of military formations stationed on Ukraine's territory at that time was close to 1 million servicemen and several hundred thousand civilians (armed forces, internal troops, border forces, railway troops, civil defence forces). All of them, as well as the republican division of the KGB, KGB's government communications structures, customs and other security forces, were subordinated to Moscow. It is worth noting that the vast majority of officers and warrant officers serving in Ukraine were either Ukrainian natives or those who voluntarily swore allegiance to Ukraine. So, during the terms of agreements on interstate transfer of military personnel (1991-1994), more than 33,000 officers and warrant officers returned to Ukraine, while 12,000 left Ukraine for other states.

Together with the personnel, Ukraine inherited all the military infrastructure, equipment, armaments and ammunition of the second echelon of the Soviet western military echelon, as well as a significant share of the enterprises of the Soviet Union's military-industrial complex. While this Soviet legacy allowed Ukraine to save on defence spending for years, it caused a gradual degradation of the army's combat potential and inhibited the development of the domestic defence industry.

In addition to powerful military capabilities, Ukraine has also received a rather problematic Cold War «gifts» – arsenals packed with obsolete



ammunition and dangerous remnants of military activity that required urgent disposal. Along with these material problems, Ukraine's security sector has adopted the fossilised totalitarian state system with all its traditions and chronic diseases.

The problem of enforcing the decision on subordination was driven by the complexity of not only establishing effective control over military units and other armed units in a very short time, but also comprehensive ensuring of their activities and transformation. Russia's non-acceptance of the Ukrainian decision to subjugate all formations triggered almost immediate conflicts on the nuclear forces and especially on the Black Sea Fleet. The real price of compromises by the Ukrainian leadership on these issues became apparent in 2014. In the first case, it was the lost opportunity to get reliable international security guarantees in exchange for the renunciation of nuclear weapons. In the second case, there were strategic misjudgements that resulted in the creation of foothold for permanent Russian influence on Ukrainian domestic and foreign policy and one of the key prerequisites for the illegal annexation of Crimea.

Thus, Ukraine's decision to build its national security and defence system based on and made of the elements of the Soviet heritage was obviously the most optimal, if not the only solution in conditions prevailing at the time of declaration of independence.

All former Soviet republics, excluding the Baltic states, tried to undertake similar scenarios. With the exception of Belarus and Kazakhstan, almost all of them failed to fully implement them due to active resistance from Russia, which tried to partially redeploy personnel, equipment and weapons to its own territory, to leave the remaining assets under its jurisdiction in the former republics or cause maximum material damage in case of impossibility to implement the first two options. Estonia, Latvia and Lithuania, facing similar problem of choice between the risk of confrontation with the Kremlin and keeping the presence of foreign troops on their territories, through difficult negotiations, eventually forced Russia to remove its contingents in a relatively short time.

This step allowed Ukraine to address the most urgent issues of neutralising the potential threat of military interference in the young state's internal affairs and secure sufficient material and human resources to build

the structures of the national security and defence system. At the same time, this decision contained serious risks both in terms of ensuring its full implementation and facing the negative effects of «nationalization» of tangible and intangible components of the Soviet heritage.

From nationalised to national

The first important decisions on creating the national security and defence sector were followed by a difficult process of their implementation. In a relatively short time, key security sector bodies that did not exist in Soviet Ukraine (Defence Council of Ukraine, Ministry of Defence (MoD), General Staff (GS)) were established and the legal framework in the field of security and defence in the form of relevant laws, concepts, doctrines, strategies, and the like was adopted.

The national security policy was significantly affected by external and internal factors, making it «nonlinear». Therefore, the planned measures were accompanied by forced and rather chaotic steps presented as a planned process. The «development» during the first 10 years was essentially a large-scale reduction of military formations, while keeping the remaining ones on the brink of survival.

The most striking demonstration of radical measures taken to «develop» the defence sector is the level of reduction of military personnel and armaments. During 1992-2000, the strength of the Armed Forces of Ukraine was reduced by 545 thousand, including 410 thousand servicemen, followed by another reduction by 200 thousand (160 thousand servicemen) over the next 10 years. It is worth noting that despite the unprecedented scale and pace, this reduction had no major consequences for the country's political stability.





THE STRENGTH OF THE AFU AND THE NUMBER OF MAJOR WEAPONS (at the beginning of the year)					
	1992	2000	2005	2010	2013
Servicemen	720,000	310,000	180,000	150,000	120,900
Civilian personnel	180,000	90,000	65,000	50,000	44,600
Tanks	6,500	4,000	771	776	723
AFVs	7,000	5,000	1,884	2,332	2,164
Large-calibre artillery (100 mm and above)	7,200	4,000	1,364	946	633
Warplanes	1,500	680	204	208	160

Sources: Strategic Defence Bulletin of Ukraine until 2015 (White Book), 2004, p.22; White Book 2005. Defence Policy of Ukraine, 2006, p.13; White Book 2010, The Armed Forces of Ukraine, Ministry of Defence of Ukraine, 2011; White Book 2013, The Armed Forces of Ukraine, Ministry of Defence of Ukraine, 2014.

Ratification of the Treaty on Conventional Armed Forces in Europe by the Verkhovna Rada in 1992 defined Ukraine's ceilings for heavy weapons and military equipment. In line with these commitments, 5,300 tanks, 2,400 armoured fighting vehicles (AFVs) and 477 aircraft were removed. In contrast to reduction of staff, arms cuts were less costly and even implied some temporary benefits. Enormous stockpiles of surplus weapons drove the development of arms trading companies and elevated Ukraine to leading positions among global arms exporters, as well as filled the state budget with foreign currency.

For the AFU and the defence industry, however, they proved to be a problem rather than a valuable resource. The lack of internal demand for new weapons has put the domestic defence industry on the brink of survival, including R&D institutions. The consequences of the «resource curse» became apparent already in the late 1990s. Further exploitation of Soviet stocks of military equipment and weapons without their renewal and modernisation led to a situation where only 35 of the 543 military helicopters remained operational, the technical operability of combat aircraft decreased to 40%, and 60-80% of communications systems completely exhausted their resources.



Different efforts to reform the AFU were made since the mid-1990s. In 1995, the concept of reforming the Armed Forces and the central staff of the Ministry of Defence was developed, attempting to lay the foundation for separating powers of MoD and GS for the first time. However, these then-revolutionary proposals were rejected by the military and political leadership and the AFU command and control system continued to function based on Soviet standards with some imitation of the NATO standards implementation.

In January 1997, the first State Programme for Building and Development of the Armed Forces of Ukraine until 2005 was approved. However, significant budget constraints called into question its implementation, remaining an insurmountable reason for the failure of all subsequent programmes up until 2014. The first ever cycle of Ukraine's strategic defence planning was also conducted in 1997, resulting in the adoption of the Strategic Decision on the Use of the Armed Forces of Ukraine.

So, during the first 10 years of independence, Ukraine fulfilled its international obligations to become a non-nuclear weapons state and lost its position as the world's third largest military power, which, given the then low probability of armed aggression, wasn't of much concern for the state leadership.

In 2005, following the Orange Revolution, the government revised the plans for AFU development and acceleration of reforms aimed at rapid accession to NATO. But, after the 2008 Bucharest summit and a negative response to Ukraine's formal request for a NATO Membership Action Plan (MAP), the country had to adjust its reform plans, stop the large-scale AFU reduction and refocus on self-defence. However, from late 2008 and until the end of 2013, the priority shifted from defence capabilities to cost-effectiveness of maintaining the Armed Forces. Apparently, the decisions of Ukraine's senior military and political leaders were made under the influence of recommendations from Moscow.

Viktor Yanukovych's presidency (2010-2013) and the appointment of Russian citizens or people who were focused on close cooperation with Russia to top positions in the security forces marked the period



of planned, Russia-controlled decline of the Armed Forces as the basis of Ukraine's military security and defence.

The main events of 2010-2011 included the announcement of Ukraine's non-aligned status by the Law on the Principles of Domestic and Foreign Policy, as well as the conclusion of the so-called Kharkiv Agreements, which caused Ukraine serious military-political, economic and image losses. In particular, the presence of Russia's Black Sea Fleet on the territory of Ukraine eventually played a key role as a springboard for the lightning-fast occupation of the Crimean Peninsula in 2014.

Under these conditions, it was necessary to significantly strengthen Ukraine's defence potential, but the country's military and political leadership continued to reduce the AFU and sell surplus weapons, property and military towns (or *de facto* covert liquidation of military units) instead. As of 2013, the size of the AFU was reduced to 165.5 thousand, including 120.9 thousand servicemen. Measures to re-subordinate and redeploy military units and military management structures during this period have conclusively undermined the already limited ability to organise defence in the Russian direction.

Most armaments and military equipment in the AFU units required repair, modernisation or replacement, creating additional restrictions on the level of military training and, consequently, the combat readiness of the army in general. The logistics system was disorganised and unable to meet the battlefield demand of the Armed Forces. As estimated, the AFU combat capability in the early days of Russian aggression was limited to only eight battalions, three air squadrons and eight ships, with a total number of about 5,000 servicemen.

Report of the newly appointed Minister of Defence Ihor Teniukh at the National Security and Defence Council emergency meeting on 28 February 2014 on the balance of power between the aggressor and Ukraine shocked the participants:

«Today we can assemble a task force of only about 5,000 servicemen across the nation capable of performing combat missions. We can throw them in Crimea, but this will not solve the Crimean problem. We will just waste them. And what do we do with thousands of kilometres of border and Russia's preparation for invasion? If they enter the Chernihiv oblast in

the morning, they will reach Kyiv by the evening! We are not ready for a full-scale war. We need time, we need help... I will speak frankly – today we have no army».

According to the Minister, the Russian commanders issued an ultimatum to the Ukrainian troops in Crimea: «we [Russians] will go to the end»; «All [Russian] troops are brought to full combat readiness»; «no blood will be spilled if you do not resist».

Lessons of war

It was Ukrainian society that provided critical help, buying necessary time to partially restore the army's combat capability. Volunteer battalions shouldered a significant part of the burden of repelling armed aggression. Thanks to volunteers and several waves of mobilisation, defence capabilities have been restored enough to contain the aggression and localise the conflict within certain areas of the Donetsk and Luhansk oblasts (ORDLO). Activities of numerous volunteer organisations and broad support of ordinary citizens helped minimise the problems of a dysfunctional logistics system, especially in the first months of the war.

A total of 32 territorial defence battalions were established, with most of them becoming a part of the Armed Forces or the National Guard by the end of 2014. Volunteers and civic activists were also involved in driving the reform of the Armed Forces, the Ministry of Internal Affairs, and the Security Service of Ukraine. Subsequently, some of them joined civil service and changed the scope or methods of influencing the processes of security sector reform, thus confirming the permanent public interest in national security issues. It should be added that the willingness of civil





society to actively engage in the processes of civil democratic control did not always meet the mutual interest of the security forces leadership.

Being *de facto* at war, Ukraine has found the strength and resources not only to restore the combat capability of its Armed Forces, but also to carry out large-scale defence reforms. If in 2014, due to a special fund, introduction of war tax and voluntary contributions Ukraine's defence expenditures increased to 1.7% GDP, then in 2015-2021, the budget actually reached 2.5-2.7% GDP. (The funding target of 5% GDP on national security, including 3% of GDP on defence was set.) Up to 20% of were used on modernisation and procurement of weapons and military equipment. The increasing state defence order contributes to faster equipping of the AFU with weapons and modernising their vehicle park. Thus, in 2020 the AFU received more than 10.5 thousand new and modernised pieces of weapons and military equipment, as well as more than 1.500 guided weapons and more than 3 million rounds of different ammunition.

The strength of the Ukrainian Army reached 232 thousand in 2014, further increasing to 250 thousand (including 204 thousand servicemen) in 2015, which was necessary for the formation of additional 11 brigades, 4 regiments, 18 battalions, 16 separate companies and 13 platoons of various purposes. During 2014-2019, the Ground Forces of the AFU received: four new motorised infantry brigades, two mechanised brigades, one mountain assault brigade, two artillery brigades, four army aviation brigades and several regiments properly manned, equipped and combat ready. In 2018, 25 territorial defence brigades were created – one in each oblast plus one in the capital city of Kyiv. The command staff of territorial defence units consists of officers with combat experience. Currently, the AFU reserve includes 234 thousand people with military training, being the main mobilisation resource for rapid reinforcement of troops.

The National Security Strategy was adopted on 26 May 2015. It became the basis for the Strategic Defence Bulletin, the State Programme for the Armed Forces of Ukraine Development and the State Targeted Programme for the Development of Arms and Military Equipment, the Strategy for the Development of the Ministry of Internal Affairs until 2020.

The main achievements of the security and defence reform in 2014-2021 include:

- ✓ entry into force of the Law on National Security of Ukraine that defines the fundamentals and principles of state security policy, the structure of the security and defence sector, activities and interactions of its components. It also provides a framework for updating all relevant regulations;
- ✓ adoption of the Law on Intelligence that delimits powers and responsibilities of intelligence agencies by focusing their efforts on priority areas of national security, prevents duplication of their tasks and functions and also provides a comprehensive approach to performing priority intelligence tasks by appropriate agencies in relevant areas;
- ✓ delimitation of powers of the Minister of Defence, Commander-in-Chief of the Armed Forces of Ukraine and Chief of General Staff;
- ✓ creation of commands of Joint Forces, Support Forces, Logistics Forces, Medical Forces, Communications and Cyber Security Forces;
- ✓ introduction of J-structure in the AFU command and control system according to NATO standards;
- ✓ creation of the Special Operations Forces consisting of two special purpose regiments, support units, centres of information and psychological operations and a training centre;
- ✓ in addition to traditional branches of Ground Forces (mechanised and armoured forces, missile and artillery forces, GF air defence forces, army aviation), creation of the following forces as part of the GF:
 - *Special forces* designated to support GF combat activities (reconnaissance, engineer, topographic, military communications, radiochemical and bacteriological protection and electronic warfare units);
 - *Logistics Command* designated to arrange the logistics of daily activities, training, mobilisation and operational deployment, restoration of GF combat capability;



- Territorial Defence Command with subordinated units of territorial defence designated to perform various tasks of protecting and defending the state border, ensuring conditions for proper functioning of public authorities, military administration, strategic (operational) deployment of troops (forces), protecting and defending critical facilities and communications, countering subversive, sabotage and other activities of the Russia-backed illegal armed formations, and maintaining the legal regime of martial law. These include territorial defence brigades and separate infantry battalions.

The long-awaited Law «On the Fundamentals of National Resistance» entered into force on 1 August, 2021 providing for the creation of interconnected components of territorial defence (military, military-civilian and civilian), resistance movement (guerrilla forces, underground, auxiliary forces) and military training of citizens;

- ✓ transformation of High Mobility (Airborne) Forces into Air Assault Forces including:
 - Air assault component – assault and airmobile units tasked to conduct assault operations;
 - Airborne component – airlanding and air assault units tasked to conduct combat operations of different types and nature performed by airborne troops;
- ✓ creation of Marine Command within the Navy as a powerful military force capable of performing a wide range of tasks for defending the Black and the Sea of Azov seacoasts. The Surface Fleet received seven small artillery armoured boats and a medium-sized reconnaissance ship; two «Centaur» assault boats currently undergo government acceptance testing. Also, the UK will help Ukraine to build two new naval bases in Ochakiv and Berdyansk;
- ✓ establishment and capacity building of the National Guard, the State Border Guard Service, the National Police, the State Emergency Service of Ukraine, and the State Migration Service of Ukraine within the Ministry of Internal affairs;

- ✓ adoption of the Law on Defence Procurement on 17 July 2020, allowing state customers to procure goods, defence – specific products and services (including import procurement) from Ukrainian and foreign producers and suppliers under transparent and competitive procedures;
- ✓ approval of the Strategy for the Defence-Industrial Complex by the National Security and Defence Council on 18 June 2021, with subsequent adoption of the Law on Peculiarities of Reforming State-Owned Enterprises of the Defence-Industrial Complex on 13 July 2021.

During the 30 years of independence, Ukraine's security and defence sector has undergone radical transformations. Most tasks of restructuring the inherited cumbersome Soviet «security monster» into the national security and defence sector have been accomplished, but the process of creating a modern, efficient and economically accessible national security system is still underway.

Further progress in developing national security and defence as an integral part of the state and society will depend on many internal and external factors of political and economic nature, but the Ukrainian state already possesses a powerful tool to ensure its sovereignty, independence and territorial integrity.





30-YEAR HISTORY OF THE RUSSIA-UKRAINE CONFLICT

Modern history of the Russia-Ukraine conflict that had entered a hot phase in 2014 began almost immediately after Ukraine's declaration of independence. The issue of division of the Soviet Black Sea Fleet and temporary deployment of the Russian navy on the territory of Ukraine was the source of permanent conflict, and the parties were repeatedly on the verge of armed clashes, as evidenced by some high-profile cases.

Below are important political decisions and significant events in bilateral relations, as well as selected episodes illustrating Russia's unfriendly policy towards Ukraine, starting from the first days of Ukraine's independence.

- ✓ 26 August 1991. The Press Secretary of then-President of the Russian Soviet Federative Socialist Republic (RSFSR) Boris Yeltsin, announced Russia's official position on relations with «union republics»: «RSFSR reserves the right to raise the issue of border revision».
- ✓ 28 August 1991. The RSFSR official delegation headed by Vice-president Aleksander Rutskoy arrived in Kyiv to force Ukraine's leadership to renounce the declared independence, threatening to revise the borders in case of separation of Ukraine from Russia.
- ✓ 13 February 1992. Russians carried out an operation to hijack six Su-24 warplanes, whose crews made an unauthorised flight from Ukraine (Starokstyantyniv airfield) to the Russian territory. Russia greeted the defectors as heroes. Ukraine's requests to return the stolen planes were ignored.
- ✓ 21 May 1992. The Russian parliament adopted the Resolution «On the Legal Assessment of Decisions of the Supreme Bodies of State Power of the RSFSR concerning the Change of the Status of Crimea, adopted in 1954» (No. 2809-1), according to which the Resolution of the Presidium of the Supreme Council of the RSFSR of 5 February 1954 «On the Transfer of the Crimean Region from the RSFSR to the Ukrainian SSR» was recognised as having no legal force from the moment of its adoption.
- ✓ 9 July 1993. Russian parliament adopted the Resolution «On the Status of the City of Sevastopol», declaring the city's Russian federal status.
- ✓ 21 July 1992. The patrol gunboat SKR-112 raised the Ukrainian flag and made the passage from the Donuzlav base (Crimea) to Odessa. For eight hours, she was pursued by ships with Russian crews that opened warning fire and tried to board the ship. After Ukraine sent air support and coastguard ships, Russian sailors abandoned their attempts to stop or seize the ship.
- ✓ 9 April 1994. The *Cheleken* hydrographic vessel of the Black Sea Fleet smuggled radio navigation hydrographic equipment from Odessa. The ship's crew refused to

comply with the Ukrainian border guard requests to present cargo for inspection and provided no documents for its removal. When Ukraine tried to prevent the ship from leaving, the Russian command detained a Ukrainian officer who had arrived for talks. He was released only under the threat of interference by Ukrainian marines. While ignoring the official ban, *Cheleken* went to sea in violation of the rules of navigation, creating an emergency situation in the port of Odessa. She arrived in Sevastopol and was taken under the protection of the Russian marine unit.

