

The Ukrainian Week

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BRIEFING

- 4 **Where's the elite?**
Who can make the foundation of Ukraine's transformed political machine

POLITICS

- 8 **A toxic environment:**
The present and future of the President's party
- 10 **Migration and mimicry:**
How much parties in Donetsk Oblast changed after the Maidan
- 12 **Ride that wave:**
Political challenges of the possible economic recovery in 2017
- 16 **Emerging communities:**
Decentralisation of Donetsk Oblast in the time of war

ECONOMICS

- 18 **Lessons learned:**
The benefits and flaws of PrivatBank transfer into state hands
- 20 **Privatization, sanctions and security:**
How the Rosneft deal happened with the Russia sanctions in place

NEIGHBOURS

- 24 **Liŝten, liberal:**
Does Alexei Kudrin's strategy to liberalise Russia's economy stand a chance?
- 26 **The unknown:**
Michael Binyon on what Europe expects from the presidency of Donald Trump
- 28 **Nicolas Tenzer: "It makes no sense to negotiate with Putin"**
French political scientist on the prospects of ending the war in Ukraine, global and European security

FOCUS

- 31 **The other front:**
What cyber threats Ukraine has faced in the past two years
- 34 **Shades of the Lviv underground:**
How Ukrainian hackers fight the cyber war

SOCIETY

- 36 **The invisible weapons:**
Ukraine's role in the information warfare
- 38 **The titans:**
Stories of people who build the future on a daily basis

CULTURE & ARTS

- 46 **The champion of Avant-Garde:**
The life and inspiration of Oleksandra Ekŝter
- 50 **French films, Ukrainian Surrealism and contemporary theatre:**
The Ukrainian Week offers a selection of events to attend in the next month

The Ukrainian Week

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ТИЖДЕНЬ





BRIEFING

Where's the elite?

Roman Malko

Ukkraine is entering 2017 with many political crises. A very dangerous one comes from the party building front. According to the State Registration Department, Ukraine has 350 registered political parties. Virtually none of these today meet the classic definition of a party. Most entities from the abovementioned 350-list are communities of cronies glued together by a leader and his/her interests, or the interests of individual oligarch groups. They miss the component of ideology or an articulate political platform. There are people in these forces who are perfectly able to drive progress and change in the country. But that takes a clear understanding of where to move, and why. The wallets of party owners cannot define that vector.

For many years, all these entities have managed to stay afloat, often by inertia. Today, however, the moment has come to replace them with projects of a differ-



ent quality. Society seems to realize that need, even if a large part of the electorate is silenced with confusion and apathy. The old players are no longer good enough for it. Yet, it is still indifferent to the new ones and not ready to push for the emergence and growth of a new alternative.

This is not something new for Ukrainians. They are willing to put their life at stake on the Maidans as they seek an end to the communist or oligarch systems and a change for something decent, something that drives progress in most civilized democratic countries. Yet, they are traditionally not prepared to finalize what they started. Happy with overthrowing a more scandalous ghost from the dismal past, Ukrainians leave the system intact and once again delegate the task of changing the country to the people who “have professional experience”, i.e. those who have been in power and change colors now and then, but do not reject the system as such.

What could have gone differently? Ukraine needed snap general elections under a new law. This would allow all available political and civil groups shaped by the Maidan to enter the contest and bring in new blood. That would change the quality of Ukrainian politics by diluting



UKRAINE NEEDED SNAP GENERAL ELECTIONS UNDER A NEW LAW. THIS WOULD ALLOW ALL AVAILABLE POLITICAL AND CIVIL GROUPS SHAPED BY THE MAIDAN TO ENTER THE CONTEST AND BRING IN NEW BLOOD

the groups in power with the decent and proactive young generation. It never happened. The haunting chaos of war, the lack of real elites, the deficit of a clear vision, the inability to take decisions quickly, the lack of readiness for all that has come, fear and many other factors prevented Ukraine from taking the radical leap into the future. This scenario could have been the least painful and the most fruitful of all because the country was prepared for it. So were its partners, enemies and adversaries: all were expecting it.

Why write about this today? Because mistakes must be analyzed. Unfortunately, progress is not always a default option for the country infected with totalitarianism and slavery. Moreover, the model of government in which the country has been living for over 25 years now is nothing more than a modernized version of the Stalin & Brezhnev machine inherited from the soviet times and hardly changed. That machine was not demolished when Ukraine gained independence. Its managers were not removed from power. As a result, politics stayed in the hands of those who managed to adapt to the changing environment and milk that change to their benefit. 25 years later, there are still few people in power who have nothing to do, directly or indirectly,

with the old party and soviet elite, the KGB, and the oligarch business clans. The continuity of the soviet power model remains present in the independent Ukraine, sad as it is. The goal of its players is to get into power under whatever party brand, hence migration between five or six parties as a norm. Sometimes, the interests of these people meet the interests of the state – like it was during the Maidan. That creates an illusion of patriotism. That patriotism, however, is opportunistic. When the extreme situation is over, they go back into the usual parasite mode. Hence the commerce with the enemy in the war-zone, the smuggling with a cover-up from Kyiv, the barely-there effort to eliminate corruption or reform courts and police, the failing lustration, the dissolution of volunteer battalions that pose a threat and more similar things. These people are loyal to just one party, the party in power, whatever its name at the moment.

That can give an impression that it is impossible to affect political processes in Ukraine. Especially, when they are shaped by scenarios that seem to be written by the unknown people in the unknown cabinets. To many here, this entire system looks like a different dimension which only the chosen ones can access.

This is not exactly true. Obviously, too many people are interested in keeping things as they are. They are taking every effort to maintaining status quo for as long as possible. It is so much easier as, over the past 25 years, Ukraine never managed to see a normal party building process or a decent party or election law passed to allow new parties into politics. All this backpedalling has been done for a purpose. Traditional crony deal-making practices have played a huge part in this conservation. Yet, there are glimpses of hope: the niche, or the quota, if you will, for the few representatives of society (it always existed and was filled through various democratic loopholes in the crony machine) has grown considerably since the Maidan. The 2013-2014 revolution raised the benchmark of society presence. It managed to push through an army, even if small, of the agents of new values into the holy temple of the past. The quality of these agents is a different matter. But they are in place. It is naïve to expect that this minority will be able to bring about quick and big changes. It has enough strength to tickle the nerves of the major players. And they are doing so pretty well.

To understand what a pro-Ukrainian camp in politics could be (by contrast to an oligarch-controlled or neo-soviet wing), and how it could become the foundation for the transformation of the current system, a marker should be defined on which we will further rely. Being a Ukrainian party, acting within the limits of Ukrainian law and recognizing Ukrainian statehood is not enough. It could have been enough before the war. No longer.

Some people in Ukraine and its political class recognize the state as such. But they view it as something amorphous and diluted, a nominally

liberal society without any historic foundation; or another Russia without Putin; a tabula rasa as a field for experiments. These people are the passengers. They don't care about where they live or what values they stick to. It all depends on their level of comfort and the ability to feel fed, clothed and happy. Anyone from oligarchs, Viktor Yanukovich included, to many terrorists in the occupied parts of the Donbas, fits into this framework. But being a statesman is from a different category. This one embraces those people who associate themselves with Ukraine, see themselves as part of the Ukrainian community with its history, culture and language, and implement it respectively in domestic and foreign policies.

What of this do we have on the political chess board today? A romantic commentator would include virtually all political groups currently in the Verkhovna Rada except for the Opposition Bloc. A pragmatic one would primarily look amongst the major players that managed to build the parliamentary majority two years ago. These include the Petro Poroshenko Bloc, Arseniy Yatseniuk's People's Front and Andriy Sadoviyi's Samopomich, as well as a number of independent MPs. It is important to keep in mind that all of these parties are not homogenous, so a closer look is necessary.