- ✓ 29 September 2003. Russia started construction of a fill dam from the Taman Peninsula to the Ukrainian island of Tuzla. In parallel with the construction, Russia intensified military activity in the region, with the Russian Navy ships entering the territorial waters of Ukraine, and marines and paratroopers training on the Taman Peninsula. Moscow argued that Tuzla was originally owned by Russia. Construction lasted until 23 October and stopped just 100 meters away from the Ukrainian border after intense negotiations and Ukraine's demonstration of readiness to use the military. The issue of the state border and the Kerch Strait demarcation is still unresolved.
- ✓ 28 November 2004. A Russian delegation led by Moscow Mayor Yuri Luzhkov took part in a separatist congress in Severodonetsk, where they discussed the creation of a south-eastern federal state with the capital in Kharkiv – it was the first time when Russia played the card of «Eastern Ukrainian» separatism.
- ✓ Since 2004, Russian special services have been building an extensive network of anti-Ukrainian organisations in the south-eastern regions of Ukraine and Crimea, controlled or headed by Russian agents, including structures of the Party of Regions, the Communist Party of Ukraine, the Progressive Socialist Party of Ukraine, *Rodina*, *Russkoye Edinstvo*, various Russian-oriented Orthodox Church groups, separatist political groups («Donetsk Republic»), criminalised paramilitary formations (Cossacks, fight clubs, *Oplot*, private security guard companies).
- ✓ **January 2006. The first «gas war»**, during which Russia field-tested various instruments of pressure on Ukraine in the energy sector.
- ✓ In 2006, Russia's FSB (Federal Security Service) established special units for action on social media (*18th Centre*). Russian special services have intensified the creation of intelligence networks in Ukraine and numerous structures of Russian influence on the entire political spectrum – from right-wing radical to clerical and to communist.
- ✓ During the NATO summit in Bucharest in April 2008, V. Putin told the US President George W. Bush that «Ukraine is not even a country. Part of its territory is in Eastern Europe, and the greater part was given by us... if Ukraine goes to NATO, it will go without Crimea and the East – it will simply fall apart».



- ✓ In 2008, Russia initiated comprehensive measures to prepare for armed aggression against Ukraine. Russian military intelligence carried out reconnaissance of the future theatre of operations in Crimea and eastern Ukraine. Measures also included propaganda preparations for aggression with mass campaigns in the press, on television, and online featuring various publications about the future Russia-Ukraine war.
- ✓ **January 2009. The second «gas war».**
- ✓ In 2010, after Viktor Yanukovich's victory in the presidential election, Russian agents have rapidly penetrated into key posts in Ukraine's national security system, including the positions of the Minister of Defence and the head of the SBU (Security Service of Ukraine). They «helped» to dismantle the Joint Operational Command and the Support Forces Command, while most modern anti-aircraft missile systems and reconnaissance means were redeployed to Crimea. Guided by the GRU (Russian Military Intelligence) and FSB, the «historical re-enactment movement» became particularly active in the East and South of Ukraine, helping Russian intelligence to examine and prepare for action on the territory of Ukraine.
- ✓ By 2013, Russian capital had established full or partial control over the communications and telecommunications industries, the fuel and energy sector, and part of the banking sector.
- ✓ 17 August 2013. A boat of the Russian Border Service attacked a Ukrainian fishing vessel. As a result of the incident, four civilians were killed, and one fisherman was taken prisoner.
- ✓ 17 December 2013. Vladimir Putin and Viktor Yanukovich agreed on the implementation of the second, economic stage of the Kharkiv Agreements, which provided for the integration of the energy, financial, defence-industrial and aerospace sectors of Ukraine and Russia and marked the beginning of preparations for Ukraine's accession to the Russia-led Customs Union.
- ✓ November 2013 - February 2014. Actual preparation for the illegal annexation of Crimea and aggression in eastern Ukraine, including creation of «self-defence» squadrons, deployment of an operational task force under the pretext of ensuring safety of the Winter Olympics in Russia, intensification of intelligence and Russian agents in Ukraine.
- ✓ 20 February 2014. Beginning of the active phase of the operation, including separatist rallies in Sevastopol and Simferopol, organised by the FSB, GRU and SVR (Russian Foreign Intelligence Service); redeployment of combat units and organised relocation of «outraged Crimean» (athletes, security guards, ex-servicemen) from the territory of the Russian Federation.

- ✓ 27 February 2014. Russian Special Forces seized the administrative buildings of the parliament and government of the Autonomous Republic of Crimea; Russian Army units established control over critical infrastructure, airports, passes and bridges, while blocking and seizing Ukrainian military units and facilities on the peninsula.
- ✓ 28 February 2014. A «sudden combat readiness checks» of the Russian Armed Forces, involving up to 150,000 personnel, up to 90 aircraft, 120 helicopters and 880 tanks; the deployment of a strike force in the immediate vicinity of Ukraine's borders for invading Ukraine from the east and south.

In Stanislav Kondrashov's documentary «Crimea. The Way Home» (March 2015), Vladimir Putin admitted that he personally led the military operation and was ready to use nuclear weapons in the event of the West's intervention.

Development of Ukraine's military-industrial potential

Traumatic legacy

During the collapse of the Soviet Union, Ukraine inherited the second largest (after Russia) fragment of the Soviet military-industrial complex, designed not only to meet the needs of the Soviet armed forces, but also largely to satisfy Russia's *de facto* imperial ambitions around the world. At the time of Ukraine's independence, the country hosted almost 700 defence companies, more than 3,500 military and dual-use contractors, 205 manufacturing and 139 research and production facilities.

At that time, Ukraine led several areas of the defence industry represented in the international arms markets by own brands, including missile weapons, armoured vehicles, military transport aircraft and shipbuilding. The share of Russian components in the final products of domestic manufacturers of weapons and military equipment was 40-95%. In turn, about 400 Russian defence companies depended on Ukrainian components, up to 3,000-4,000 items. Russia's dependence on Ukraine in the rocket and space, aviation and shipbuilding industries proved to be the most critical.

Due to severe resource constraints, Ukraine had to restructure its defence industry, which was reduced to «wild conversion», given the still



weak institutional capacity of the state at the time, and the significant influence of internal and external political and economic factors. As a result, by 1995, the volume of military production reduced to 10% compared to 1991. By the end of 1997, only 250 enterprises and organisations remained operational in Ukraine's defence industry, with less than 25 involved in the execution of the Ukrainian state defence order (SDO). Others were forced to look for customers abroad, mainly in Russia.

Ukraine's cooperation with Russia in the defence industry was fully in line with Russia's concept of creating «an integrated economic and political union of states in the post-Soviet space, capable of claiming a worthy place in the world community». Throughout the entire post-Soviet period, Russia viewed the leading European countries as a source of new technologies, South and Southeast Asia, the Middle East and Latin America as markets for weapons, and the Ukrainian defence industry as a source of production capacity until Russia built its own production cycles.

«Vaccination» by Russia

After Russia's several attempts to replace the weapons production chains lost with the collapse of the Soviet Union (with Ukraine losing about \$100-150 million annually), the Kremlin banked on full control over the Ukrainian defence industry. Ukraine's choice of NATO and EU membership was another motivator for Russia, although the latter was far ahead of Ukraine by the number of contacts and the volume of mutual trade with these organisations. And political and technical barriers in the West's military-technical cooperation with Ukraine, also created with Russia's «help», such as spreading Ukraine's image as a rather unreliable partner capable of working only as a contractor of the Russian military-industrial complex, still negatively affect the EU and individual member states' attitudes to Ukraine, in particular in arms sales.

This Russian policy towards Ukraine was mostly «soft» until the end of the 2000s. However, since 2010, Russia has chosen an openly aggressive course aimed at absorbing Ukraine's most promising industrial assets and creating closed arms production cycles on their basis.



Extract

**The programme for the effective and
systemic use of foreign policy factors for
the long-term development of the Russian Federation***

10 February 2010

«— In order to ensure security on the southern borders of the Russian Federation, to create necessary conditions for the normal functioning of the Russian Black Sea Fleet on the territory of Ukraine and its further presence in Crimea as an important factor of Russian and regional security.

...

— Actively involve Ukraine in the orbit of economic cooperation with Russia, taking into account its powerful industrial and scientific potential, the presence of a modern military-industrial complex and traditionally close cooperation ties between Russian and Ukrainian enterprises, making sure that Russian enterprises do not become technologically dependent on Ukrainian counterparts in strategic sectors, especially in such advanced industries as aircraft construction, transport, rocket and space, energy and other spheres.

— Achieve the integration of the Russian JSC «United Aircraft Corporation» and aircraft manufacturing companies of Ukraine for the production of An-148, An-140, Tu-334, An-124-100 aircraft, design and production of aircraft engines Ai-222-25, Ai-222-25F, D-436, AI-450 for Yak-130, Tu-334, Be-200 aircraft and helicopters.

...

— Scale up the Russian investment presence in Ukraine ... To seek the acquisition of controlling stakes in large Ukrainian enterprises by Russian investors».

* The text of the Programme was removed a week after it first appeared on the website of Russian Ministry of Foreign Affairs, but its electronic copies can still be found online: <https://blogs.pravda.com.ua/authors/kuzyo/4bec22fe3e992/>. The analysis of all subsequent Kremlin foreign policy strategies shows that the above theses became their basis.

With the creation of the State Corporation *Ukroboronprom* in 2010, which integrated all state defence enterprises and arms exporters of Ukraine, Russia received a powerful tool to influence Ukraine's military and technical policy. The corporation was headed by the Russian national Dmytro Salamatin, who was then appointed as a Minister of Defence of Ukraine (!) in 2012. Eventually, all financial flows in the defence industry of Ukraine (both weapons exports and SDO) were concentrated under



the presidential vertical, while the country's military and technical policy came under *de-facto* Russian control.

A joint visit of Russian and Ukrainian government delegations to the defence companies in the South and East of Ukraine in late 2013 was to become a significant endpoint of Russia's attempts to absorb the Ukrainian defence industry. The Kremlin intended to conclude relevant agreements and set up joint shipbuilding, aviation, space exploration, instrument-making and engineering corporations in Russia with the participation of Ukrainian companies.

According to the Kremlin's plan, this should have completed the creation of closed cycles of weapons production in Russia, also creating a strong barrier to Ukraine's EU and NATO integration or becoming a prologue for the infamous «Novorossiya» project in case of failure. Such a move could hypothetically become a «lifeline» for *quite a few* of the most developed Ukrainian defence enterprises, while leading other Ukrainian companies to decline and creating a «military-technical anchor» for Ukraine as a whole, leaving it in the Russian orbit forever.

The answer to this possible scenario was given by patriotic Ukrainians during the Revolution of Dignity, by volunteer battalions during the repulse of Russian aggression in its early stages, and by the defence industry itself during its round-the-clock work to support the anti-terrorist operation. In 2014-2017, the military received 18.6 thousand pieces of armament, including more than 6,000 new ones. Moreover, maintenance crews from defence companies repaired more than 2,000 damaged weapons in the field.

Russia's armed aggression with occupation of Crimea and certain areas of the Donbas delivered a heavy blow to Ukraine's defence industry, as some 40 companies remained in the occupied territories.



In addition to discontinued production cooperation, the invaders got a grip on some of the Ukrainian industrial developments. But despite the Russian officials' bravura, Russia could not bring Ukraine to its knees and receive the expected gains. Quite the contrary, severance of cooperation with the Ukrainian defence industry forced Russia to spend billions on import phase-out, while Western sanctions inflicted serious losses to its leading industry segments in world arms markets.

Towards the renewed defence industry

Apart from obvious significant losses, the war with Russia also became a powerful driver for the development of Ukraine's defence industry. The issues of import phase-out, establishment of new cooperation links and industry restructuring came to the fore. Unlike Russia under harsh sanctions restrictions, Ukraine is doing all this with active support from its Western partners.

Early in the war, Ukraine produced only 55% of weapons components, with the remaining imported from Western countries (10%) and from Russia (35%). According to *Ukroboronprom*, of the 30,000 nomenclature items subject to import phase-out in 2015, some 11,000 were already manufactured by Ukraine on its own. In 2016, close to 400 enterprises of all forms of ownership throughout Ukraine were involved in the import phase-out programme, producing more than 1,700 parts, components and assemblies.

By 2020, about 70% of weapons components were manufactured in Ukraine, with 30% purchased in the West. Today, Ukraine can meet the needs of its army by 40%, while previously this figure did not exceed 8-12%.

The non-state sector has made a significant contribution to the revival of Ukraine's defence industry, as more than 70 private enterprises – members of the League of Defence Companies of Ukraine have unique capacities to develop, manufacture and deliver a wide range of weapons, military and special equipment and military services.

Over the past five years, the share of the private sector in SDO has grown significantly from 33% in 2015 to 47.7% in 2016 and to 54% in 2020. The main competitive advantages of private enterprises include



a more rapid focus on the situation and trends in world arms markets, flexibility in responding to the needs of security sector agencies, quality and timeliness of orders.

NEW DEVELOPMENTS OF THE UKRAINIAN DEFENCE INDUSTRY

In recent years, the product line of the Ukrainian defence industry has expanded to include new models of weapons and equipment, with some already supplied to the military and security services. This includes armoured vehicles «Kozak-2M1» (*SPA Practice*), «BARS-6, -8» (*Bohdan Motors*), «Cougar» and «Spartan» (*AvtoKrAZ*), «Varta» and «Novator» (*Ukrainian Armoured Vehicles*), «Triton» (*Kuznya na Rybalskomu*).

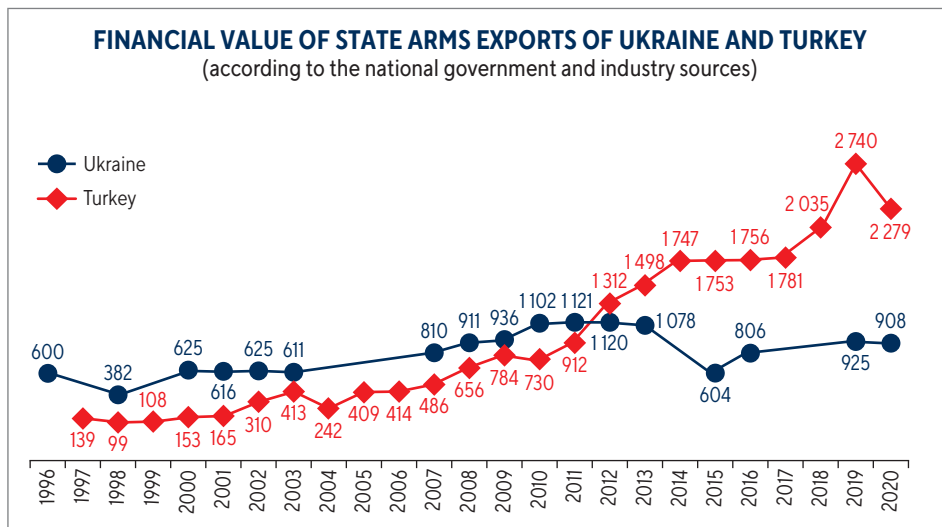
Ukraine has significant developments in unmanned aerial vehicles (UAVs) sector: «Stork-100» (*DeViRo*), «Spectator-M» PD-1 and PD-2 (*UkrSpecSystems*), «Fury» (*Athlon Avia*), «Valkyrie» (*Aviation Systems of Ukraine*), «Raybird-3» ACS-3 (*Skyeton*), as well as anti-drone systems «Enclave» and «Cloud» (*Kvertus*).

Scientific and production association *Practice* has developed a multifunctional platform «Otaman»; the state enterprise *Spetstechnoexport* created the first Ukrainian combat robot «Phantom»; *Infocom-LTD* introduced the unmanned robotic platform «Laska».

New helicopter modernisation projects for Mi-2MSB-V and Mi-8MSB-V are currently underway (*Motor Sich*). *Ukroboronprom* enterprises also develop new and modernise existing versions of armoured vehicles and radar equipment.

These positive processes in Ukraine's defence industry are yet to have a significant impact on the country's arms exports, including due to current prioritisation of the needs of the Armed Forces and other security and defence agencies (Chart *Financial value of state arms exports...*, p.327). Figure also includes data on Turkish arms exports to illustrate that the country, even with inferior entry conditions, but with the political will and the ability to effectively use domestic resources and external situations, can still build a defence industry able to consistently improve its position across world arms markets.

Arms exports are of great importance both for individual defence companies and for the state as a whole. For enterprises, it is an important source of funds for development and even for survival, as in early 2019, only 18% of *Ukroboronprom* products were procured within the SDO, while the depreciation of the consortium's enterprises reached 96%. On the other hand, if the state plans a serious modernisation of its weapons system and expects to receive some economic benefits, it should be



Source: data for 1996–2018 – SIPRI Yearbooks 2000–2020, sections «International arms transfers», tables «The financial value of the arms trade, according to national government and industry sources»; data for 2019–2020 on Ukraine – Ukroboronprom data (<https://republic.com.ua/article/eksport-zbroi-shho-vin-znachit-dlya-ukraini.html>), on Turkey – the Exporters Council of Turkey data (<https://www.aa.com.tr/ru>).

* The Chart does not show certain years due to the lack/unreliability of the corresponding data.

interested in strengthening the industrial base and building the export potential of the defence industry.

Over the past two years, the volume of exports of Ukraine's defence industry has reached the level of 2008–2009. However, apart from the volume, the export structure is also important. If until 2014, Ukrainian arms exports were dominated by weapons from stocks, then the war has significantly, albeit not completely, drained these reserves, as they were used to meet the needs of the AFU. Today, Ukraine increasingly offers high-tech products for exports (including aviation, anti-tank missiles etc.), with private enterprises also strengthening their export positions. Finally, Russia, which was one of the largest importers of Ukrainian defence products until 2014, has completely disappeared from the geographical structure of exports.