Petro Poroshenko's Bloc (PPB) as the party in power has attracted few statesmanlike figures. Instead, it is generously infused with the "all-time" politicians and officials whose roots in politics trace back to the collapsed socialism, as well as delegates of virtually all oligarchs and influential clans, and new ambitious brokers. A few adequate pro-Ukrainian figures have miraculously ended up there, but they are a minority. This is a natural state of things for a party in power because its mere status gives many prospects and guarantees. Its division into groups of influence is based on interests and access to resource or the patron. MPs who are in the group of Ihor Kononenko, the President's most loyal ally; or Serhiy Berezhenko, the nephew of yet another brigade leader within the PPB (an ex-Komsomol man Anatoliy Matviyenko); or even Viktor Yushchenko's friend Oleksandr Tretiakov are not pro-Ukrainian. They are business groups or communities of the old wolves from politics that have come to the Parliament to solve their issues. The group of the former UDAR, the party led by Vitaliy Klitschko, which ended up out of party processes after it merged with the PPB, is comprised of very different people, including fairly decent ones. The most controversial MPs, activists and media people have joined the Oleksiy Honcharenko group within the PPB. The group known as Eurooptimists stands separately; how much of a pro-Ukrainian stance they have is a question.

Things are clearer with Arseniy Yatseniuk's People's Front. The party was initially formed with many activists from the Maidan and war veterans. These are also in various groups (of

Yatseniuk himself, Mykola Martynenko, National Security and Defense Council Chair Oleksandr Turchynov, Interior Minister Arsen Avakov and Speaker Andriy Parubiy). Yet, they make up a visible backbone by contrast to the many opportunists who have joined the party. The People's Front sticks more clearly to the center-right wing. Its faction in Parliament is more disciplined and acts in a more coordinated manner than the President's faction.

Andriy Sadoviyi's Samopomich stands generally on the pro-Ukrainian position and is one of the few parties in Ukraine's politics that can live up to the concept. Its ideology is not fully shaped yet, but that's nothing new in the current environment. It is pretty diverse as well, comprised of the initial list of candidates it nominated for elections. But this diversity is nothing like that of the President's party. There are no formal groups in the faction; informally, Samopomich members can be divided into politicians, businesspeople and radicals. Overall, however, the party demonstrates a consistent



THERE ARE VERY FEW STATESMEN IN THE PARLIAMENT. THIS IS NOT GOOD GIVEN THE POLLS WHICH SHOW MORE AND MORE FRUSTRATION WITH POLITICS OR POLITICAL CLASS

position and the principles it has declared, even if sometimes to its own detriment.

Some pro-Ukrainian figures from other factions can be included in the firmly pro-Ukrainian wing. They are officially present in Oleh Liashko's Radical Party, Yulia Tymoshenko's Batkivshchyna, as well as among the independents. In addition to them, there are several Svoboda members who failed to enter the Parliament in the latest election, as well as the leaders of two other new forces: Andriy Biletsky's National Corps and Dmytro Yarosh's DIYA (Action). These might have a chance to join Ukraine's political ranks in the near future.

But this won't happen tomorrow. Today, there are very few statesmen in the Parliament. This is not good given the polls which show more and more frustration with politics or political class. Because it is impossible to transform political class without the participation of the society. 2017 will not be easier. Ukraine's reality on the ground will change little: there are no reasons or drivers for that. There will be no leaps forward; the muddling through and waltzing around will continue, and the comeback of old forces is still possible. Yet, Ukraine must be going forward. We cannot delegate our future to the gang of traders or scammers. It will be our suicide. And we're not that far from the real victory. The main one is already ours: Ukrainians have finally become a political nation. ■

A toxic environment

Yehor Firsov

The present and future of the President's party

In the 1990s, when first political parties were formed in Ukraine, there was a saying: "Whatever the name, any party is the communist party." Today I'd put it otherwise: whatever the name, any party is the Party of Regions. This is especially true for the current ruling party, Petro Poroshenko Bloc.

I witnessed the creation of PPB in 2014. It was obvious that the party building process had many flaws, and that just about everyone was admitted into this political force. But in that situation, the voters had to turn a blind eye even to the very obvious flaws of politicians and parties. While public attention was riveted to the front line, politics seemed a secondary issue. We all remember why Ukrainians voted for Poroshenko in the first round: the goal at that time was to elect a legitimate government and to overcome the political crisis of the winter of 2014 as soon as possible.

As a result, we have a President who in fact had no political force of his own in the Parliament. To be more

precise, Vitaliy Klitschko's UDAR faction became such a force, but it was obviously not enough. That's why the old Parliament had to be dissolved and snap election held. It was scheduled for October 2014, and the newly elected President began forming the election list of his own party.

Very different people ended up on this list. After Poroshenko's victory, all sorts of opportunists quickly threw away their old party membership cards and rushed to the new leader. In fact, the new party became a haven for all kinds of moneybags and people with some administrative resources. They were all united by a common goal: to ensure the result. That is, to win the election and achieve the majority in the Parliament. After the race, numerous winners of the election at first-past-the-post districts joined the faction. Such people always tend to join the party that is presently in power as they count on various preferences they can get as a result.



In the footsteps of predecessors. The Petro Poroshenko Bloc risks taking the path of the Party of Regions, or Viktor Yushchenko's Our Ukraine which no longer exists de facto

The final party was a patchwork uniting promising young politicians, such as Mustafa Nayem or Svitlana Zalishchuk, with outright crooks, who previously were in the Party of Regions and even voted for the draconian anti-protest laws on January 16, 2014, such as Vladyslav Atroshenko, the current mayor of Chernihiv, or Oleh Nedava from Yenakiyev, the hometown of Viktor Yanukovich in Donetsk Oblast, who recently found himself in the heart of a scandal after voicing his support for Yuriy Iваниushchenko, an ex-crime boss and current tycoon known by the name of Yura Yenakiyivskyi.

Those who expected new rules in politics after the Maidan were unhappy with how the new political force was formed. I and other Maidan participants on the PPB list had a simple choice: to either withdraw from the election as a matter of principle, or to run on the same list with rather dubious candidates. At that point, we thought that once in Parliament, we could provide some kind of a counterweight and would be able to contain the "bad guys." Unfortunately, this calculation was wrong, and our resources were insufficient. The corrupt environment either neutralized or absorbed the young politicians.

With time, PPB became increasingly similar to the Party of Regions. Same as PR, Poroshenko's party unites many different people and groups. Most of its MPs have absolutely no principles and think of a party ideology as some sort of a superstition. Everyone understands that PPB in politics is a temporary phenomenon, same as PR was, and that in the future they would have to change their party cards again, should they want to retain their mandates.

Having said this, the main difference between PPB and PR and, at the same time, the main flaw of Poroshenko's party, is the lack of solidity. We all remember how easily and quickly Yanukovich's party collapsed in the spring of 2014, even though it seemed everlasting shortly before. The collapse of PPB will probably be even easier. Even today, the President has trouble controlling his faction. Many PPB members are openly unhappy with what is going on, and hold a grudge against Poroshenko's "dear friends," namely, Serhiy Berezenko, Ihor Kononenko and Oleksandr Hranovsky, who today, thanks to their proximity to the President, spoon off the cream and damage the reputation of everyone in the president's faction.

PPB's problem is that some of its members are allowed almost everything, while others have to beg the President for at least something. MP Hranovsky can easily and in front of the whole country raid SkyMall shopping center from Estonian investors. Hence the result: some PPB members are sneakily directing their eyes to Yulia Tymoshenko's Batkivshchyna party and hurry to establish a contact with the party leader.

It is not so easy to find people within PPB willing to defend the party's stand on TV. Today's speakers, who can be often be seen on TV screens, sound unconvincing and often act as whipping boys at different talk shows. Other MPs under various pretexts evade showing up on TV, even though the faction leaders are now scratching their heads over how to improve its reputation in the media. As a result, PPB ranking is gradually dropping, while the competing populist parties are gaining strength.

Can the current negative trend be reversed? Generally speaking, it is still possible, but I don't believe

Yehor Firsov was born in Donetsk and graduated from the Economics and Law Department in Donetsk National University. A long-time activist, he joined Vitaliy Klitschko's UDAR in 2011 and became an MP in April 2014. Firsov was one of the Euromaidan activists in Donetsk in the fall and winter of 2013-14. In February 2016, Yehor left the BPP faction.

that Poroshenko will go for it. PPB's drawbacks are mainly due to the negative personal qualities of the President, such as greed and distrust. They made PPB a fraction of unequal opportunities and unequal people. The reluctance of the President and his entourage to fight corruption and pursue uneasy and unpopular reforms may soon turn PPB into a sinking ship. If the current negative dynamics of Poroshenko's and his faction's ranking continues, there may be nothing left of it by 2019.

From the beginning, the President had every chance to make PPB a party with a real ideology. This could have been either a liberal political force or a Christian-democratic one, like the German CDU/CSU. He should have formed the party list much more carefully. Obviously, he could have done without the controversial MPs from the past. This was the strategy chosen by Samopomich, led by Lviv Mayor Andriy Sadovyi. Yulia

THE PRESIDENT HAD A CHANCE TO MAKE HIS PARTY INTO ONE WITH A REAL IDEOLOGY. IT COULD HAVE BEEN A LIBERAL POLITICAL FORCE OR A CHRISTIAN-DEMOCRATIC ONE, LIKE THE GERMAN CDU/CSU

Tymoshenko also brushed up Batkivshchyna's party list significantly, expelling all controversial and doubtful figures and replacing them with young politicians who have no negative track record. Unfortunately, Petro Poroshenko limited himself to just a few new figures who were soon either squeezed out or absorbed by the toxic PPB environment.

PPB faction members might have well required from the President to implement radical reforms and fight corruption but somehow they don't do it. Today it is clear that repeating the 2014 success for PPB will be impossible. If it manages to enter the Parliament after the next election, it will be with a largely downsized faction. This means that the political careers of many of the faction's MPs will be over, unless they join other political projects.

Today, many PPB members no longer see their future with this party. Serhiy Kaplin is spinning his own project, the Party of Common People. MPs Victor Kryvenko and Pavlo Kishkar want to revive *Narodnyi Rukh*, the People's Movement of Ukraine. Mustafa Nayem, Svitlana Zalishchuk and Serhiy Leshchenko will continue their careers with the Democratic Alliance.

Obviously, PPB will keep losing its membership. I have no doubts today that the end of this party will be similar to that of Viktor Yushchenko's *Nasha Ukrayina*, or the Party of Regions. The actions of those in power show that they are not able to learn from the mistakes of their predecessors and to change. ■

Migration and mimicry

Yelyzaveta Honcharova, Bakhmut

Party building in Donetsk Oblast

The shock of the war in the Donbas should have become the point of no return, the moment when the old elites involved in unleashing the conflict are finally removed from power. Unfortunately, there has been no renewal with pro-Ukrainian parties gaining more and more influence. Some parties are doing quite well there, but these are not the ones that represent Ukrainian interests in the Donbas.

The political life of Donetsk Oblast, like in the rest of Ukraine, is determined by the election cycle. It is bustling when elections are around the corner, and very quiet during the off-season. Finding real political projects in front-line cities, where elections have not been held for quite a while, is even harder.

Unexpectedly (though not for seasoned activists), the above does not apply to radical parties that have found a significant number of supporters during the war: they have a clear ideology, which is in high demand in Donbas. This ideology is easily understandable and close to the hearts of the Ukrainian patriots of Donbas. Especially to those who tolerated no compromise with the Party of Regions. Branches of Svoboda or the Right Sector, which were a bugaboo for the residents of Eastern Ukraine before the war, can now be found in almost every locality of the liberated Donbas. They are household names, and people are aware of their activities. Same as anywhere else, these cells are sometimes run by odd people looking for profit, and sometimes by seasoned patriots who never betrayed their principles, even in the worst times of the occupation. Representatives of the new war-time generation can also be found. One is Artem Popik, head of Svoboda in Kostyantynivka, who was captured by the separatists at the beginning of the hostilities for his political position and joined the military service once released. However, it is obvious that the radical parties are not likely to gain a large voter base despite all their activities, whether real or hyped. This is probably true not only for Donbas.

"The leaders of Arseniy Yatseniuk's *Narodnyi Front*, the People's Front, decided not to run in local election. In this way, the only representative of our party in Donbas is the head of its regional branch, MP Konstiantyn Mateychenko. However, we are planning to set up voter reception offices and step up our activities," Viktor Buslov, People's Front representative in Bakhmut, commented when I tried to locate the party's local office at the addresses listed on the Verkhovna Rada website. Another representative of the parties in power, the Opposition Bloc's Serhiy Kluyev, is nowhere to be

seen around. So the locals come with their problems to the only MP available in their town. Earlier, many local pro-Ukrainian activists joined the People's Front in Donetsk Oblast. But Mateychenko's work remains the most visible here so far. In fact, billboards with greetings from Mateychenko, former commander of a battalion, recently popped up in Bakhmut. Apparently, the plans to step up activities locally are turning into reality.

Similarly bleak is the position of Samopomich. Initially, the party campaigned aggressively to enlist local volunteers and community leaders. Many of those who were inspired by their ideas have now joined other parties or returned to community activism. Two Samopomich representatives work in Slovyansk city council. The party offices can be found in several cities, which could signal that it is



THE OLD SYSTEM IS WORKING PROFESSIONALLY EVEN IN THE NEW ENVIRONMENT. A NETWORK OF CRONIES IS INVOLVED IN VARIOUS PARTIES THAT CATER TO VOTERS RANGING FROM PIONEERS TO PENSIONERS

also looking to become an influential player. However, these are just the first steps, when Samopomich and the voters are getting to know each other.

Oleksandr Melanchenko, former Head of Foreign Policy Department at Donetsk Oblast State Administration, thinks that the overall trend is disappointing: eastern regions have seen migration of elites, not the necessary regeneration. He thinks that the Head of the Oblast State Administration did not take the opportunity to form a new government in Donetsk Oblast. Instead of demonstrating a clear pro-Ukrainian stand, he followed the local tradition and took the role of an apolitical strongman. Local activists who answered his call and submitted their CVs for posts in the government bodies never got a reply. The old cadres remained in power. The only difference is that they are now trending embroidered shirts for public appearances. For many, this was an indicator that the changes are not to be expected.

"I am very frustrated with the fact that Donetsk activists who demonstrated their best qualities during the war do not want to come to power. This would be a powerful drive for change: they are motivated, patriotic, and experienced, many of them have organized assistance to the army or the IDPs without any help from the government. Unfortunately, the trend is quite the opposite. They do not buy it. Some limit themselves with commu-



A standard way in politics. Maksym Yefimov, an ex-Party of Regions member, ran as part of the Petro Poroshenko Bloc in Kramatorsk, Eastern Ukraine, and ended up with a seat in Parliament thanks to that

nity work, hoping to be able to control the corrupt officials. However, those have been and will be stealing, especially today, when ProZorro (electronic state procurement system – **Ed.**) allows for stealing honestly: you can buy mops at UAH 2,000 each or procure air balloons for the Independence Day (celebrated on August 24 – **Ed.**) in September. All this can be done transparently and everyone can see where the money goes. Others turn up their noses: politics is dirty, joining the authorities means losing your good name, and for the ordinary middle class representatives it took years to earn that name. There are others who say that there are no true patriots in the oblast and they need to be imported from elsewhere."

Melanchenko believes that today voters choose between personalities, not ideologies. Traditional, familiar personalities of Donbas Oblast are in high demand and hunted by parties with various ideologies. A political party comes to a city's main employer and enlists its management in its ranks. The employees are informed that they are now loyal to this or that party. "Don't forget, this one, not that one!" That guarantees victory to the party. Just two years ago, they all belonged to one specific party.