Growing demand in the domestic arms market and increasing exports of Ukrainian defence industry are only possible in the event of a significant



increase in SDO, which can be achieved through substantial GDP growth and successful reforms seeking to improve the defence companies' efficiency and investment attractiveness for foreign partners. To this end, the partnership with the EU and its individual members looks very attractive for Ukraine, both at the level of MoD, research and production associations and individual companies. This primarily concerns the opportunity to participate in Permanent Structured Cooperation (PESCO) projects aimed at improving existing and creating new EU capabilities in pursuance of its strategic autonomy.

At present, the main areas of defence industry reform include restructuring, corporatisation and privatisation of state-owned companies. The Law on the peculiarities of reforming the state-owned enterprises of the defence-industrial complex, adopted on 13 July 2021, creates a legal framework and paves the way for the long-overdue reforms in the defence industry. Successful reforms should be further facilitated by the newly created Ministry of Strategic Industries (2020) – the central executive body tasked to regulate activities of relevant actors, also preventing excessive centralisation of management and monopolisation of the arms market and military services and ensuring necessary transparency.

During the 30 years of independence, Ukraine's defence industry travelled a long road, facing both highs and lows along the way. It has been under a strong Russian influence for quite some time. The sector's very difficult but truly independent development began in 2014, after Russia's aggression and Ukraine's escape from its «brotherly embrace».

Early in the war, while facing significant losses of weapons in the field and severance of existing cooperation links, the Ukrainian defence industry had to work very hard to meet the AFU needs in weapons and equipment and to find resources for its own survival and development. Today it is safe to say that Ukraine has largely coped with these challenges.

During the independence, political, economic and organisational conditions for the development of Ukraine's defence industry have undergone significant changes. Growing needs of the national security and defence in the face of a much more powerful adversary, understanding the Russia's real role by the vast majority of Ukrainian society, significant assistance of the West in curbing Russian aggression contributed to



a much more favourable attitude of society and the state to the national defence industry and laid the foundation for the next stage of its development.

Now Ukraine faces an equally important and difficult task of reforming its defence industry sector, transforming it into a reliable basis for modernisation of the military and security forces' technical park and strengthening its position in foreign markets of weapons and military equipment.

External Vector of Security Policy

Since the first days of its independence and almost until 2014, Ukraine tried to follow the so-called «multi-vector» approach in security policy, which consisted in constant balancing between Russia and the West. The «pendulum swings» from East to West and vice-versa depended mainly on the geopolitical orientation of the ruling elites, which could suddenly change their priorities under the influence of internal or external circumstances. In the 30th year of independence, there are good reasons to say that Ukraine's current geopolitical choice – the European and Euro-Atlantic integration – is irreversible, as it is enshrined in the Constitution of Ukraine and has the convincing support of Ukrainian society and political elites.

One of the main goals of Ukraine's course of European and Euro-Atlantic integration is strengthening the country's national security through the development of international partnership, obtaining external security guarantees under the North Atlantic Treaty and in the spirit of democratic solidarity with partner countries. Meanwhile, Russia's non-acceptance of Ukraine's sovereign right to make geopolitical choices of partners and alliances has become one of the key causes of the crisis in Russia-Ukraine bilateral relations, which eventually led to an interstate armed conflict.

For the first 10 years of independence, Ukraine managed to maintain successful and almost conflict-free cooperation with two political and military alliances – NATO and the CSTO (Russia-led Collective Security Treaty Organisation). The «intention of becoming a permanently neutral state that does not participate in military blocs», articulated in the



Declaration of State Sovereignty, served as a convincing argument and a clear marker for limiting relations with Russia, while Ukraine's membership in NATO was never raised until 23 May 2002, when the National Security and Defence Council (NSDC) decided to elaborate the NATO integration strategy.

It is noteworthy that the NSDC decision was explained, among other things, by the thaw in NATO-Russia relations, and the Law on Fundamentals of National Security of Ukraine (2003) clearly declared the intention «...to become a member of the European Union and the North Atlantic Treaty Organisation, while preserving good neighbourly relations and strategic partnership with the Russian Federation, other countries of the Commonwealth of Independent States...».

Ukraine's further resolute steps towards Euro-Atlantic integration, as well as some positive, albeit restrained, signals from partners, opened up realistic prospects for NATO membership. Despite some personal problems with President Leonid Kuchma related to the assassination of journalist Heorhiy Gongadze and the *Kolchuga* scandal, the Alliance supported Ukraine's proposal to introduce a new relations format called the NATO-Ukraine Action Plan, which became the basis for implementing the Targeted Action Plan (later the Annual National Programme) – an internal analogue of NATO's Membership Action Plan (MAP).

In the summer of 2004, when Ukraine seemed to be on the cusp of receiving a MAP, President Kuchma unexpectedly changed the country's policy, effectively restoring the May 2002 format of relations. Such a drastic U-turn has severely damaged Ukraine's reputation as a reliable and consistent partner, strengthening the position of opponents of Ukraine's NATO membership within the Alliance, as well as the Kremlin's arguments in a wide range of issues concerning Ukraine in its dialogue with the West.

Subsequent «pendulum swings» have further reiterated the Allies' doubts about the reliability of Ukrainian partners. In 2005, in response to the Orange Team's efforts to rebuild relations and make up for lost opportunities, NATO invited Ukraine to begin an «Intensified Dialogue» on Ukraine's aspirations to membership and relevant reforms. However,

already in September 2006, then-Prime Minister Viktor Yanukovych, who attended the North Atlantic Council meeting, declared Ukraine's unpreparedness to implement the MAP. In 2008, the President of Ukraine, the Speaker of the Verkhovna Rada and the Prime Minister signed the joint statement on the country's interest in obtaining a MAP, while the Verkhovna Rada adopted a resolution on the binding nature of an all-Ukrainian referendum on NATO membership (although its negative outcome was quite predictable). Under these circumstances, the decision of the NATO summit in Budapest to refuse granting a MAP to Ukraine was also quite expected, even without Russia's active interference.

Although the «Russian factor» played a secondary role in the Budapest summit, Putin's confidence in his ability to influence the Alliance's decisions inspired Russia's further aggressive actions against Georgia in 2008 and Ukraine in 2014. Russia's active resistance to Ukraine's prospects of the EU and NATO membership (opposition to further NATO enlargement) has remained a key goal of the Kremlin's foreign policy and a catalyst for the Russia-Ukraine conflict ever since.

The Yanukovych's government readiness to comply with all Kremlin's demands only whetted Russia's appetites. Neither the announcement of non-aligned status nor the infamous Kharkiv Agreements in 2010 have changed Russia's attitude toward Ukraine as its junior partner and potential satellite. In response to the refusal of Ukraine's most pro-Russian government to integrate into Russia's political, economic and security structures, Russia used bribery and pressure on Viktor Yanukovych, who tried to flirt with the EU and NATO up until the final refusal to sign an Association Agreement with the EU.

The political process of Ukraine's Euro-Atlantic integration in 2010-2013 was effectively frozen, but high-level contacts and practical





cooperation never stopped. Although Kyiv's ongoing partnership with NATO did not irritate the Kremlin much after Ukraine abandoned its ambitions for membership, it did not go unnoticed. Instead, Russia has actively switched to blocking the signing of the EU-Ukraine Association Agreement, a largely political, trade and economic document. And although the EU military component is rather symbolic, while the association format does not guarantee EU membership, Putin did everything he could to neutralise even the theoretical «threat» of Ukraine's European integration progress, provoking the internal political crisis in Ukraine and initiating armed aggression against it. Therefore, one of the goals of Russia's aggression is to create a barrier to Euro-Atlantic integration for Ukraine as a state with an unresolved conflict on its own territory.

MAIN STAGES OF NATO-UKRAINE COOPERATION

1992

22-23 February – NATO Secretary General Manfred Werner's first visit to Kyiv, during which Ukraine received an invitation to participate in the North Atlantic Cooperation Council.

8 July – The first visit of the President of Ukraine Leonid Kuchma to the NATO Headquarters.

1993

2 July – approval of the «Main Areas of Ukraine's Policy» articulating *the need to review the intentions of gaining neutrality*, as well as the fact that this provision cannot be considered an obstacle to Ukraine's full participation in the European security structure.

1994

9 February – **signing** of the Framework Agreement on the «Partnership for Peace» (PfP) programme.

14 September – **approval** of the first Ukraine Individual Partnership Programme.

In 1994, Ukraine joined the PfP Planning and Review Process (PARP) that aims to promote the development of forces and capabilities by partners to cooperate alongside NATO allies, as well as participate in the information sharing mechanism on defence and budget planning.

**1995**

An Administrative Agreement and a Security Agreement have been concluded, laying foundation for the opening of Ukraine liaison offices at NATO Headquarters and the Partnership Coordination Centre.

1 June – The visit of President Kuchma to the NATO Headquarters (Brussels), during which he announced ***Ukraine's intentions to elevate relations with NATO to a new level.***

1997

7 May – opening of the NATO Information and Documentation Centre in Kyiv by NATO Secretary General Javier Solana.

9 July – signing of the NATO-Ukraine Charter on a Distinctive Partnership.

To ensure further development of NATO-Ukraine relations and implement the Charter provisions, the NATO-Ukraine Commission was established.

9 October – launch of the Mission of Ukraine to NATO.

16 December – signing of the NATO-Ukraine Memorandum of Understanding on civil emergency planning and disaster preparedness.

1998

4 November – approval of the State Programme of NATO-Ukraine cooperation until 2001.

1999

April – the launch of NATO Liaison Office in Ukraine (Kyiv).

24 April – participation of President Kuchma in the first high-high level meeting of the NATO-Ukraine Commission.

2000

1 March – the first ever meeting of the North Atlantic Council of NATO outside the Allies (Kyiv).

2 March – ratification of the Agreement among the States Parties to the North Atlantic Treaty and the other States participating in the Partnership for Peace regarding the Status of their Forces.

During the year, Ukraine hosted a number of joint military exercises, including Cooperative Partner-2000, Peace Shield-2000, Cossack Steppe-2000, as well as Zakarpatya-2000 disaster relief exercises.



2001

21 January – establishment of the Institute of Coordinators of NATO-Ukraine branch cooperation.

27 January – approval of the State Programme of NATO-Ukraine cooperation for 2001-2004.

2002

23 May – approval of the State Strategy of Ukraine on NATO that identified **full-scale integration in European and Euro-Atlantic Structures** as one of Ukraine's foreign policy areas.

9 July – signing of the Memorandum of Understanding on Host Nation Support regarding the use of Ukrainian military assets and capabilities for NATO operations.

23 October – participants of the parliamentary hearings on NATO-Ukraine interrelations and cooperation supported the State Strategy of Ukraine on NATO and stressed the **need to intensify Ukraine's preparation to the Alliance membership**.

2003

11 January – establishment of the National Centre for Euro-Atlantic Integration to coordinate a single government policy on Ukraine's Euro-Atlantic integration.

13 December – signing of the Presidential Decree «On State Programmes on European and Euro-Atlantic Integration of Ukraine for 2004-2007».

2004

7 June – signing of the Memorandum of Understanding regarding use of strategic transport aviation of Ukraine in NATO operations and exercises.

29 June – participation of President Kuchma in the NATO-Ukraine Commission at the NATO summit in Istanbul. Given the criticism of domestic political processes in Ukraine, the Allies did not support the decision to involve Ukraine in NATO membership preparation programmes.

15 July – Presidential **amendments to the provisions of the Military Doctrine of Ukraine, namely the removal of words about Ukraine's accession to NATO and the EU as the ultimate goal of the state's Euro-Atlantic integration policy**.

2005

22 February – statement of President Yushchenko at the NATO-Ukraine Commission in Brussels about **Ukraine's readiness to join the Membership Action Plan (MAP)**.



30-31 March – bilateral Ukraine-Russia consultations at the Ministry of Foreign Affairs of Ukraine on Ukraine and Russia's cooperation with NATO.

21 April – initiation of NATO-Ukraine *Intensified Dialogue* on membership and relevant reforms.

8 December – in the final communique of the NATO-Ukraine Commission, NATO *reaffirmed* that its «doors remain open» for Ukraine, as well as its *possible participation in MAP*.

2006

6 June – Ukraine-Russia consultations on the current state and prospects of Ukraine and Russian Federation's cooperation with the EU and NATO (Moscow).

14 September – proposal of the Prime Minister of Ukraine Viktor Yanukovich during the NATO-Ukraine Commission meeting to *temporarily postpone the issue of providing the MAP to Ukraine*, citing the lack of broad public support.

2007

2 October – President Yushchenko's appeal to European partners at the opening of the meeting of the Council of Defence Ministers of South East Europe to support Ukraine's aspirations to join the MAP (Kyiv).

7 December – Ukraine's call at the NATO-Ukraine Commission foreign ministers meeting to support Ukraine's intention to join the MAP. Most allies have linked the issue to a consensus between the Prime Minister and the President of Ukraine.

2008

18 January – submission of the letter to the NATO Secretary General jointly signed by the President, the Chairman of the Verkhovna Rada and the Prime Minister of Ukraine, expressing a common position on Ukraine's readiness to join the MAP.

3 April – meeting of the Heads of State and Government at the NATO Council (Bucharest). A separate paragraph of the Summit Declaration was dedicated specifically to Ukraine and Georgia's application to join the MAP:

«NATO welcomes Ukraine's and Georgia's Euro-Atlantic aspirations for membership in NATO. We agreed today that these countries will become members of NATO... MAP is the next step for Ukraine and Georgia on their direct way to membership. Today we make clear that we support these countries' applications for MAP. Therefore, we will now begin a period of intensive engagement with both at a high political level to address the questions still outstanding pertaining to their MAP applications. We have asked Foreign Ministers to make a first assessment of progress at their December 2008 meeting. Foreign Ministers have the authority to decide on the MAP applications of Ukraine and Georgia».



2-3 December – *introduction of the Annual National Programme (ANP)* at the NATO-Ukraine Commission foreign ministers meeting.

2009

7 August – adoption of the first Annual National Programme for 2009 *on Ukraine preparation for NATO membership*.

21 August – signing of the Declaration to Complement the NATO-Ukraine Charter on a Distinctive Partnership.

2010

1 July – adoption of the Law on the Principles of Domestic and Foreign Policy setting out *Ukraine's intention as a non-aligned state to continue a constructive partnership with NATO*.

19-20 November – confirmation of readiness to continue developing partnership with Ukraine in the Alliance's new Strategic Concept.

2011

24 February – official visit of the NATO Secretary General Anders Rasmussen to Ukraine at the invitation of President Yanukovich.

3 March – approval of the composition of the Commission on NATO-Ukraine Partnership.

13 April – adoption of the Annual National Programme on NATO-Ukraine *cooperation* for 2011.

5-7 July – Meeting of the Ukraine-NATO Interparliamentary Council (Kyiv).

20 September – NATO-Ukraine Commission meeting on security issues in the Black Sea region (Brussels).

21 September – signing of the Implementation Agreement between NAMSO and the Cabinet of Ministers of Ukraine on the utilisation of conventional ammunition, small arms and light weapons and anti-personnel landmines of PFM-1 type.

17 October – NATO-Ukraine Commission meeting on the issues of Ukraine's European integration (Brussels).

15 December – Meeting of the Ukraine-NATO Interparliamentary Council (Brussels).

2012

21 May – participation of President Yanukovich at the meeting of the Heads of State and Government at the NATO Council in Chicago (Chicago summit) involving countries-contributors to the International Security Assistance Force (ISAF) in Afghanistan.



13 September – NATO-Ukraine Commission meeting on the issues of deployment of Russia's Black Sea Fleet on the territory of Ukraine (Brussels).

2013

22 February – signing of NATO-Ukraine Agreement on Ukraine's participation in the *Ocean Shield* operation. ***Ukraine became the first Partner country to join the operation and gained the status of the only Partner country participating in all current Alliance operations.***

12 June – signing of the Presidential Decree «On Annual National Programmes on NATO-Ukraine Cooperation», which introduced regulatory changes in NATO-Ukraine cooperation in line with the current format of Ukraine's relations with the Alliance, in particular the new structure of the ANP. A new Decree replaced the previous Decree «On the Annual National Programme for Ukraine's Preparation for Membership in the North Atlantic Treaty Organisation» (2009).

5 July – adoption of the Annual National Programme on NATO-Ukraine cooperation for 2013.

18-19 September – signing of the Implementation Agreement between the NATO Support Organisation (NSPO) and the Cabinet of Ministers of Ukraine for the disposal of radioactive sources of military programmes origin from the Soviet period of Ukraine.

24 September – accession of the Ukrainian Navy's frigate *Hetman Sahaydachnyi* to the NATO's *Ocean Shield* operation.

13 October - 13 November – participation of the Ukrainian Navy's corvette *Ternopil* in NATO's *Active Endeavour* operation.

2014

1 January – beginning of the combat duty of the Ukrainian Navy's marine unit as part of the NATO Response Force.

2 March – extraordinary meeting of the NATO-Ukraine Commission in response to Ukraine's appeal under Article 15 of the Charter on a Distinctive Partnership. The Allies expressed their unanimous support for Ukraine's independence and state sovereignty, condemned Russia's actions and recognised them as a violation of international law.

12 March – extraordinary meeting of the NATO Civil Emergency Planning Committee with Ukraine. The Alliance reaffirmed its readiness to promptly respond to Ukraine's requests for civil emergency assistance should the need arise.

14 March – extraordinary meeting of the Euro-Atlantic Partnership Council (EAPC) to discuss the situation in the Autonomous Republic of Crimea in connection with Russia's military intervention. The EAPC members have strongly condemned Russia's military aggression against Ukraine as a threat to the entire Euro-Atlantic region.



1 April – NATO-Ukraine Commission foreign ministers meeting, where the participants discussed ways to intensify NATO-Ukraine cooperation in order to support Ukraine's sovereignty and territorial integrity and restore the country's defence capabilities.

1 April – meeting of NATO North Atlantic Council at the level of foreign ministers. The participants confirmed the invariance of their position, strongly condemning Russia's military invasion of Ukraine and adopting the decision to intensify support for Ukraine; a decision was announced to ***suspend practical civil and military cooperation between NATO and Russia.***

1 April – meeting of Ukraine's acting Minister for Foreign Affairs Andriy Deshchytzia with the Group of Friends of Ukraine in NATO (a format initiated by the Lithuanian Representation in NATO), involving Lithuania, Slovakia, Hungary, Estonia, Latvia, Turkey, Poland, Denmark, Canada and the United Kingdom.

7 August – the visit of the NATO Secretary General Anders Rasmussen to Ukraine to reaffirm the Alliance's continued political support for Ukraine in the face of Russia's aggressive actions.

29 August – extraordinary meeting of NATO-Ukraine Commission in response to Ukraine's request following the military escalation in the East. The Allies have anonymously recognised Russia's actions as an act of aggression against Ukraine.