Similar schemes were tested recently during the elections in the newly established communities of Mykolayivka (near Slovyansk) and Soledar (near Bakhmut). Therefore, no one is surprised that the President's Solidarnist, which just a year ago in the same Mykolayivka failed to reach the 5% threshold, now won over 40% of votes. However, the activists say that this was the first election held honestly, where the representatives of one old nest had to compete with one another. Local members of the former political monopoly, the Party of Regions, can now be found in three political forces: Petro Poroshenko Bloc, Opposition Bloc, and Nash Kray. PR defectors are visible today in every influential political force in Donbas. Therefore, no vote counts or electoral victories should be attributed to any party's achievements: they were acquired in a package deal along with the "political migrants."

However, there are also those who took the risk of going into politics with the parties that are new to Donbas. Oleh Zontov, head of Slovyansk after its liberation and almost the only patriot at that time, a City Council member, gave up his post to Vadym Lyakh, former head of the youth wing of the Party of Regions, after the election. Today Zontov is Deputy Chairman of the Oblast Citizens' Council at the Donetsk Oblast State Administration. He also left PPB, although he was one of the first to support this pro-Ukrainian party.

"The ruling party was automatically regarded as pro-Ukrainian. Many people believed in it, because this is how it should be," he recalls. "However, today Solidarnist in general and its Slovyansk branch in particular have many members, with whom I don't want to have anything in common. In other cities no elections have taken place because they are too close to the frontline. As a result, the old elites do not rush to present themselves as new parties. As many of them are on the hook for involvement in the organization of separatist referenda, they are easy to control. Therefore, there will be no change so far," Zontov said.

Stanislav Chernohor from Community Development Fund NGO does see some new faces in the politics of his home city Kramatorsk, but these account for no more than 20%. These people follow principles and have joined politics in order to bring about change to Donbas. Solidarnist representatives in the local council are decent people. Nevertheless, Chernohor believes that there should be much more of such people: "Today we have just an illusion of party diversity. No matter for whom you vote, this will still be some representative of the Party of Regions under the banner of one or another political force. We wasted time, when we didn't get rid of red directors and old system representatives after the Orange Revolution, and didn't nurture new elites. When the state leadership, including the post-Orange Revolution president Viktor Yushchenko, failed to do this, they laid ground for the current war. Today this trend continues. For example, Maksym Yefimov, MP from Kramatorsk and a member of Petro Poroshenko Bloc, is the former member of the Party of Regions and has already joined the board of trustees of Nash Kray, an off-spring of the Party of Regions, in Kramatorsk. Dozens of political migrants have changed five or six parties and are preparing for new elections. Is this about ideology or beliefs, or merely about nothing personal, just business? I see no point in joining politics now, before a critical mass is shaped and the will for change prevails. The current system rejects outsiders."

Remarkably, the old system is working professionally even in the new environment. A network of cronies is involved in various parties that cater to voters ranging from pioneers to pensioners. They traditionally cover the residents of cities and towns in Donetsk Oblast. Breaking this vicious circle is up to those who is willing to become the critical mass. Waiting for the political will from above can take a long time, until the next Maidan or the next war. ■

Ride that wave

Oleksandr Kramar

What is the likelihood that the government and opposition will take advantage of Ukraine's economic recovery to improve their own positions and why does Ukraine need a qualitatively new, pro-Ukrainian political class?

What happens in Ukraine in 2017 will likely determine the country's further course for a number of years ahead. Desperate efforts by opposition forces to increase the political temperature over 2016, especially in the fall, will probably be dramatically extended in 2017. As the domestic economy shows ever-clearer indications of recovery, and offers opportunities to gradually improve the standard of living of ordinary Ukrainians, the government and the opposition will be forced to compete for the right to ride this wave: to take advantage of the fruit of an objective process that they had little influence over while preventing their rivals from doing so.

ON THE PATH TO RECOVERY

Signs of economic growth are getting stronger by the month. Over the first 11 months of 2016, the processing industry increased output by 3.4% compared to the same period of 2015, while the agricultural sector improved 4.0%, retail trade grew 3.7%, transport 9.5%, and construction 14.1%, with commercial building up 19.6%. In QIV, exports of goods also began to climb: compared to the same period of 2015, growth was 7.4% in dollar terms and 9.0% in euro terms.

Business has seen its financial position improve considerably, too. Specifically, over the first three quarters of 2016, large and medium enterprises reduced their losses from 44.2% in 2014 to 39.8% in 2015, and further to 32.8% in 2016. In the processing industries this figure was 27.7%, while in agriculture it was 12.2%. Profits in profitable companies grew from UAH 233.2 billion to UAH 270.5bn, while the losses of unprofitable businesses went down from UAH 417.1bn to 188.5%, a reduction of nearly 70%. Over the first three quarters of 2016, US \$3.8bn came to Ukraine as foreign direct investment, while US \$0.46bn left the country, compared to US \$2.5bn and \$0.53bn in the same period of 2015.

In 2016, financial sector and currency markets also began to stabilize. The dollar may have strengthened substantially against the hryvnia, but that was partly a reflection of its stronger position relative to most world cur-

rencies. Compared to the euro, for instance, the hryvnia remained relatively stable, with just a few minor fluctuations here and there. Data on specialized internet resources suggest that, in mid-January 2017, the euro was going for UAH 30.10-30.30 on the black market, compared to UAH 28.20-29.40 in mid-January 2016, meaning that it had strengthened less than 7% against the Ukrainian currency. In the context of double-digit growth in prices and nominal household incomes among Ukrainians, this is quite moderate. Moreover, at its peak in 2016, the euro was UAH 30.40, bottoming out during the summer to a seasonal UAH 27.20.

As of December 29, the country's reserves stood at US \$15.6bn, compared to US \$13.3bn

IT SEEMS THAT THE MOST CRITICAL PERIOD OF INTERNAL TURBULENCE HAS PASSED. IN 2017, THERE IS EVERY REASON TO BELIEVE THAT THE DOMESTIC ECONOMY WILL NOT ONLY CONTINUE TO RECOVER BUT BECOME MORE DEFINED

at the end of 2015 and US \$5.6bn at their lowest in late February 2015, when the hottest phase of the armed conflict in Donbas began to wind down. Even at the end of February 2014, when the Yanukovich regime was in collapse and Russia began its invasion, reserves were lower: US \$15.46bn. Gross foreign debt has also been reduced: at the beginning of 2014, it stood at US \$142.1bn; by early October 2016, it was US \$116.0bn

And so it seems that the most critical period of internal turbulence has passed. In 2017, there is every reason to believe that the domestic economy will not only continue to recover but become more defined. One factor that could potentially spoil this trend would be geopolitical instability or serious escalation in the east—but this could actually play into the hands of those in power rather than their opponents. Those who try to undermine the situation when things get critical in the country are likely to find themselves very unpopular.

At the same time, in the absence of serious escalation, the current trend towards a tacit



PHOTO: UNIAN

A failed protest. Pro-Russian forces place their bets on social frustration. But their cause is going no further than paid-for rallies

frozen conflict and very slowly but surely curtailing contact with the occupied territories reflects the mood among most of the rest of Ukrainian society. A Razumkov Center public opinion poll at the end of November showed that, should a referendum be held, 53.6% of respondents would support recognizing the occupied territories as such and isolating them until the Ukrainian government regains control over them. Only 29.6% favored granting them special status and holding elections prior to the restoration of Ukraine's control over the territories, and granting the Russian proxies an amnesty as per the Minsk Accords.

THE STANDARD OF LIVING

In 2016, the living standard remained low but, compared to 2015, it not only stopped declining but began, to one extent or another, to recover after a deep collapse over 2014-2015. This coming year, this trend should not only continue but become much more defined for a slew of categories of consumers.