23 December – amendments to the laws of Ukraine concerning the ***country's rejection of the policy of non-alignment.***

2015

26 January – extraordinary meeting of NATO-Ukraine Commission in connection with escalation in the East of Ukraine and shelling of the city of Mariupol.

21-22 September – signing of the Agreement between NATO and the Cabinet of Ministers of Ukraine on the status of NATO Delegation to Ukraine, the Roadmap for Strategic Communications Partnership between the National Security and Defence Council of Ukraine and the NATO International Secretariat, and the Joint Declaration on Strengthening Ukraine's Defence Technical Cooperation with NATO during the visit of the NATO Secretary General Jens Stoltenberg to Ukraine.

17 December – signing of NATO-Ukraine Defence and Technical Cooperation Roadmap.

2016

15 June – NATO's decision to implement a Comprehensive Assistance Package for Ukraine.

2017

22 February – approval of the Concept for improving public awareness on Euro-Atlantic integration of Ukraine for 2017-2020.

8 June – amendments to the laws of Ukraine on national security and the principles of domestic and foreign policy, according to which NATO membership became a strategic priority of Ukraine's foreign policy.

2018

10 March – Ukraine is given an aspiring member status (official statement on the NATO website).

2019

7 February – adoption of the bill **enshrining Ukraine's course towards the EU and NATO membership in the Constitution** by 335 votes, as well as the adoption of an appeal to the leaders and parliaments of NATO, North Atlantic Council and NATO Parliamentary Assembly requesting the MAP for Ukraine at the London summit in December 2019.

4 June – the first foreign visit of the newly elected President Zelenskyy to Brussels, where he confirmed the **invariability of Ukraine's course towards full EU and NATO membership**.

2020

12 June – Ukraine's acquisition of the Enhanced Opportunities Partner status.

2021

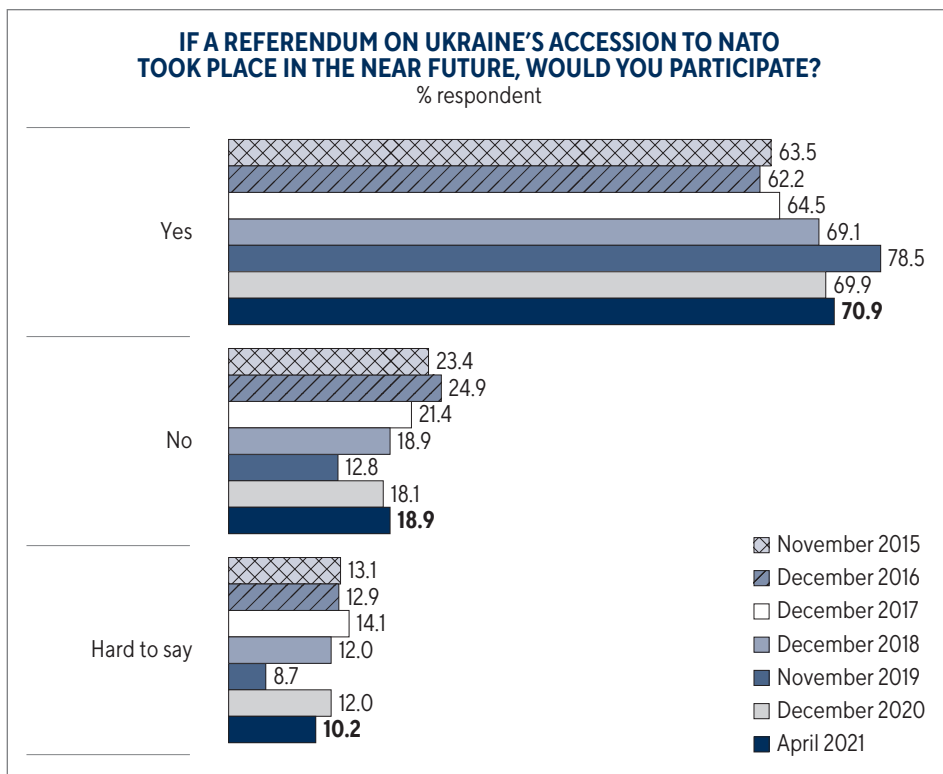
14 June – confirmation of NATO's Open Door Policy regarding Ukraine in the Brussels Summit Communiqué.

«We reiterate the decision made at the 2008 Bucharest Summit that Ukraine will become a member of the Alliance with the Membership Action Plan (MAP) as an integral part of the process; we reaffirm all elements of that decision... We stand firm in our support for Ukraine's right to decide its own future and foreign policy course free from outside interference».

Sources: Chronology of NATO-Ukraine relations, the Ministry of Foreign Affairs of Ukraine, <https://ukraine-nato.mfa.gov.ua/ukrayina-nato/hronologiya-vidnosin-ukrayina-nato>; NATO-Ukraine Relations, www.nato.int/cps/uk/natohq/topics_37750.htm; Brussels Summit Communiqué, 14 June 2021, https://www.nato.int/cps/en/natohq/news_185000.htm.

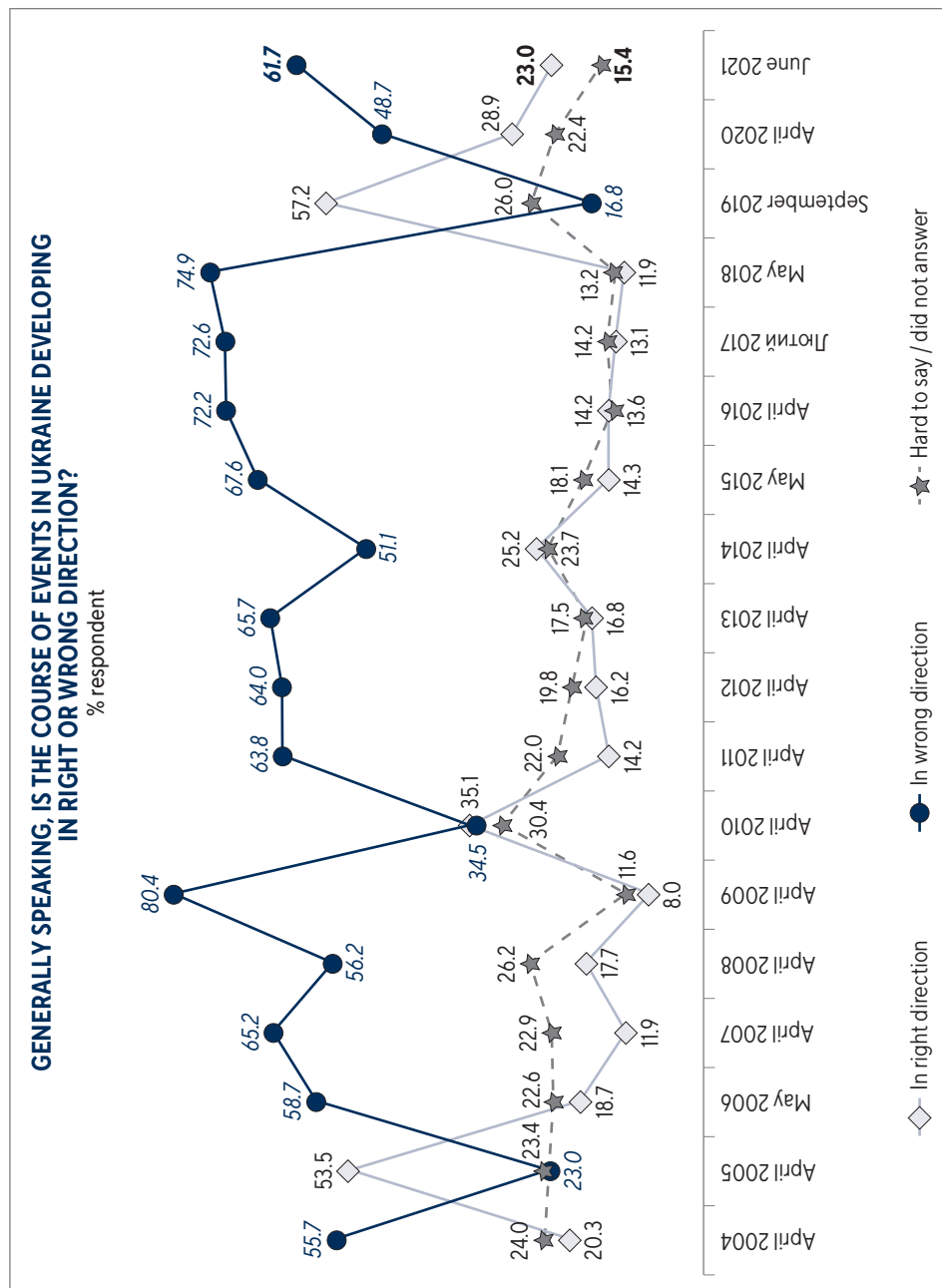


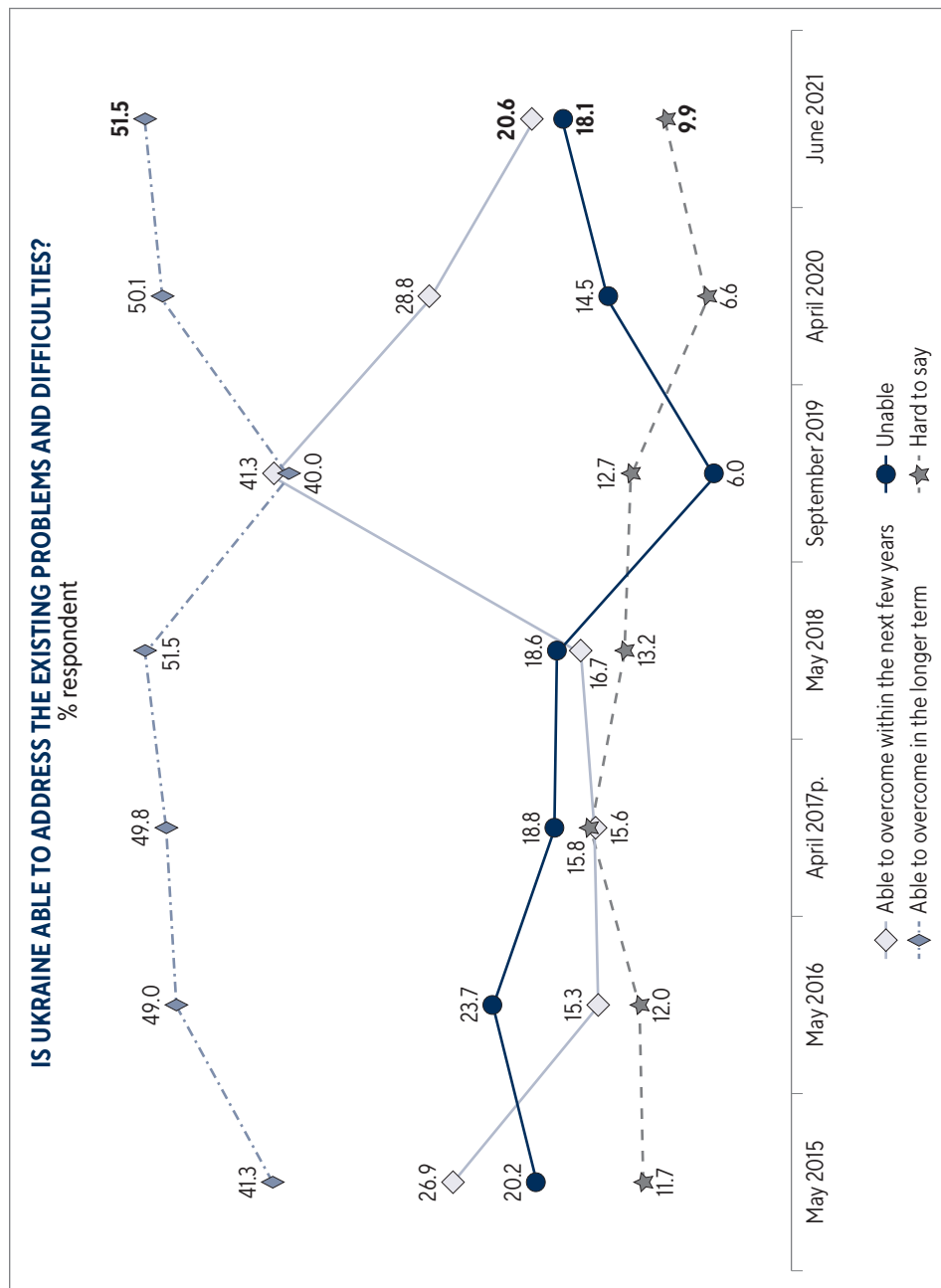
Russian aggression, regardless of its architects' goals, has become a decisive factor in shaping Ukraine's modern foreign and domestic security policies, including their strategic goals. During a relatively short period of time, public opinion underwent radical transformations, materialising in the growing public support for Euro-Atlantic and European integration and, accordingly, in the formation of a stable pro-Western political majority in Ukrainian politics.



As of today, the state's strategic course towards «Ukraine's full membership in the European Union and the North Atlantic Treaty Organisation» is enshrined in the Constitution of Ukraine, while reforms are carried out in the context of achieving EU and NATO standards and with active cooperation with these international organisations.

RESULTS OF THE RAZUMKOV CENTRE'S SOCIOLOGICAL SURVEYS

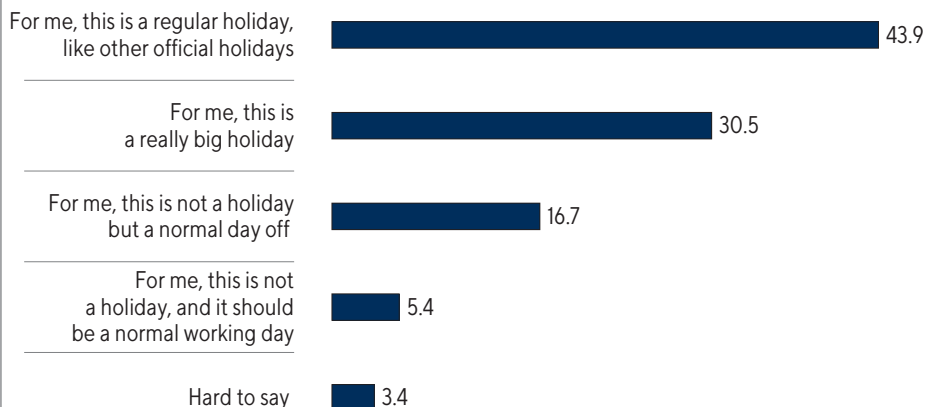






HOW DO YOU FEEL ABOUT THE HOLIDAY – INDEPENDENCE DAY OF UKRAINE?

% respondent



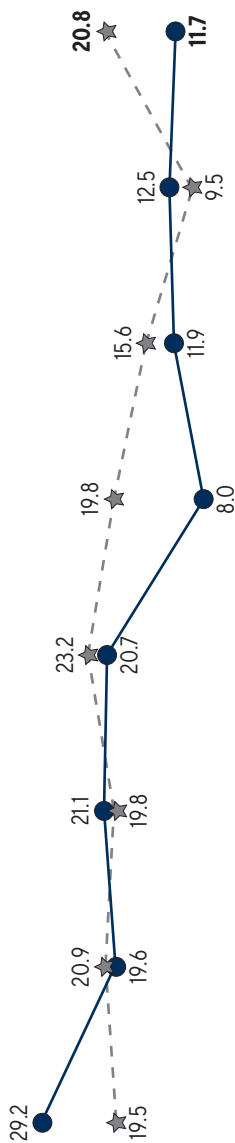
June 2021

	August 2002	August 2005	August 2008	August 2010	July 2013
For me, this is a regular holiday, like other official holidays	35.2	40.0	43.6	40.5	45.8
For me, this is a really big holiday	17.1	21.7	15.8	16.7	15.2
For me, this is not a holiday but a normal day off	35.1	29.5	30.9	31.9	30.4
For me, this is not a holiday, and it should be a normal working day	9.4	5.3	6.9	7.9	6.1
Hard to say	3.2	3.5	2.9	3.0	2.4



IF A REFERENDUM ON UKRAINE'S STATE INDEPENDENCE OF UKRAINE OCCURRED TODAY,
HOW WOULD YOU VOTE?

% respondent

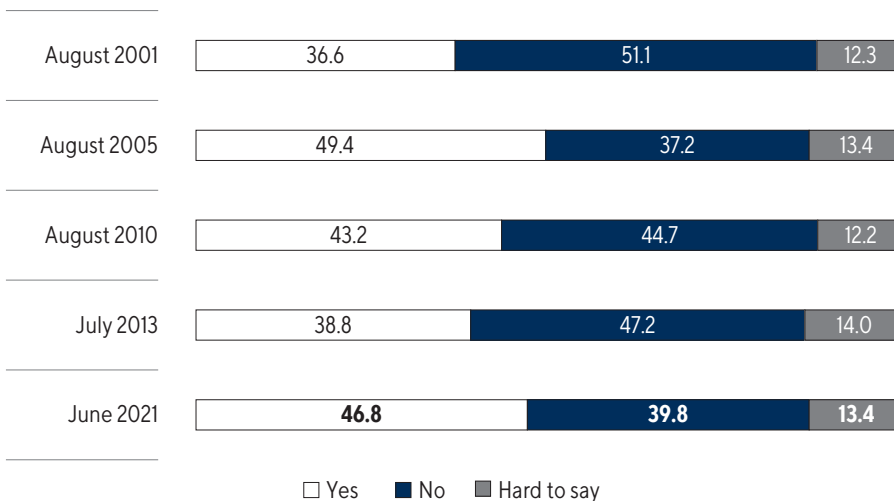


◇ I would support Ukraine's independence ● I would not support Ukraine's independence
-★- I would not participate in the referendum



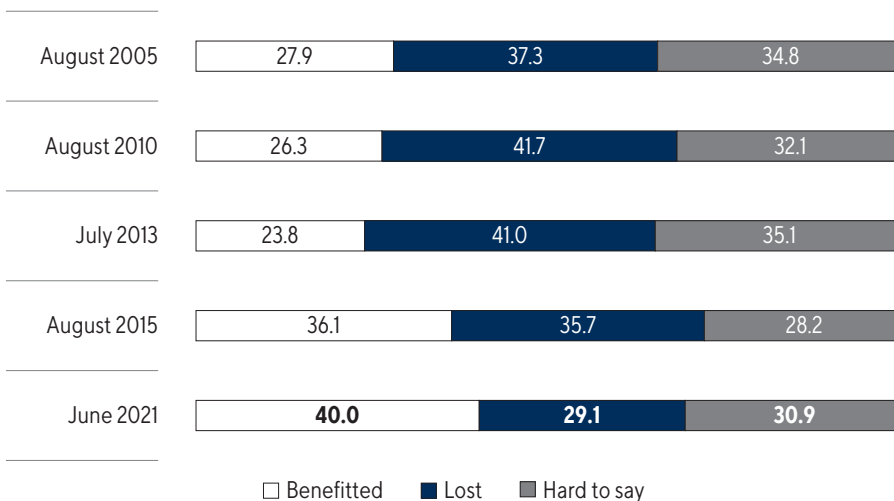
DO YOU CONSIDER UKRAINE A TRULY INDEPENDENT STATE TODAY?