Over May–December 2016, inflation was 12.4% compared to December 2015. Prices for foodstuffs grew a very moderate 3.2%. Some categories continued to rise strongly, such as dairy products, at 20-30% and oil, at 9.4%, while vegetables became noticeably cheaper, prices falling 28.6%. Given that the euro grew 8.4% relative to the hryvnia over that same period, in euro terms, consumer prices grew only 3.7% in Ukraine, while most consumer goods became noticeably cheaper—again, with the exception of dairy products and oils.

Meanwhile, official average wages in November—to be spent by Ukrainians in December—grew 20.2% on an annual basis, not just in hryvnia terms, from UAH 4,498 to UAH 5,406: even in euro terms, it grew 10.9%. This is possibly the highest pace across the continent, despite its small nominal size. Among others, wages grew in the farm sector by 24.2%, to UAH 4,193, or 14.6% in euro terms; industrial wages grew 23.4%, to UAH 6,206, or 13.9% in euro terms; and in the retail sector, they grew 23.2%, to UA 6,073, 13.6% in »

euro terms. In December, the minimum pension was up 16.1%, 7.1% in euro terms compared to December 2015.

Average wages grew much less in 2016 in education, 8.7% to UAH 3,723, and in health-care, 9.0% to UAH 3,453, which cut into the buying power of those working in these two sectors. However, planned wage rises this winter should improve the situation for those working in the public sector. Presumably, these Ukrainians will find their disposable income significantly improved in Q1 2017. As of January 2017, they will be 60-64% higher in hryvnia terms than a year ago for educators and 44% higher for other public sector employees. Should the euro exchange rate remain more-or-less where it is today, this means that average wages will have grown at least 35-50% in a year, even in the European currency.



2017-18 WILL BRING OPPORTUNITIES FOR NEW FORCES TO EMERGE.

THIS MEANS A PARTY THAT WILL OFFER A DEVELOPMENT IDEOLOGY BASED ON UKRAINE'S OWN POWERS AND CONSOLIDATION ON A UKRAINIAN CULTURAL FOUNDATION

In 2017, the standard of living should improve even more markedly for the poorest Ukrainians, who were paid a wage close to the official minimum wage, UAH 1,400-2,000, in 2016. Even taking inflation into account, their real incomes in 2017 should be at least 1.5-2 times higher than a year ago, thanks to the fact that the minimum was raised 2.32 times in January 2017, compared to January 2016.

Although economists are ambiguous about this government initiative and opposition politicians are frankly critical, ordinary Ukrainians have generally been receptive to the decision to raise the minimum wage. The Razumkov poll showed that most of those surveyed believed that either the increase would not reflect on their material standing, 44.1%, or it would affect it positively, 33.9%. Only 13.1% were afraid that it would have negative consequences.

Incidentally, in 2017, the minimum wage, even in euro terms, could significantly outpace indicators recorded just before the collapse of the Yanukovich regime and the start of Russia's aggression, both of which led to the huge collapse in the standard of living in Ukraine. In February 2014, the minimum wage was UAH 1,218, which was around €100 at the exchange rate then. For the average wage to return, in euro terms, to the level at that time, UAH 3,200 or €263 at the exchange rate in February 2014, it needs to reach UAH 8,000, which is quite possible in 2017, although this

is more likely to happen towards the end of the year.

THE OPPOSITION'S FALSE START

Against this economic stabilization and the start of a recovery in the standard of living, the trend towards growing disillusion with the government stopped at the beginning of 2016. According to the Razumkov Center, the percentage of Ukrainians who completely or partly trust in the president, which was 24.3% by April and 24.4% in November, has remained stable, although, compared to March 2015, when it was 43.6%, let alone May 2014, when 54.0% of Ukrainians voted for Petro Poroshenko, these indicators are low. Trust in the Government has been growing better: by November, it had risen to 17.5% from 15.8% in April, although it is still much lower than it was in March 2015, when it was 28.7%. Together with the better economic outlook, these indicators should continue to improve.

As it turned out "unaffordable" utility rates did not lead to destabilization: there were no Maidans against them in November, and there aren't likely to be any in the spring, either. The Government's subsidy program is generous to a fault and has protected most of those for whom the new rates really were unaffordable. The Government's social initiatives at the beginning of the present year should make a large portion of poorer Ukrainians feel a lot better, too.

Traditionally, the majority of Ukrainians have been unhappy with the direction their country is moving in for a couple of decades, and this trend is likely to stay at its currently high level. Possibly it will even grow stronger. Still, the share of people actually prepared to take radical action to change those in power is likely to go down.

Under the circumstances, the Poroshenko Administration should put every effort into avoiding a snap election and to show itself in a positive light to voters, not just in the negative one caused by the sharp decline in their standard of living over the last few years. If it manages to hold on through 2017, the chances that the ruling polity will stay in power until the end of its term will improve considerably. Any elections prior to 2019 will be possible only as the result of some unpredictable force majeure situation or at the government's own initiative, should it get it into its head to decide that a pre-term election might be to its advantage.

By contrast, for those political forces in opposition, who actually have greater support among their electorate than the parties that are currently in power, it will be critically important to have a snap election called. Otherwise, growing improvement in the domestic economy and the appearance of new rivals will reduce their chances of coming to power even

further. Indeed, they must get into government at the right time—at the start of the recovery. This will offer them a real advantage in carrying out their own policies, even if there is little in common between the two phenomena.

For Tymoshenko, Saakashvili and other extraparlimentary opposition groups, if there is no snap election in 2017, they will have effectively run a false start. This feature of Ukrainian politics, with the chronic demand for new faces and ideas made fools of Arseniy Yatsenyuk during the 2009-2010 presidential race and with Klitschko in 2013-2014. If elections are held off until 2019, the risk is that they will face voter fatigue with platforms that were revealed too soon and the loss of support in favor of even newer projects that will be promoted closer to the actual election. It's thus important for them to do what they can to provoke a reset in the government this year, because later will be too late.

THE YOUNG UKRAINIANS

Given the likelihood of a false start for the populist opposition, 2017-18 will bring opportunities for new political forces to emerge. Like the current government, the current opposition is all offering the same old discourse, which no longer applies to the new realities of contemporary Ukraine nor the geopolitical and socioeconomic challenges that are more and more clearly being shaped around the world. New “anti-corruption” initiatives simply come across as improved “add-ons” that substitute means for goals. After all, combating corruption cannot be a goal in and of itself, or even a long-term objective for a constructive, creative political force or ideology. It is, at best, one of a set of measures for unblocking the potential of a society to reach serious development goals.

And so the time is ripe for the political limelight to shine on a modernizing, young Ukrainian political force for whom the minimization of conditions for corruption to flourish, rather than combating it, would be just one plank in a platform to build a new Ukraine. This means a political party that will offer a development ideology based on Ukraine's own powers, a center-right platform in the socio-economic dimension and national consolidation on a Ukrainian cultural foundation. Although international realpolitik has effectively killed euronationalism, a clearly pro-western geopolitical orientation is still necessary. Such a force would be capable of pushing the radicals and narrowly ethnic elements out of the conscious portion of Ukrainian society, but would first of all stop the parasitic oligarchic “campaigns” aimed at the patriotic electorate and integrate the “new patriots,” born of the resistance to Russian aggression among those who once were indifferent to the national idea, into its ranks.

In the last few years of confronting Russia's aggression, the issue of threats to Ukrainian cultural and linguistic identity was pushed into the background in political discourse. This led to dangerous arguments that that active ukrainianization was irrelevant and a taboo on raising language and other “sensitive” issues. All this has done is to gradually place a time bomb under the long-term prospects for a Ukrainian state and identity.

The undisputed presence of Russian speakers in the homes of Ukrainian patriots has made overly popular a poisonous notion about the need to indefinitely postpone the process of consolidating society based on the Ukrainian language and derussifying the country. In fact, a truly pro-Ukrainian, and not just anti-Putin, mood is evident among Russian speakers in the daily lives of Ukrainians, regardless of their ethnic origins, and these Ukrainians actually have no qualms about the need to ukrainianize and properly derussify Ukraine.

Individuals and political forces for whom this is a “sensitive” issue are, in fact, either indifferent to the Ukrainian idea or more-or-less hostile to it. And so their resistance is not

Over the first three quarters of 2016, large and medium enterprises reduced their losses from **44.2%** in 2014 to **39.8%** in 2015, and further to **32.8%** in 2016. In the processing industries this figure was **27.7%**, while in agriculture it was **12.2%**

worth using as a counter-argument to the need for a Ukrainian foundation to national consolidation. Otherwise this consolidation risks going down a path as dangerous as Russia's occupation: turning Ukraine into a “different, nicer, more democratic, pro-European, liberal, and market-oriented” little Russia.

As long as ORDiLO and Crimea are not re-integrated, pro-Russian, reactionary forces are unlikely to make any kind of comeback in Ukraine. Still, the risk that the country will be stuck in the mud is very real, and that it will simply respond to internal and external events without evidence of a real national identity or a strategic development goal with a plan for reaching it. Such an outcome is the most dangerous one, both for Ukraine's development and in view of its vulnerability to Russian or any other manipulation.

The country simply needs a consolidating idea and a pro-active government that will both modernize domestically and carry out its own subjective policies in the international arena. For Ukraine to agree to be a mere object of geopolitics, to get caught up in domestic politics and squabbling over the redistribution of assets and cozy public posts as its primary goals rather than as a means to carry out transforming policies threatens to turn the country into a semi-colonial territory in an inevitable spiral of socio-economic decline. ■

Emerging communities

Yelyzaveta Honcharova, Bakhmut

How Donetsk Oblast rearranges itself in the time of war

The process of transferring real powers to local governments has started across the country, including in Donetsk Oblast. Three communities are already operating there – Lyman, Cherkaske and Zhovtneve – for which elections took place last year. Three more are being founded now; polls there were scheduled for mid-December. It is expected that within a year 38 communities will be created with new rights and obligations. However, like almost everything at the moment in the Donbas, these reforms are being implemented on a sort of minefield. It needs to be crossed, but you never know whether something will explode under your boot, and whether you will survive if it does...

Local communities are showing initiative, but large changes cannot yet be felt: once again, reforms are being persistently imposed from the top down. The head of the oblast Pavlo Zhebrivskyi has already tried both the carrot and the stick. Dissatisfied with the speed of reform in Donetsk Oblast towns and villages, he began to publically threaten local authorities: he gave them a week to form plans and appoint officials responsible for decentralisation. He has hinted that he knows their motives, alleging that district and town heads are trying to hold on to their unstable positions and that businesses do not want to lose the level of control they are used to. Presumably, this did not scare them too much, so Mr. Zhebrivskyi started to travel around the oblast himself and explain the need for the formation of new local government units, which he immediately wrote about on Facebook, where he recently castigated those in power and businessmen: "Decentralisation in Donetsk Oblast is continuing. We are actively preparing people for the formation of united territorial communities. I met activists in Kostiantynivka County today. Yesterday, I had a similar meeting in Bakhmut County. People really need to be told about it, have it explained and broken down. There are many problems. But we'll get it done."

Indeed, there are too many problems, but the most bizarre situations can be found in the major cities of Donetsk Oblast: Kramatorsk, Slovyansk, Mariupol and Bakhmut. Decentralisation has stalled there, though the influence of local non-governmental and volunteer organisations is growing. It turns out that communities have still not been formed not due to a shortage of initiative. Bakhmut, for example, was refused association with other municipalities and elections due to the lack of an official decision on changing the boundaries of the city and county, compounded by an official's technical error. So voting was not even held there. In Kramatorsk, which was among the first to form a new territorial association, a court in late 2015 overturned the decision to create the community based on procedural violations, so the locals elected their deputies and mayor under the old system. Are officials really lacking in the profes-

sionalism to do everything legally or is it more the case that some people are very happy with the "community-less" status of towns and cities?

There are also more general causes of the slowdown: from subjective ones, such as distrust in the government or apathy because of the war, to objective ones, such as the economically justified industrial conglomerations that are difficult to reshape. Shaping a new community is one thing for a few villages in a rural area, and another thing for towns and villages in the industrial Donbas Oblast, which has very specific administrative arrangements. For example, Chasiv Yar, which previously held the unclear status of "satellite town", is vainly trying to become independent by merging with nearby villages.

"We are now at a very difficult stage in our development, which is linked to decentralisation. To create a community, we must become a county town. For almost six months, this has been causing a force majeure situation in all areas: the transfer of funding, premises and organisations from the town to the county. We are renovating the future hub school. The villages covered by the Kalynivka Rural Council have already been engaged in the association. Meanwhile, the villages that are now subordinate to the Kostiantynivka County won't give their consent. The leadership of the county has the same attitude, wanting to keep the villages for itself. Both the local authorities and Chasiv Yar activists have met with villagers and explained why we have suggested



ALTHOUGH THE DECENTRALISATION OF THE DONBAS STILL CONCEALS MANY HIDDEN SURPRISES, IT IS JUST STARTING TO CHANGE PEOPLE'S ATTITUDES TOWARDS THEIR OWN ACTIVISM AND THE AUTHORITIES

forming a community together. Unfortunately, people don't want to hear plans for joint efforts. Instead, they want promises that someone is going to come and make things better," says Chasiv Yar mayor Olha Opanasenko.

And it really is hard to make promises in Chasiv Yar. In neighbouring Soledar, which is home to several major employers, including Artemsil (Artyomsol), a salt plant, eight village councils have decided to merge and elected their deputies and mayor on December 18. By contrast, Chasiv Yar is a typical case of a town where local bosses have no wish to change anything. The long-term master of Chasiv Yar's clay quarry, Valentyn Lukyanov (father of infamous Party of Regions member Vladyslav Lukyanov) wages a constant war for his resources (which he in fact leases from the state) and blocks almost all community initiatives. He argues that, "This is all a clay pit, and there won't be a town here soon!" Clay is



Motivation tours. Head of Oblast Pavlo Zhebrivskiy travels to counties, towns and villages in Donetsk Oblast to explain why decentralisation makes sense

extracted day and night for export and the once profitable factory now barely functions, as even its production premises were sacrificed for the quarry.

Can decentralisation be considered a safety device against owners that use state power for their own economic ambitions? It is still too early to say, given the current maturity stage of civil society, particularly in the Donbas. In order to understand who to select as their community leaders and why, people need to feel the impact of their choices: once decentralised, communities will hardly be able to blame anyone from outside for their local situation. It is still necessary to cultivate responsible, active and qualified managers for leadership positions. This takes time. Is there time during war? Civic activists who work on Donbas decentralisation do not see a problem in the fact that the reforms are taking place now. They say that the war is pushing people to be active and involved, so changes will take place quickly.

"Before the Maidan and the war, I, for one, had no inherent idea of where my homeland was. Because I was born in the Soviet Union, which doesn't exist anymore, and I didn't feel anything else. Now I know for sure that my homeland is Ukraine. So war is not only about pain, it's also a chance to bring people together. In particular, communities, which is what decentralisation is basically about," says Oleh Kucherov, an expert on decentralisation who works in Donetsk Oblast as part of the EU project Support for Local Government Reform in Ukraine.