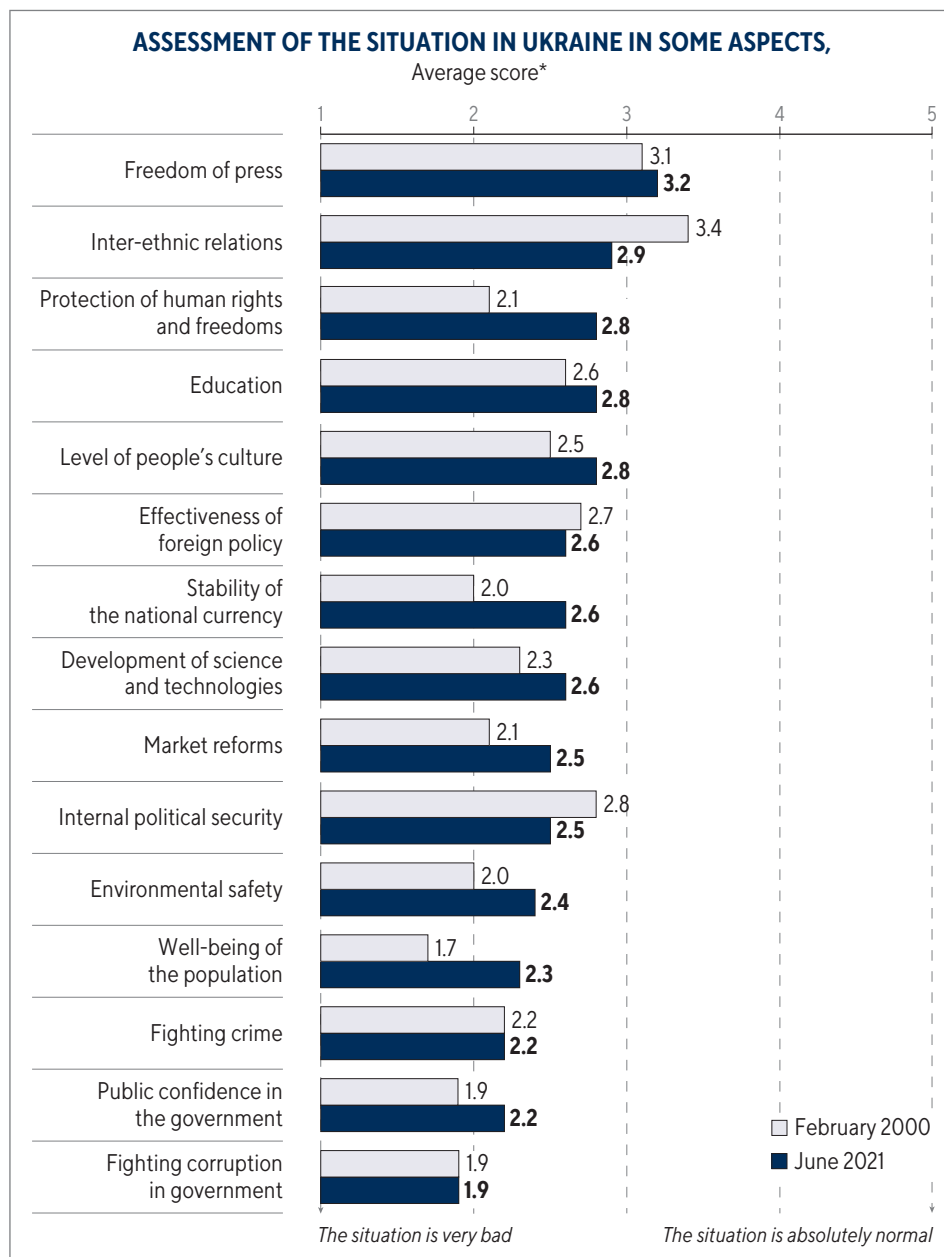
% respondent



GENERALLY SPEAKING, HAVE YOU AND YOUR FAMILY BENEFITTED OR LOST FROM UKRAINE'S INDEPENDENCE??

% respondent





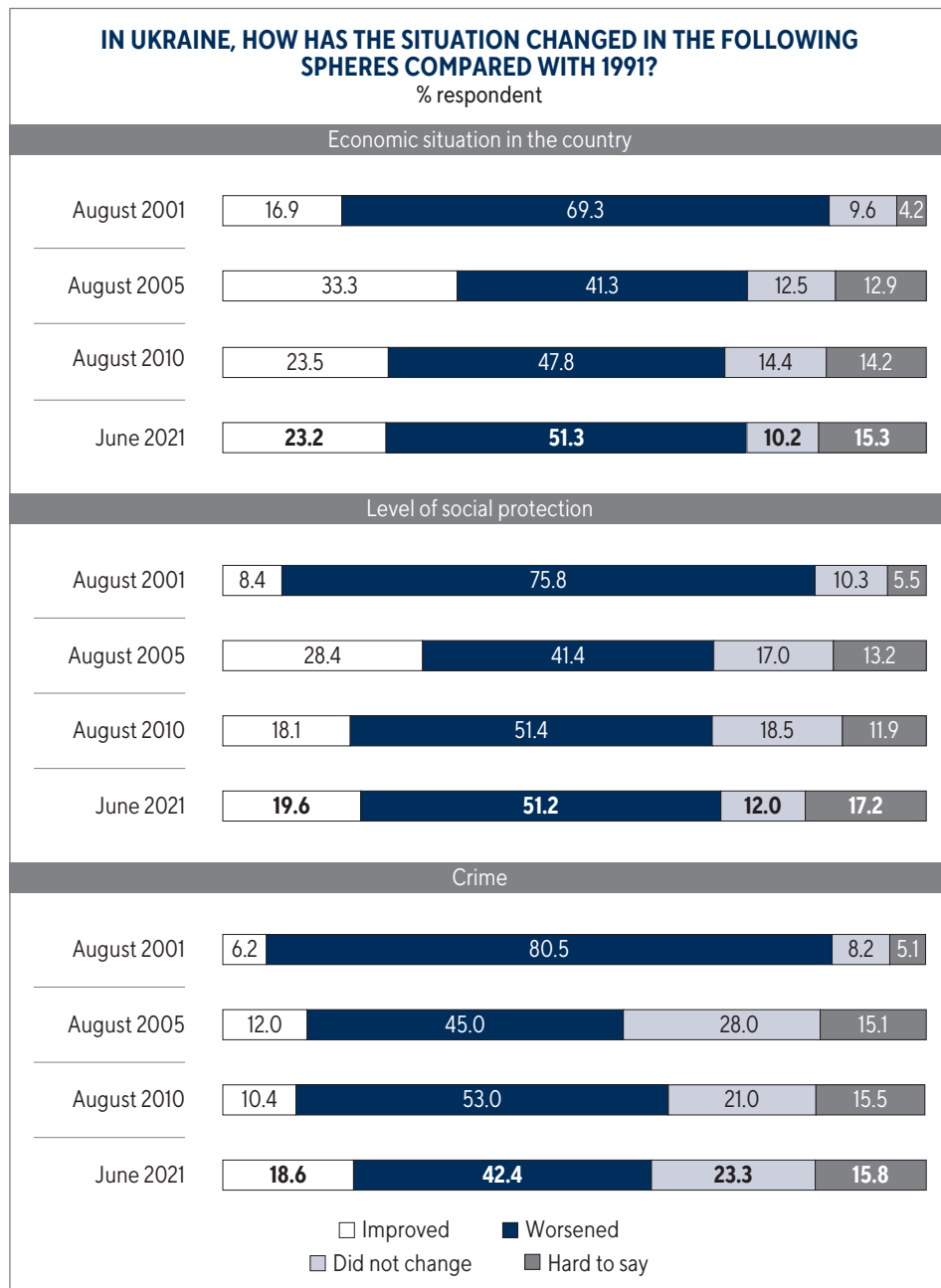
* On a 5-point scale, where «1» means «the situation is very bad» and «5» means «the situation is absolutely normal».



IN UKRAINE. HOW HAS THE SITUATION CHANGED IN THE FOLLOWING SPHERES COMPARED WITH 1991? % respondent					
	Improved	Worsened	Did not change	Hard to say	<i>Balance*</i>
Freedom of speech	53.8	20.5	15.0	10.7	33.3
Level of democracy	50.6	21.5	14.7	13.3	29.1
Ukraine's international image	48.0	23.6	12.5	15.9	24.4
Situation of ethnic and religious minorities	31.0	21.8	27.6	19.6	9.2
Situation with civil rights and freedoms	35.6	28.4	18.6	17.4	7.2
Inter-ethnic relations	34.6	28.4	22.1	14.9	6.2
Country's defence capability	39.3	36.6	9.1	15.0	2.7
Level of people's culture	27.1	34.4	23.2	15.4	-7.3
My family's well-being	29.2	40.1	16.5	14.3	-10.9
Level of public morality	20.8	42.6	19.6	17.1	-21.8
Education	24.3	46.9	14.4	14.4	-22.6
Crime	18.6	42.4	23.3	15.8	-23.8
Overall situation in the country	23.4	47.4	10.4	18.8	-24.0
Economic situation in the country	23.2	51.3	10.2	15.3	-28.1
Social protection (social benefits, allowances, subsidies, etc.)	19.6	51.2	12.0	17.2	-31.6
Wages	20.4	52.5	11.4	15.7	-32.1
Government's attitude towards citizens	13.9	51.4	19.8	15.0	-37.5
Health care	19.9	57.5	11.3	11.3	-37.6
Pensions	14.7	55.2	13.1	17.0	-40.5
Citizens' attitude towards government	12.0	54.7	19.3	14.0	-42.7
People's confidence in the future	13.3	59.2	11.9	15.7	-45.9
Corruption	9.2	62.9	17.4	10.5	-53.7
Prices and tariffs	7.4	78.0	5.2	9.4	-70.6

* Balance of answers «improved» and «worsened».

June 2021

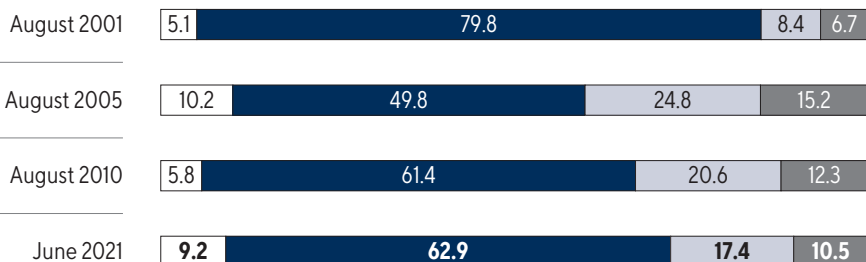




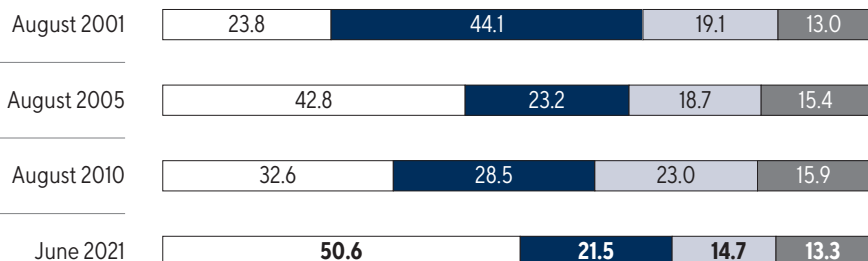
IN UKRAINE, HOW HAS THE SITUATION CHANGED IN THE FOLLOWING SPHERES COMPARED WITH 1991?

% respondent

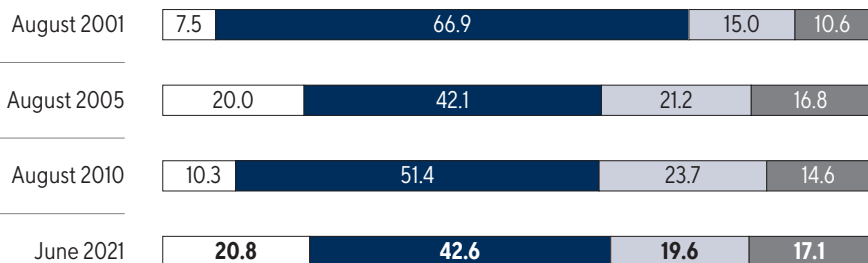
Corruption



Level of democracy



Level of public morality



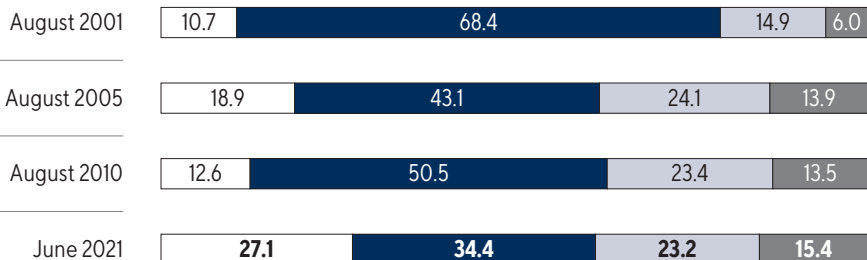
☐ Improved ☒ Worsened
☐ Did not change ☐ Hard to say



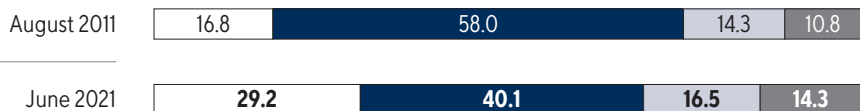
IN UKRAINE, HOW HAS THE SITUATION CHANGED IN THE FOLLOWING SPHERES COMPARED WITH 1991?

% respondent

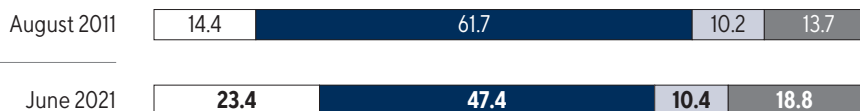
Level of people's culture



My family's well-being



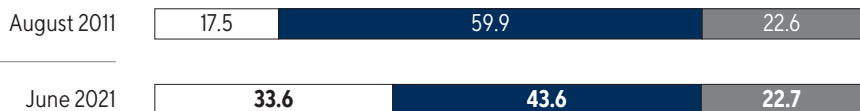
Overall situation in the country



☐ Improved ☒ Worsened
☐ Did not change ☐ Hard to say

DO YOU THINK THAT DURING THE YEARS OF UKRAINE'S INDEPENDENCE, LAWS HAVE COME TO BETTER GUARANTEE THE PROTECTION OF HUMAN RIGHTS THAN IN SOVIET TIMES?

% respondent

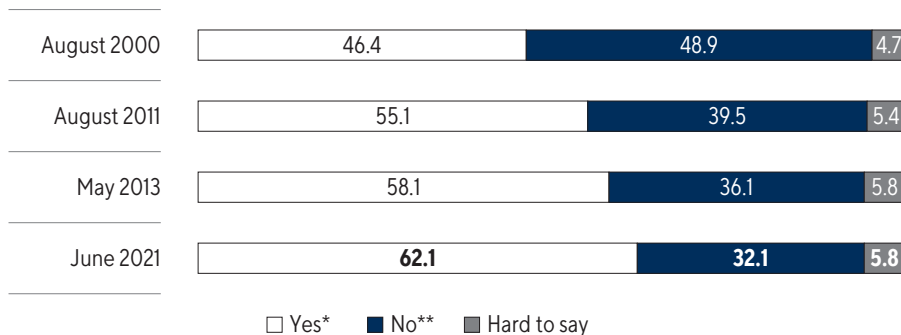


☐ Yes ☒ No ☐ Hard to say



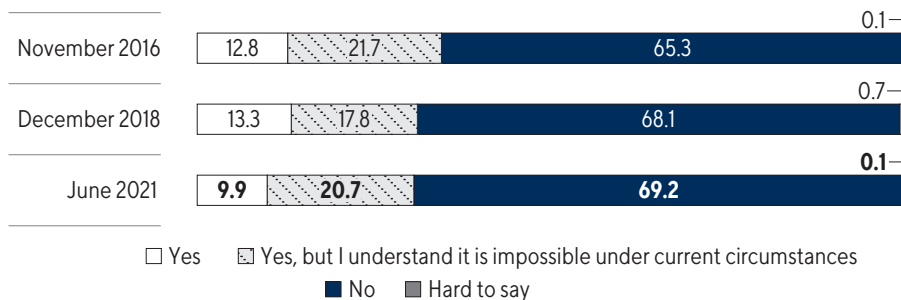
DO YOU FEEL LIKE A FREE PERSON?

% respondent

* Total of answers «*absolutely yes*» and «*mostly yes*».** Total of answers «*absolutely no*» and «*mostly no*».

DO YOU SEEK RESTORATION OF THE SOVIET UNION?

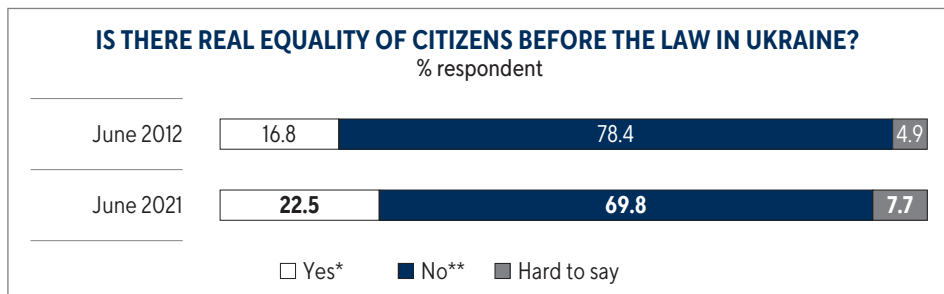
% respondent



IS UKRAINE A DEMOCRATIC STATE?

% respondent

	June 2010	June 2021
Yes, Ukraine is totally democratic state	12.5	18.4
Ukraine is not yet a fully democratic state, but it is moving towards democracy	53.8	52.1
Ukraine is not a democratic state and is not moving towards democracy	21.4	18.4
Hard to say	12.3	11.0



* Total of answers «*absolutely yes*» and «*mostly yes*».

** Total of answers «*absolutely no*» and «*mostly no*».

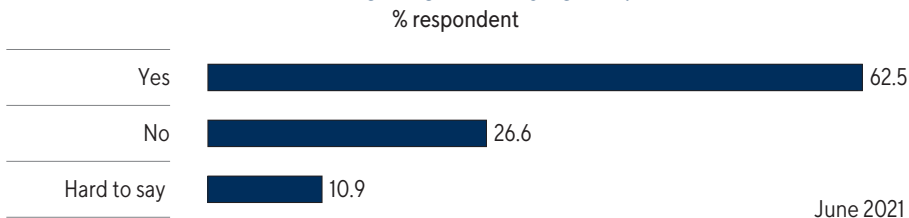
HOW DO YOU SEE THE FUTURE OF UKRAINE? % respondent						
	April 2003	December 2005	March 2010	November 2016p.	March 2019	June 2021
Ukraine will be a highly developed, democratic and influential European state	31.1	36.8	37.7	36.5	41.5	40.0
Ukraine will be a country that follows its special path of development (like China)	8.0	13.7	16.3	21.4	19.9	13.3
Ukraine will forever remain a «Third World» country – underdeveloped and uninfluential	10.8	6.8	5.3	5.2	6.8	10.8
Ukraine will be an underdeveloped appendage to the West	10.4	10.3	4.5	8.6	7.2	10.0
Ukraine will disappear as an independent state	4.9	2.9	2.7	2.5	3.1	5.2
Ukraine will be an underdeveloped appendage to Russia	4.7	2.5	8.5	1.4	2.0	2.0
I don't care about the country's future	2.2	0.6	0.8	0.6	2.0	1.1
Other	2.9	3.2	3.6	2.0	2.8	1.9
Hard to say	25.0	23.2	20.6	22.0	14.8	15.8


WHICH OF THE FOLLOWING STATEMENTS WOULD YOU RATHER AGREE WITH?
% respondent

	June 2010	March 2013	September 2017	November 2019	June 2021
Democracy is the most desirable system of government for Ukraine	51.7	47.9	56.3	49.5	53.6
Under certain circumstance the authoritarian rule may be preferable over democracy	21.6	22.5	18.0	21.9	23.8
For me, it does not matter whether we have a democracy or not	14.6	16.7	13.8	12.8	14.8
Hard to say	12.0	12.9	11.9	15.7	7.9

WHICH OF THE FOLLOWING STATEMENTS IS MORE APPEALING TO YOU?
% respondent

	June 2010	March 2013	December 2017	November 2019	June 2021
Obviously, both freedom and prosperity are important, but I am ready to give up some of my rights and civil freedoms to the state in exchange for better well-being	30.1	26.5	25.0	27.8	30.8
Obviously, both freedom and prosperity are important, but I am ready to endure some material difficulties for the sake of personal freedom and guarantees of all civil rights	32.4	43.4	38.0	39.1	43.1
Hard to say	37.6	30.0	37.0	33.1	26.1

CAN PEOPLE IN UKRAINE FREELY EXPRESS THEIR POLITICAL VIEWS TODAY?
% respondent


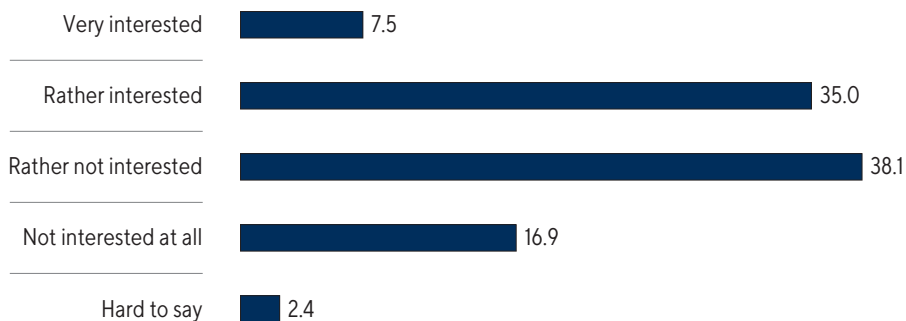


WHICH IDEOLOGICAL AND POLITICAL COURSE BEST FITS YOUR VIEWS? % respondent							
	November 2003	June 2008	May 2010	June 2012	February 2017	July 2019	June 2021
National-democratic	10.1	11.5	13.2	14.2	15.9	13.9	17.8
Social-democratic	6.6	3.6	4.3	9.2	5.4	6.5	9.3
Environmental ("the greens")	6.6	3.0	3.2	3.5	2.0	2.6	5.0
Liberal	1.5	1.6	1.9	3.1	2.0	4.4	4.2
Communist	9.9	3.7	4.6	5.2	1.7	1.4	3.2
Socialist	3.2	1.7	1.3	2.9	2.4	2.1	3.1
Political course aimed at reunification of Ukraine with Russia	11.1	16.0	16.3	8.2	2.0	4.9	2.7
Christian-democratic	2.8	1.8	2.3	2.6	2.4	1.9	2.7
National-radical	0.8	1.3	1.8	0.9	3.1	1.4	1.5
National-com-munist	0.9	0.2	0.7	1.9	0.4	0.2	0.8
Other	1.5	1.2	0.5	0.2	2.6	2.6	2.0
None	13.9	9.5	13.3	5.6	18.0	11.6	11.1
I am clueless about political courses and trends	22.5	28.4	26.1	30.1	28.3	31.4	28.1
Hard to say	8.7	16.7	10.4	12.5	12.3	15.2	8.6



HOW INTERESTED ARE YOU IN POLITICS?

% respondent



June 2021

WHO SHOULD REPRESENT YOUR INTERESTS IN SOCIAL PROCESSES IN THE FIRST PLACE?

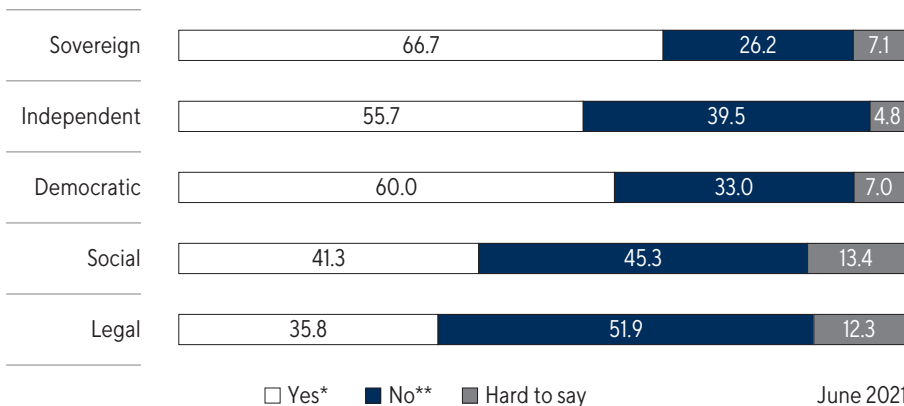
% respondent

	May 2010	June 2012	September 2017	June 2021
Political parties	26.5	17.0	21.1	24.3
NGOs	14.0	16.5	18.6	15.3
Individual politicians	10.3	11.4	10.1	10.5
Trade unions	15.8	16.8	13.2	8.0
Mass media	6.1	9.6	5.7	7.6
Business structures	1.8	1.4	2.0	1.1
Other	6.8	4.4	8.8	4.8
Hard to say	18.7	22.8	20.5	28.4



**THE CONSTITUTION DEFINES UKRAINE AS A SOVEREIGN AND INDEPENDENT,
DEMOCRATIC, SOCIAL, LEGAL STATE.
ARE THESE FEATURES INHERENT IN UKRAINE NOW?**

% respondent

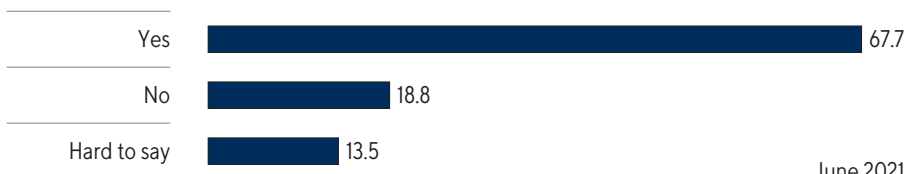


* Total of answers «*absolutely yes*» and «*mostly yes*».

** Total of answers «*absolutely no*» and «*mostly no*».

**DOES UKRAINE NEED POLITICAL PARTIES
FOR ITS NORMAL DEVELOPMENT AS A STATE?**

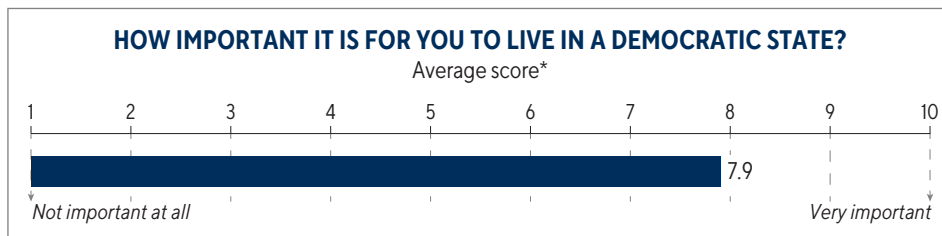
% respondent



DO YOU FEEL LIKE A MASTER OF YOUR STATE?

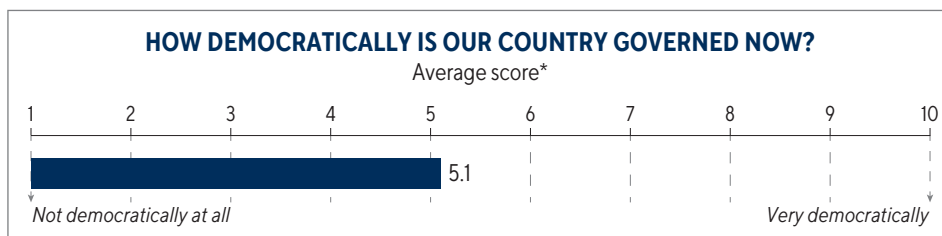
% respondent

	August 2002	March 2008	July 2013	November 2016	June 2021
Yes	7.4	12.0	10.5	15.1	20.0
No	86.2	76.1	79.9	77.1	61.8
Hard to say	6.4	11.9	9.7	7.8	18.1



* On a 10-point scale, where «1» means «not important at all», and «10» means «very important».

June 2021



* On a 10-point scale, where «1» means «not democratically at all», and «10» means «very democratically».

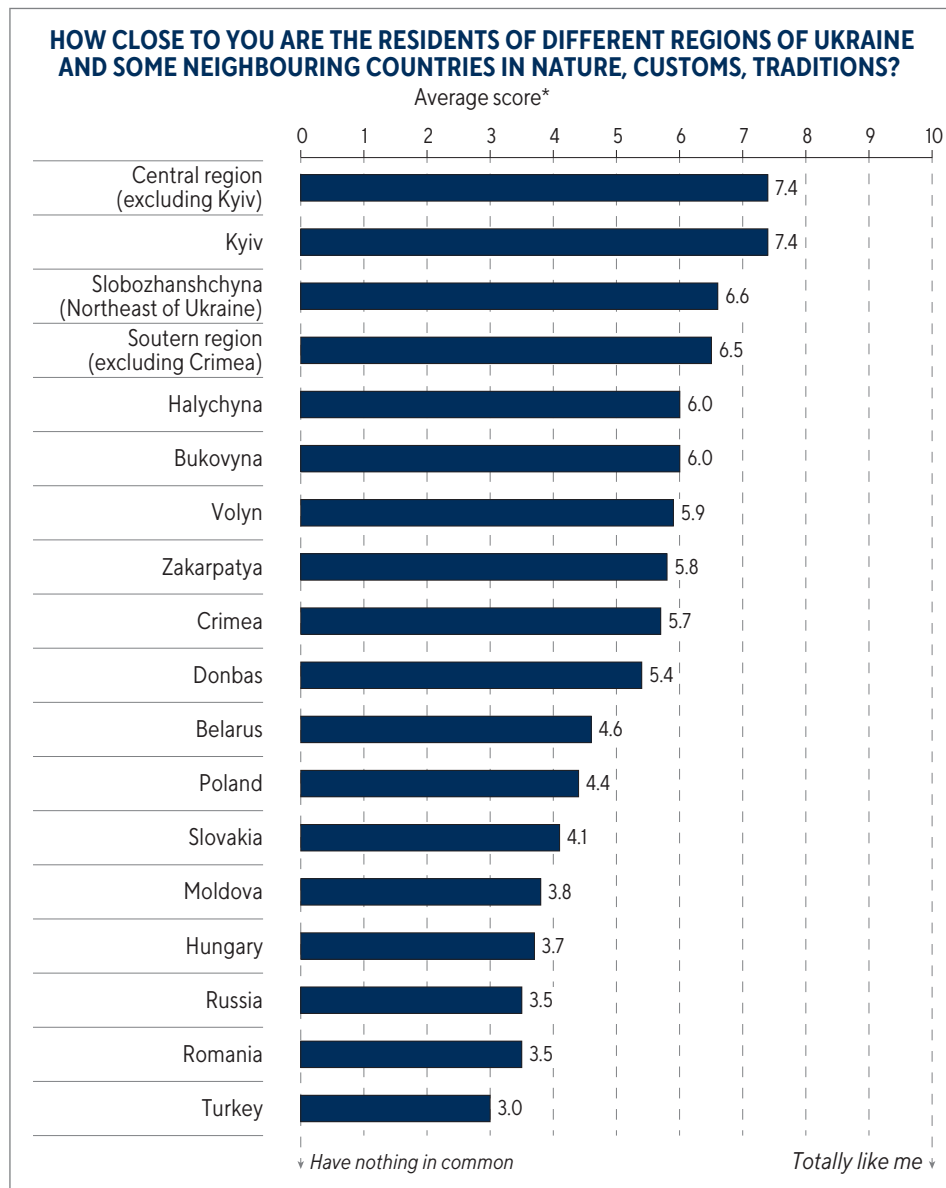
June 2021

WHICH CULTURAL TRADITION DO YOU ASSOCIATE YOURSELF WITH?					
	% respondent				
	May 2006	December 2013	March 2015	December 2017	June 2021
Ukrainian	56.3	67.7	65.5	68.9	72.9
Pan-European	6.6	7.5	10.0	13.1	9.8
Soviet	16.4	12.5	13.8	9.9	9.8
Russian	11.3	6.2	4.2	2.0	3.3
Other	1.5	1.7	2.2	0.9	0.8
Hard to say	7.9	4.4	4.2	5.1	3.4

DO YOU FEEL LIKE A EUROPEAN, DO YOU FEEL YOUR BELONGING TO THE CULTURE AND HISTORY OF THE EUROPEAN COMMUNITY?						
	% respondent					
	April 2005	December 2008	April 2012	December 2017	December 2019	June 2021
Yes*	36.1	29.8	33.8	40.3	43.5	41.2
No**	58.0	61.8	59.8	50.4	47.9	49.4
Hard to say	5.9	8.4	6.4	9.3	8.6	9.5

* Total of answers «yes» and «mostly yes».

** Total of answers «no» and «mostly no».

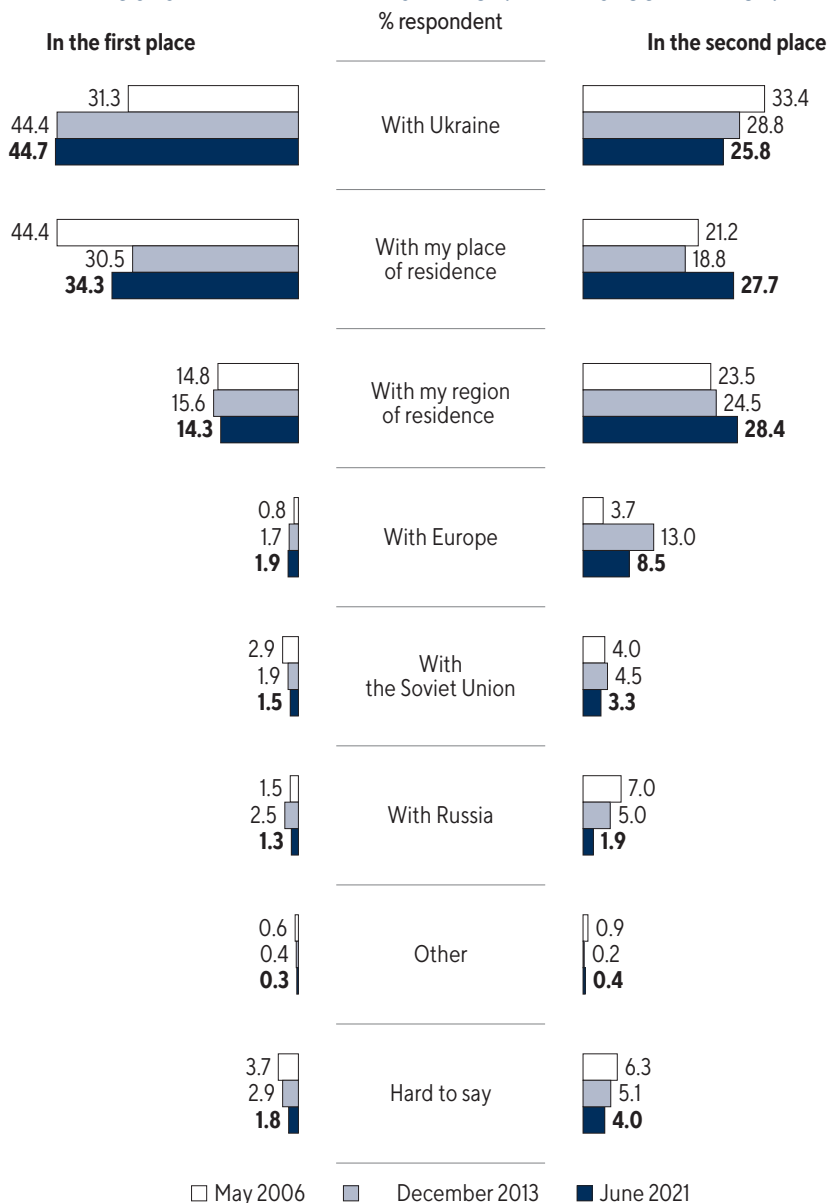


* On a 11-point scale (0 to 10), where «0» means «residents of this region/country have nothing in common with me in nature, customs, traditions», and «10» means «residents of this region/country are totally like me in nature, customs, traditions».