According to Oleh, mistakes are, unfortunately, inevitable: for example, communities can emerge that are

unviable for whatever reason, or local power brokers can be "crowned" to usurp power. Success is inevitable – the country does not have another option. But only under certain conditions, Oleh says: "We need to better inform different segments of the population, not just the educated and active citizens, so that there will be a critical mass of those who understand why it is necessary to take responsibility for their lives into their own hands. At the moment, it's the same as always: civil servants, teachers, doctors and librarians are invited to the various training sessions and meetings – in a word, public employees. Their main question is whether they will lose their jobs and whether there will be staff reductions. Meanwhile, the fundamental changes that decentralisation provides for communities are left without the necessary attention. It means not only more rights, but also more responsibilities. If something does not work out, it will no longer be possible to blame 'Kyiv which doesn't give us anything', as people are used to being told."

We have managed to find one atypical bottom-initiative in Donetsk Oblast. Two village councils in Zvanivka and Verkhniokamyanske refused to join a proposed community with the county capital Siversk and decided to merge on their own. A depressive city without operating factories, but with social infrastructure, and just about the wealthiest village councils in the county could not find any common ground. After a visit from the oblast head, the future community, which is home to many natives of Western Ukraine (resettled in the post-WWII period) who do not want to lose their identity, was given a year to draw up a clear and precise development plan. It has not yet been decided how to deal with the problem of intergovernmental relations: only communities approved by a Long-term Plan will switch over to this system. The current plan contains no mention of such a community. Perhaps the financial power of the association will be too low to develop the territory, although local authorities could, for instance, persuade their fellow villagers to bring their livestock business out of the "grey" economy in order to fill the local treasury and ensure mutual development. Nevertheless, some changes are already visible. Today, one of these councils is led by a young local deputy, who is building grandiose projects alongside village activists: from creating a local public utility service provider and upgrading the water supply system to reconstructing the nursery school. The main thing is that the potential community's plans do not talk about how much money they need to ask for, but how they can earn for the common cause.

One other widespread message is that greater power of communities to address their own issues may lead to the mutation of decentralisation into a malignant tumour of separatism, especially in the Donbas. But the first question here is, did the "strong hand" of the previous authorities prevent separatism in 2014, or did they thus cause it? Secondly, when the leaders of towns and counties are forced to go cap in hand to Kyiv (and probably not empty-handed) in order to get funding for schools or road maintenance, does this not itself give rise to thoughts about secession? Therefore, although the decentralisation of the Donbas still conceals many hidden surprises, it is just starting to change people's attitudes towards their own activism and the authorities. It is hardly worth expecting a powerful explosion from it. At least for now. ■

Lessons learned

Lyubomyr Shavalyuk

The benefits and flaws of PrivatBank transfer into state hands

There had been talk about the possibility of PrivatBank's transition into state ownership for a long time. In December the rumours have become reality and PrivatBank was nationalised. This decision was unprecedented. The mere fact that such a decision was taken raised many questions from Ukrainians. The nationalisation process fraught with mistakes and miscalculations added more doubts and misunderstanding from the citizens. Why was the country's largest bank taken over by the state, what consequences the move will have and which errors accompanied it?

The first question is "Why did this happen?" The answer is quite simple: the bank had a capital deficit of UAH 148bn (\$5.4bn), which its former shareholders failed to cover. This was the result of PrivatBank's flawed business model: the bank collected deposits from individuals – it has 20 million Ukrainian customers – and issued loans to companies linked to the former owner Ihor Kolomoiskyi and others. Most of those companies had a paltry equity capital, were not actively operating and existed only on paper as a tool to move the money of Ukrainian clients out of the bank and dispose of it wherever and in whatever quantities they pleased. The bank itself got very little out of this. According to the National Bank of Ukraine (NBU), the proportion of such loans accounted for 97% of the corporate loan portfolio. Even if this figure is inflated, that does not change the bottom line: the money of PrivatBank depositors was siphoned off while distracting clients with talk of advanced IT services for them.

Ukraine's top twenty banks included many of those where the NBU found capital deficits of varying sizes. For each, a program was designed to remove this deficiency. It was not easy to implement the plans: there were many delays, manipulations and broken promises. As of December 2016, the additional capitalisation programmes of the required scope were completed by all but PrivatBank (the process is still ongoing for financial institutions outside the top twenty, as they started later). The state had to act, because delays would only lead to an increase in capital deficit and exponentially aggravate risks to the banking system and economy. Considering the size and range of PrivatBank's clientele, however, the state could not allow its bankruptcy and opted for nationalisation, although there was no precedent, nor people with experience in dealing with such a major problem. Nationalisation was necessary, because the former owners would not return the depositors' money. Meanwhile, the problem was

becoming more and more painfully obvious and threatening to the country and assets of Ukrainians.

Many analysts and ordinary people tend to claim that one oligarch (referring to Petro Poroshenko) "grabbed" PrivatBank from another oligarch (Ihor Kolomoiskyi). But what is the point in taking over an asset with a huge capital hole that needs to be immediately tucked up with real money? PrivatBank has no economic value for anyone except Kolomoiskyi and Co., who used it for their own benefit. Even the technical level and potential value of the Privat24 system for online money transfers is not enough to compensate for the UAH 150bn deficit. The social value of the bank is primarily an asset for the state, which intervened in the situation in order to preserve it.

PrivatBank collected deposits from individuals – it has **20 million** Ukrainian customers – and issued loans to companies linked to the former owner Ihor Kolomoiskyi and others

We often hear that the state will spend an enormous amount of taxpayers' money on the nationalisation – over UAH 100bn (\$3.6bn). Indeed, this is a considerable amount. But what does the state get in return? Firstly, continued cooperation with the IMF, which supported the government's decision and will likely soon give Ukraine the next loan tranche (the money, perhaps, is not as important as further implementation of the hundreds of projects that Ukraine has begun with foreign partners in order to reform the country). Secondly, the end of the banking sector reform process is now within reach. When the top twenty banks in the country start operating according to generally accepted international standards, it will be much easier to force the rest of the financial institutions to play by the new, legitimate and transparent rules. If it was possible to solve the PrivatBank problem, it will also be possible to overcome smaller difficulties. The third component, which is rarely mentioned, Ukraine managed to avoid negative scenarios, the risks of which were growing by the day. PrivatBank is the largest financial institution, which has not only twenty million clients, but also strong links with other Ukrainian banks. If it collapsed in an uncontrolled way under the pressure of its accumulated problems, the consequences would be massive and negative for the banking system, the economy and all Ukrainians. It is good that we did not have to bear witness

to such a development, despite all the risks that existed until recently. Fourthly, Kolomoiskyi did not change the principles of the bank's operation. So the more they delayed, the larger the capital deficit would be. Therefore, the state has spent a large sum for good reason. Figuratively speaking, it has bought stability, a new banking system, the ability to continue reforms and minimise its own losses.

It should be understood that objectively there is no possibility of punishing Kolomoiskyi for moving money out of the bank. This would require a completely different law enforcement system, and in the long run a completely different country. So for now we will have to make come to terms with his impunity and wait for better times, though the issue of PrivatBank will eventually disappear from the agenda. One can hope that the former shareholders will return the missing funds, as they allegedly promised when handing PrivatBank over to the government, but this should not be expected. In this light, the money that the state will invest in PrivatBank is the price for 25 years of our economic system allowing operations of this kind to go unpunished, while the people we elected to govern it did everything to keep it the same way.

Undoubtedly, the state and government should be praised: they were able to overcome a massive problem without provoking a disaster, as has often happened before. And this is oh-so difficult and required tough negotiations with Kolomoiskyi and external partners. However, it was not without errors. First of all, the news was leaked again. The nationalisation happened on Sunday night, and the media was already filled with details about it on Friday. As a result, people realised that something was going on and, without adequate information, began to prepare for the worst. On Saturday and Sunday, queues could be seen at PrivatBank ATMs, which gave the impression of panic. And all because someone cannot keep their mouth shut and the state is unable to prevent leaks.