June 2021



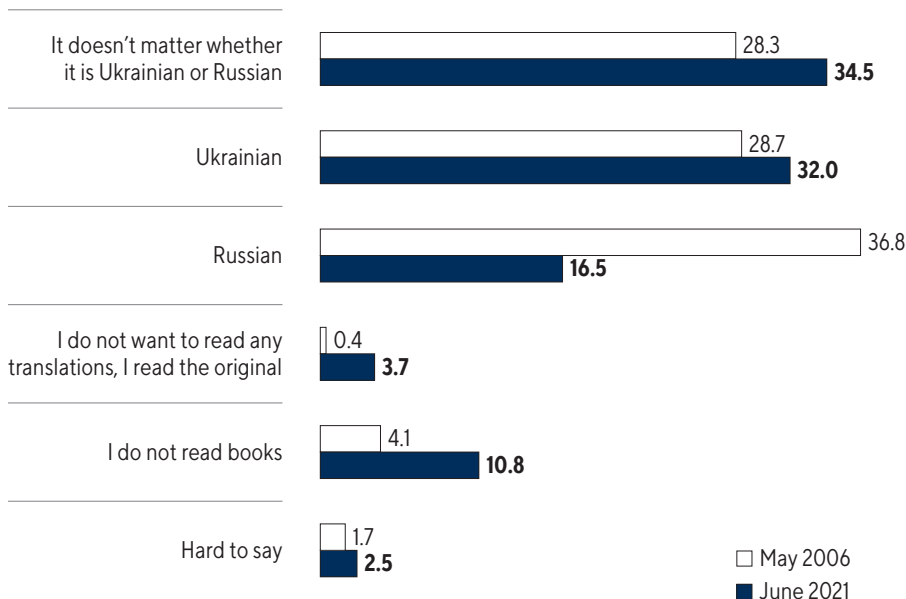
WHICH OF THE FOLLOWING DO YOU MOSTLY ASSOCIATE (IDENTIFY) YOURSELF WITH IN THE FIRST PLACE? IN THE SECOND PLACE?





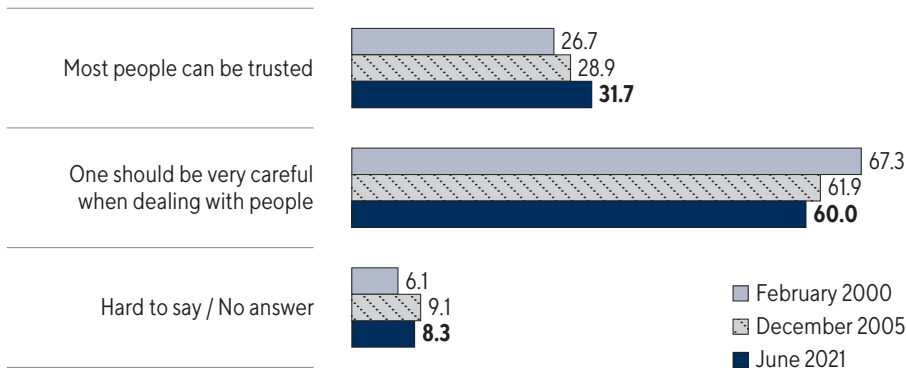
**IF YOU COULD CHOOSE A BOOK BY A FOREIGN AUTHOR
THAT YOU WOULD VERY MUCH LIKE TO READ, WHICH TRANSLATION WOULD
YOU PREFER – UKRAINIAN OR RUSSIAN?**

% respondent



**CAN WE TRUST MOST PEOPLE, OR WE SHOULD BE VERY CAREFUL
WHEN DEALING WITH PEOPLE?**

% respondent

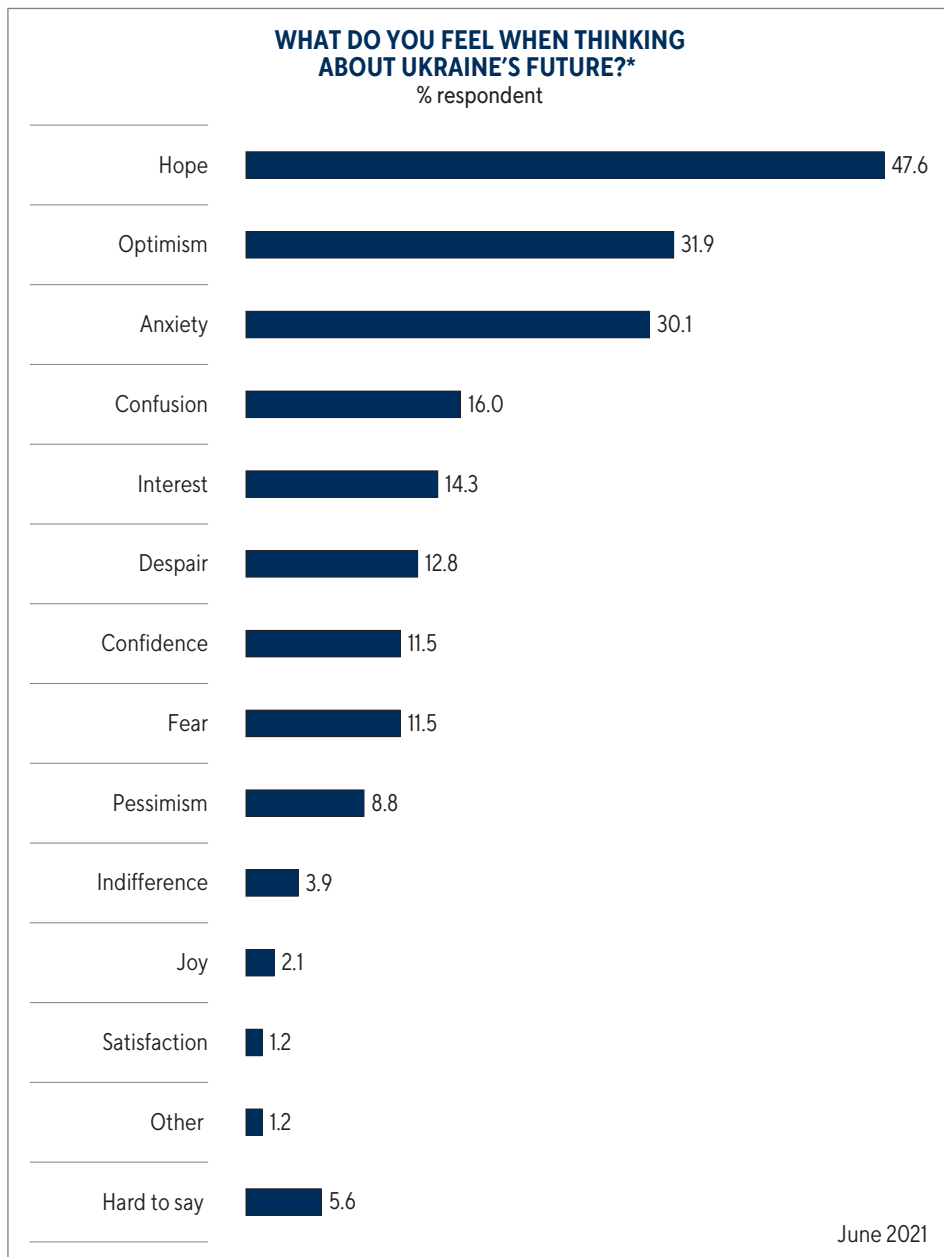




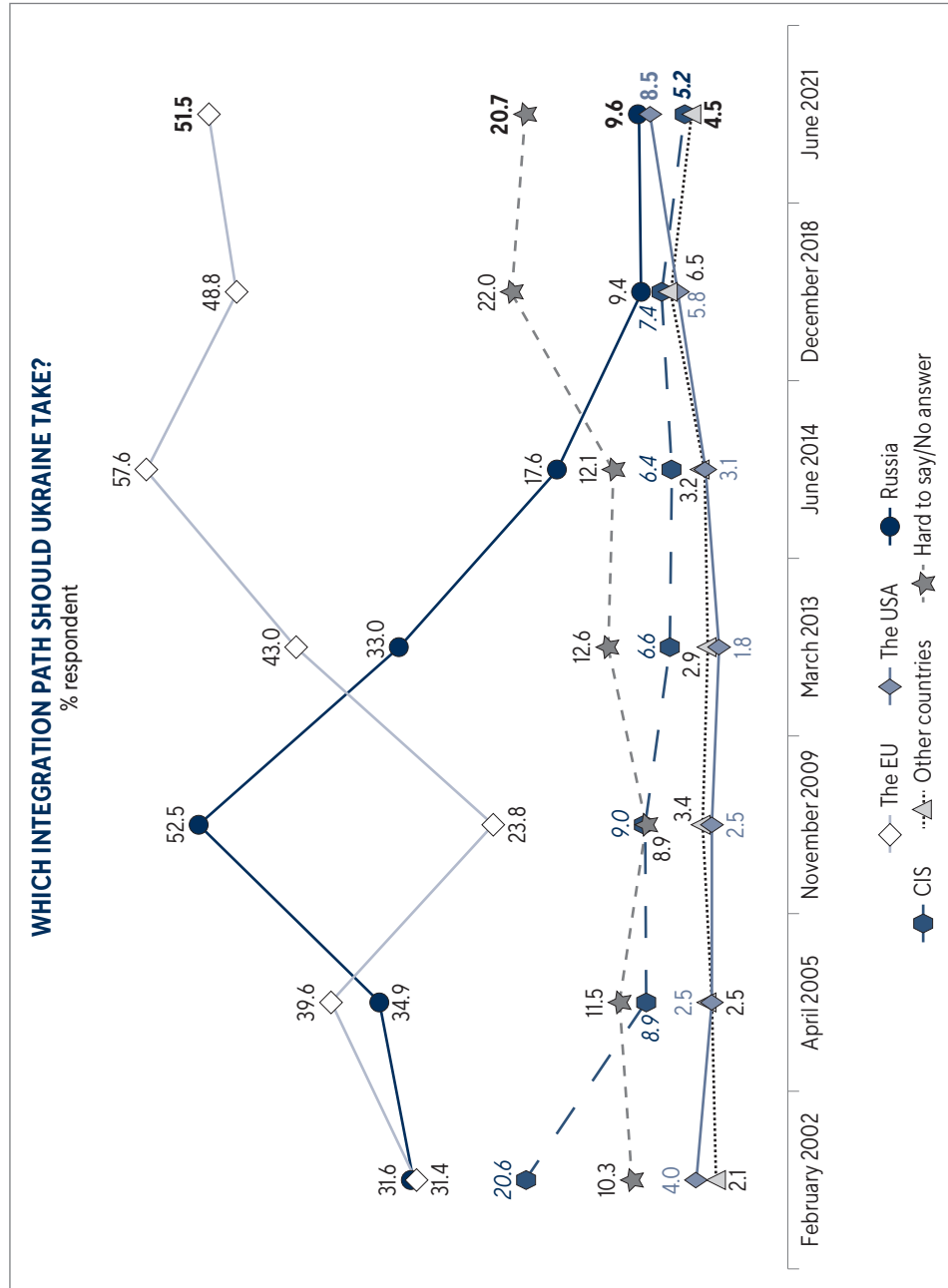
WHICH OF THE FOLLOWING DEFINITIONS OF THE UKRAINIAN NATION IS THE MOST ACCEPTABLE FOR YOU? % respondent			
	May 2006	December 2015	June 2021
The Ukrainian nation is all citizens of Ukraine, regardless of their ethnicity, the language they speak, the national traditions they follow and in which they raise their children.	43.1	55.7	51.3
The Ukrainian nation is citizens of Ukraine (regardless of ethnicity) who speak Ukrainian, follow Ukrainian national traditions, and raise their children accordingly	15.1	17.0	18.3
The Ukrainian nation is citizens of Ukraine who are ethnic Ukrainians by origin (have Ukrainians among their ancestors)	19.8	11.2	14.8
The Ukrainian nation is all ethnic Ukrainians by origin (have Ukrainians among their ancestors), regardless of their place of residence and citizenship.	14.2	7.7	9.7
Hard to say	7.8	8.3	5.8

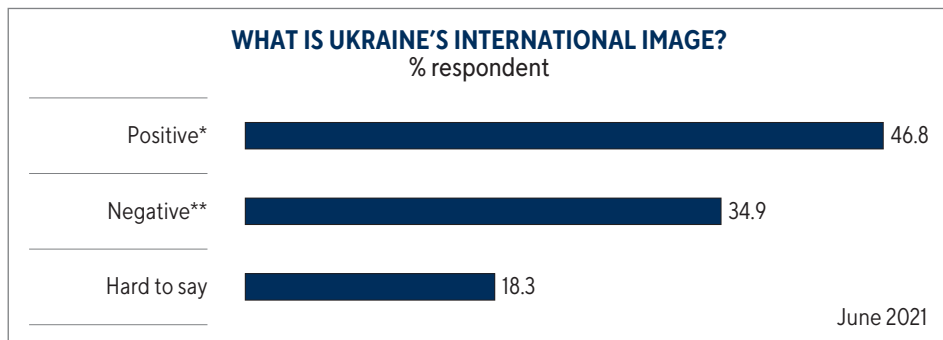
WHAT CAN BE THE BASIS FOR UNITING RESIDENTS OF UKRAINE?* % respondent		
	November 2016	June 2021
Common vision of the country's future development	61.6	57.4
Common problems facing all citizens of Ukraine	58.7	55.9
Common history and assessments of historical events and figures	43.2	38.7
Common enemy	22.0	31.1
Common state language	22.3	26.3
Other	0.9	1.1
Hard to say	6.0	4.8

* Respondents could select all relevant options.



* Respondents could select several relevant options.





* Total of answers «positive» and «rather positive».

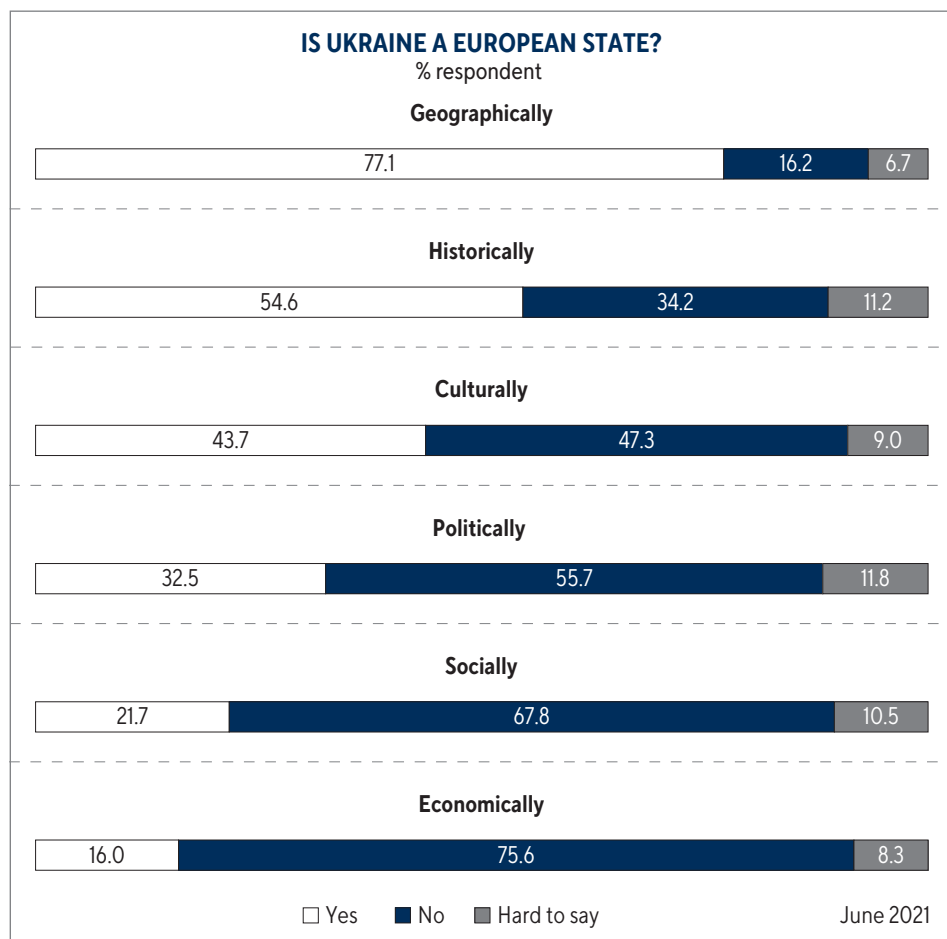
** Total of answers «negative» and «rather negative».

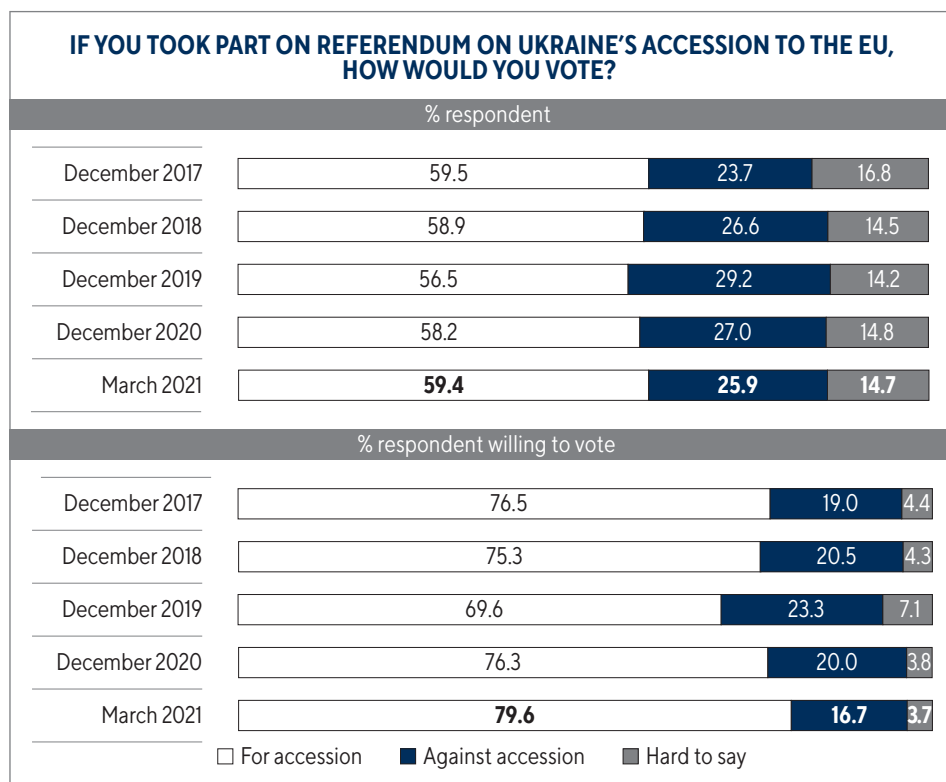
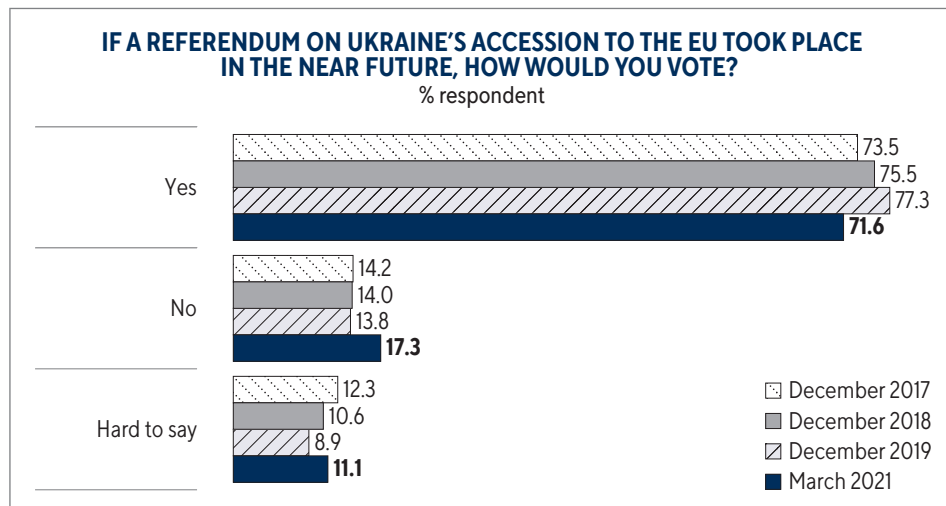
WHICH INTEGRATION PATH SHOULD UKRAINE TAKE? % respondent						
	October 2011	April 2012	May 2013	March 2015	June 2017	June 2021
The EU membership	43.7	38.3	41.7	52.0	56.8	57.0
Membership in the Eurasian Economic Union (former Customs Union)	30.5	36.0	31.0	12.6	7.8	10.5
Non-alignment with either the EU or EAEU	9.3	10.8	13.5	22.6	25.5	20.9
Hard to say	16.4	14.8	13.7	12.8	9.9	11.6

ARE YOU PERSONALLY LIKELY TO WIN OR LOSE FROM UKRAINE'S ACCESSION TO THE EU? % respondent						
	April 2005	November 2009	April 2012	December 2017	December 2019	June 2021
Win	42.2	36.8	36.6	48.2	42.9	49.3
Lose	19.5	29.6	25.3	20.3	22.0	22.9
Hard to say	38.3	33.6	38.1	31.5	35.1	27.8



IS UKRAINE LIKELY TO WIN OR LOSE FROM ITS ACCESSION TO THE EU? % respondent						
	April 2005	November 2009	April 2012	December 2017	March 2019	June 2021
Win	49.3	41.3	43.1	54.9	52.8	52.2
Lose	21.9	34.7	28.2	22.5	28.8	25.1
Hard to say	28.9	24.0	28.8	22.6	18.4	22.7

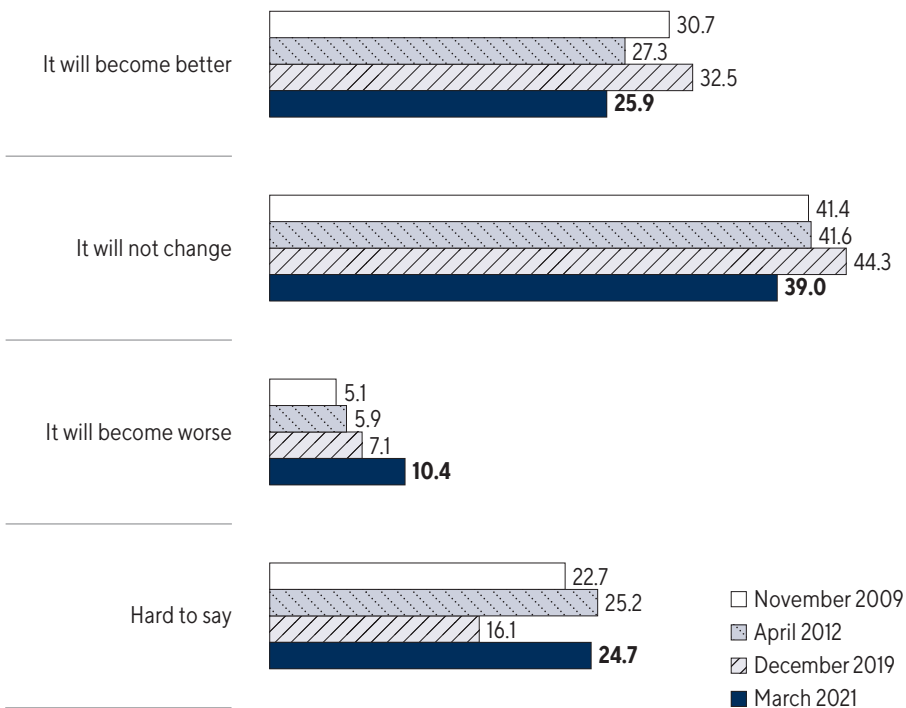






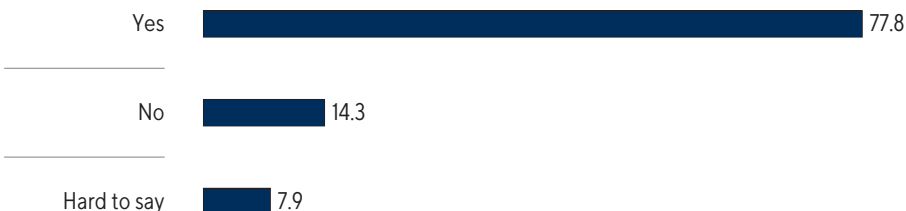
HOW WOULD YOU ASSESS THE FUTURE DEVELOPMENT OF THE EU-UKRAINE PARTNERSHIP?

% respondent



DO YOU AGREE WITH THE STATEMENT THAT UKRAINE AND RUSSIA ARE CURRENTLY AT WAR?

% respondent



June 2021



HOW WOULD YOU DESCRIBE CURRENT RUSSIA-UKRAINE RELATIONS?

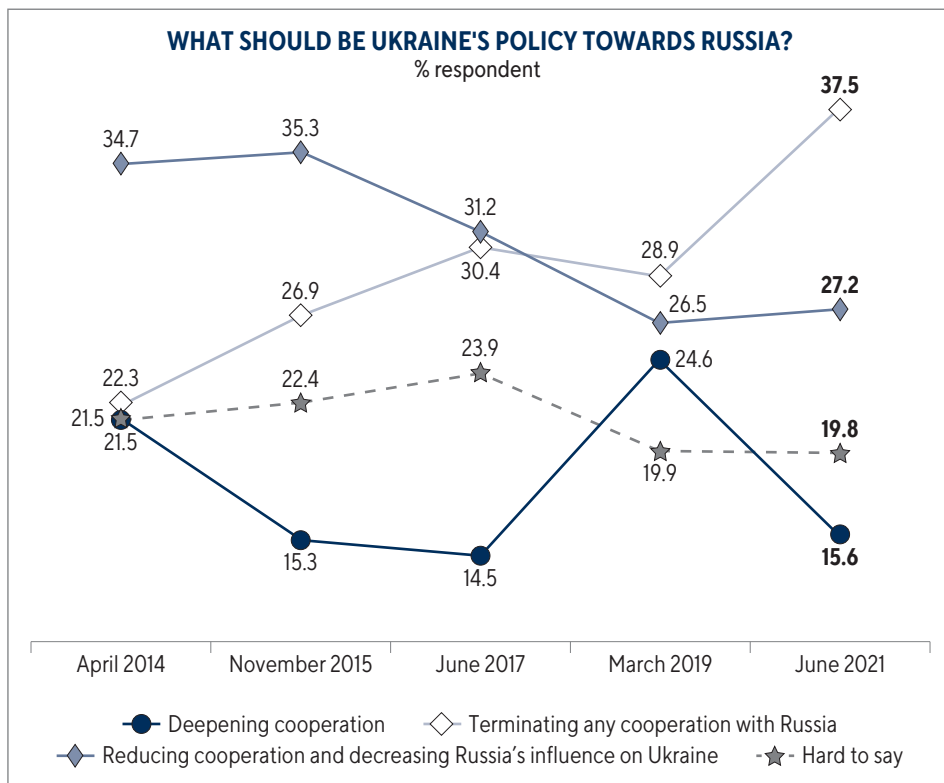
% respondent

	November 2002	April 2005	May 2006	December 2008	November 2009	April 2012	April 2014	March 2019	June 2021
Good	22.6	28.3	3.5	3.1	7.7	9.5	0.6	3.4	0.9
Unstable	61.9	56.4	55.3	57.7	50.9	56.0	14.9	16.9	13.2
Bad	9.6	7.7	37.7	35.2	39.0	17.5	33.1	34.1	32.6
Hostile*	–	–	–	–	–	–	47.7	41.8	49.3
Hard to say	5.9	7.6	3.5	4.1	2.3	16.9	3.6	3.8	4.0

* This option was absent in the questionnaires before 2014.

WHAT SHOULD BE UKRAINE'S POLICY TOWARDS RUSSIA?

% respondent





HOW IMPORTANT FOR YOU IS/ARE... ? % respondent				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
Family				
Important*	97.4	97.1	97.2	97.9
Nor important**	1.8	1.6	2.2	1.7
Hard to say	0.8	1.3	0.6	0.4
Honesty, decency				
Important*	93.3	94.1	93.5	92.6
Nor important**	4.5	4.2	4.1	4.8
Hard to say	2.2	1.6	2.4	2.6
Well-being				
Important*	92.8	93.6	93.9	91.6
Nor important**	5.7	5.0	4.1	6.9
Hard to say	1.5	1.3	2.0	1.5
Friends, acquaintances				
Important*	92.0	95.1	92.7	89.4
Nor important**	6.8	4.2	5.7	9.2
Hard to say	1.2	0.7	1.6	1.5
Common ground with other people				
Important*	90.0	91.5	89.8	89.1
Nor important**	8.0	6.7	8.4	8.6
Hard to say	2.0	1.8	1.8	2.3
Work				
Important*	85.2	94.6	94.3	73.5
Nor important**	13.3	5.0	4.9	23.8
Hard to say	1.5	0.3	0.8	2.7

* The total of answers «very important» and «rather important».

** The total of answers «not important at all» and «rather not important».

October 2020



HOW IMPORTANT FOR YOU IS/ARE... ?				
% respondent				
(continued)				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
True love				
Important*	84.2	93.5	89.8	74.7
Nor important**	11.3	4.2	6.7	18.8
Hard to say	4.5	2.3	3.5	6.6
Leisure time				
Important*	78.7	88.8	81.8	70.1
Nor important**	18.4	9.4	15.7	25.9
Hard to say	2.9	1.8	2.5	4.0
Cultural activities				
Important*	77.6	87.2	80.6	69.4
Nor important**	19.6	10.7	17.7	26.7
Hard to say	2.8	2.1	1.8	3.9
Hobby				
Important*	72.4	80.8	72.9	66.2
Nor important**	23.8	17.1	22.9	28.9
Hard to say	3.8	2.1	4.1	4.9
Success				
Important*	69.4	82.8	74.5	57.3
Nor important**	26.5	14.3	21.6	37.8
Hard to say	4.1	2.9	3.9	4.9
Leadership, authority				
Important*	59.8	75.0	64.5	46.7
Nor important**	36.0	21.5	31.4	48.6
Hard to say	4.2	3.6	4.1	4.7



HOW IMPORTANT FOR YOU IS/ARE... ? % respondent (continued)				
	UKRAINE	Aged 18-35	Aged 36-49	Aged 50+
Religion				
Important*	56.8	49.0	54.9	63.3
Nor important**	37.4	46.6	38.0	30.8
Hard to say	5.8	4.4	7.1	5.9
Having own business				
Important*	50.4	68.9	55.7	34.6
Nor important**	42.3	23.8	35.9	58.7
Hard to say	7.3	7.3	8.4	6.7
Civic activity				
Important*	47.6	53.7	48.4	42.8
Nor important**	45.9	42.1	45.3	48.9
Hard to say	6.5	4.2	6.3	8.3
Belief in the supernatural, in a higher power				
Important*	33.3	31.3	34.8	34.0
Nor important**	54.7	57.5	52.8	53.7
Hard to say	12.0	11.2	12.4	12.3
Politics				
Important*	30.4	27.5	29.5	33.0
Nor important**	65.2	68.5	65.6	62.7
Hard to say	4.4	4.1	4.9	4.2



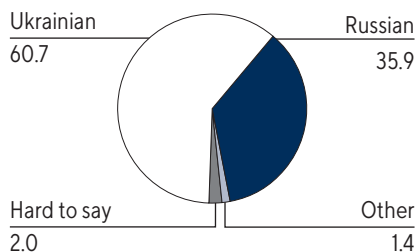
WHAT IS YOUR FAMILY'S FINANCIAL SITUATION IN GENERAL?

% respondent

	February 2004	April 2005	April 2010	July 2013	June 2014	April 2017	February 2020	June 2021
We barely make both ends meet and lack money even to buy necessary products	25.5	16.1	17.2	10.8	17.6	17.6	13.6	9.2
We can afford only food and essential inexpensive goods	42.2	42.0	40.1	32.1	35.4	44.8	35.6	38.3
In general, we have enough to live on, but it is quite difficult to buy durables, such as furniture, refrigerator, TV	27.2	34.4	34.7	45.3	38.7	30.9	39.7	43.8
We live a comfortable life but still unable to make major purchases, such as an apartment or car	4.1	5.2	6.6	9.4	7.0	4.3	8.3	6.4
We can afford virtually everything we want	0.3	0.2	0.3	0.6	0.1	0.2	0.1	0.9
Hard to say, no answer	0.8	2.1	1.0	1.8	1.2	2.1	2.8	1.4

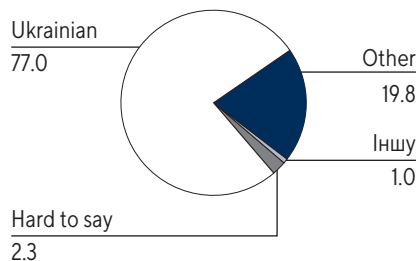
WHAT LANGUAGE DO YOU MOSTLY SPEAK AT HOME?

% respondent



WHAT LANGUAGE DO YOU CONSIDER YOUR NATIVE?

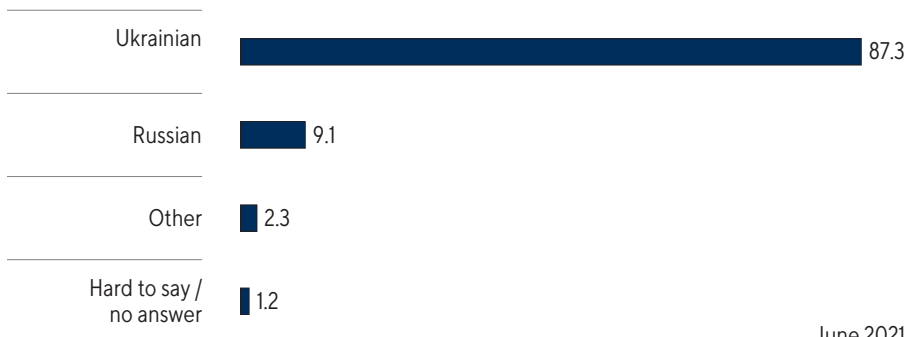
% respondent





WHO DO YOU CONSIDER YOURSELF BY NATIONALITY?

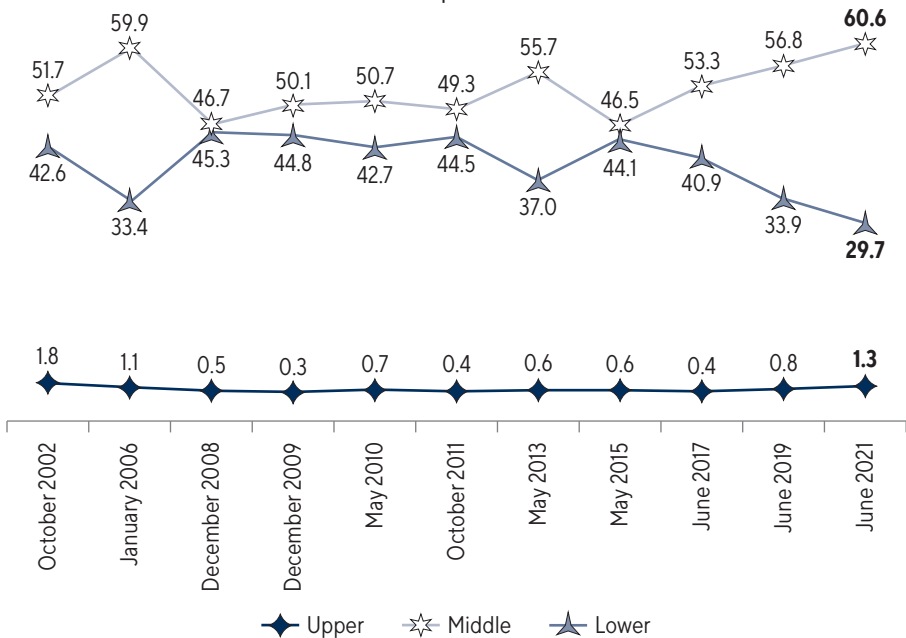
% respondent



June 2021

IF UKRAINIAN SOCIETY IS CONDITIONALLY DIVIDED INTO THREE SOCIAL CLASSES, WHICH CLASS WOULD YOU ASSOCIATE YOURSELF WITH?*

% respondent



* The chart does not specify the share of undecided respondents.

MAIN SOURCES USED BY EXPERTS TO PREPARE THIS PUBLICATION

Texts of all regulatory and legal acts (the Constitutions, laws, resolutions, decisions, etc.) quoted or used by experts to prepare the publication are taken from the official websites of relevant government bodies (the Verkhovna Rada, the Cabinet of Ministers, the President of Ukraine, ministries and agencies).


Statistical data are mostly taken from websites and collections (bulletins) of the State Statistics Service (UkrStat) and the National Bank.


Analytical materials and sociological research data of the Razumkov Centre used in this publication are available on the Centre's website (<https://razumkov.org.ua>).


Chapter I. Ukraine's society and economy: difficult transition at the edge of millenia

1. Social sphere and human capital

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









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e-mail: info@razumkov.org.ua
Web Address: www.razumkov.org.ua

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