Secondly, the state seems unable to learn how to communicate with its own citizens. Mass reassurances from politicians could be heard again. Ukrainians, however, have learned the hard way and customarily do not believe a single word, showing a diametrically opposite reaction: they went to ATMs to take out their money. On Monday, there were queues at cash machines again and a part of the withdrawn cash went onto the foreign exchange market, provoking a rise of several dozen kopyikas in the price of the dollar. The government should understand that direct calls for calm do not have the desired effect and that it is necessary to clearly and confidently articulate the tools that will make it possible to bring the situation under control. In developed countries, people listen to the authorities in such cases and believe them, because they make it clear how significant their arsenal of instruments to counter any excesses is. In Ukraine, the state does not usually talk about this, and if it does, the majority of the population does not have sufficient eco-



PHOTO: UNIAN

Management quality test. The way PrivatBank is run after nationalisation will show how capable the state is to solve massive problems without creating more havoc

conomic knowledge to understand. This is where all the problems come from: people fear what they do not know. This is a strategic problem for Ukraine, and systematic work will be required in order to overcome it.

Strategic issues are another important topic. Will the new leadership keep up the pace of the bank's technological innovation? Does it have enough resources for this? Will Kolomoiskyi entice current PrivatBank customers and leading experts into a new financial institution that he might build from scratch? Will the bank remain

IF PRIVATBANK COLLAPSED IN AN UNCONTROLLED WAY UNDER THE PRESSURE OF ITS ACCUMULATED PROBLEMS, THE CONSEQUENCES WOULD BE MASSIVE AND NEGATIVE FOR THE BANKING SYSTEM, THE ECONOMY AND ALL UKRAINIANS

competitive or steadily begin to lose market share due to the ineffectiveness of new managers? The government, as the new majority shareholder, will still have to find answers to all these questions. Until now, it has never been an effective owner. Therefore, it is the moment of truth: either the state shows that it is truly changing and improving, or everything will be as it always has. Only this will come later. In the meantime, there is one big problem less in Ukraine. ■

Privatization, sanctions and security

Vitaliy Melnychuk

How Russia's oil industry attracts foreign investment despite international sanctions

Swiss oil trader Glencore and Qatar's sovereign wealth fund Qatar Investment Authority (QIA) closed a deal in late 2016 to invest EUR 10.2bn in the Russian government by buying a 19.5% stake in Russian state-owned Rosneft company. Rosneft shares were purchased in contravention of US and EU sanctions, which were later joined by Switzerland, Canada, Japan and other countries. These were introduced for Russia's annexation of the Ukrainian Crimea and military aggression in Donbas. Financial Times called the deal "a triumph for President Vladimir Putin," - this was the first major foreign investment in Russia since the beginning of the Russian aggression in Ukraine, and it also involves state-owned Rosneft, which is on the Sectoral Sanctions Identifications List. Obviously, the money from the deal, which reached the Russian state budget by the end of the year, will further help Russia "rise from its knees" and fight more actively in Donbas and Syria, killing more soldiers and civilians, and dealing destruction and chaos.

WHY RUSSIA PRIVATIZED ROSNEFT

Rosneft produces 5 mn barrels of oil daily and is one of the world's largest oil companies. Its controlling stake is owned by the state. Before the deal with Glencore and QIA, the state held 69.5% of its shares. Today it owns 50%+1, which gives the government complete control over the company. Since 2013, BP has owned 19.8% in Rosneft. Another 1% belonged to Rosneft managers, and 9.75% have been traded on the Moscow and London stock exchanges.

After the collapse of oil prices that eroded state revenues, Russian leadership made a decision to privatize part of the state assets and channel the money to the state budget. The sale of 19.5% in the state-owned Rosneft was the main item on the government's privatization agenda for 2016. Accomplishing the task was not so easy. Rosneft's profit in Q1 2016 fell by four times. Its net debt as of the beginning of the year totaled USD 23.9bn. In November, Rosneft borrowed from the Russian National Welfare Fund RUR 1trn (over USD 15.6bn) to refinance the company's debt. This is despite the fact that Russia produced and exported more oil in 2016 than it did in 2015. However, its revenues from oil exports fell sharply: in January-August they decreased by nearly 30%, from USD 63bn (2015) to USD 46bn (2016).

As a result, Rosneft shares on London Stock Exchange in late February 2016 traded at a price two times lower than the offering price in 2006: USD 3.62 compared to USD 7.55 per share at that time. That is, in 10 years the company's market value dropped from USD 79.8bn to USD 38.4bn, despite the fact that Rosneft acquired TNK-

BP for USD 55bn in 2013 and Bashneft for USD 5.2bn in 2016, after robbing Mikhail Khodorkovsky of YUKOS assets, which the Permanent Court of Arbitration assessed at USD 61.1bn. International sanctions, falling oil prices, traditional Russian poor management and government corruption have done their job, and the sale of 19.5% share brought a third of possible revenues to the state budget.

WE HAVE NO MONEY, BUT OUR SPIRITS ARE HIGH

Nevertheless, on February 20, 2016 Russian First Vice Prime Minister Igor Shuvalov signed a directive on preparations for Rosneft privatization. One of the main items of the plan was to engage an investment consultant who could develop the structure and material terms of the share sale transaction. One of such consultants was the Italian bank Intesa Sanpaolo, described by Reuters as an Italian institution with obscure secrets and unsavory reputation.

At first, the Russians and their investment advisers looked for Indian and Chinese investors. In late June 2016, Bloomberg reported that "Vladimir Putin is considering selling part of Russia's corporate crown jewels to China and India. [...] Bringing two of Asia's three largest economies into Rosneft [...] would help Putin cover budget shortfalls while strengthening his geopolitical hand [...]."

But it didn't work, and it looks like international sanctions were the major obstacle. The US Treasury Office of Foreign Assets Control (OFAC) blocked the acquisition by Rosneft of a 49% stake in an Indian oil company

Swiss oil trader Glencore and Qatar's sovereign wealth fund Qatar Investment Authority (QIA) closed a deal in late 2016 to invest EUR 10.2bn in the Russian government by buying a 19.5% stake in Russian state-owned Rosneft company

Essar Oil. This sent a strong message to the Indian banks that financed Essar Oil, as well as to other investors.

After the unsuccessful attempts to sell to India or China, head of the Russian state-owned Rosneft Igor Sechin, longtime Putin's associate, convinced him that selling the company's shares following the privatization of Bashneft would attract foreign buyers. On October 12, Prime Minister Dmitry Medvedev signed a decree on the sale of 50.1% state-owned controlling stake in Bashneft. The buyer was Rosneft, which paid for it USD 5.2bn to the state budget. At that time, Putin acknowledged that such agreement was "not the best option," hinting that Rosneft needed foreign investors, not Russian ones.



PHOTO: REUTERS

The grand wizards. The Putin-Sechin scheme to attract foreign investment to Rosneft created a dangerous precedent and undermines the sanction regime

THE CONSORTIUM

In December 2016, such investor was found. This was an international Consortium, a voluntary temporary association of companies established to address the issue. The Consortium was made of two entities: Swiss oil trader Glencore and Qatar Investment Authority. Glencore only purchased EUR 0.3bn worth of Rosneft shares (1.9% out of 19.5%), whereas Qatar's sovereign fund bought EUR 9.9bn worth (17.6%). There was not and could not be any parity between the Consortium's participants when buying the share package, despite Russia's declarations made at the top level, probably due to the fact that Switzerland was among the first to join sectoral and other sanctions against Russia imposed by the US and EU.

So, what are the Consortium's members and what schemes allowed them to obtain a share in the property of the Russian state company and to finance the deal?

Glencore, which purchased 1.9% of the Russian state-owned Rosneft, is number one trader in Russian oil. Besides, it has long been investing in Russia and owns a 25% share in RussNeft PJSC, considerable agricultural assets and a share in UC Rusal. Glencore already has a contract with Rosneft for 2013-2017, under which the trader was supplied 47 mn tons of oil (344 mn barrels, or about 190,000 barrels daily). The current arrangement includes a new five-year contract (2017-2021) with Rosneft for 220,000 barrels a day. This huge supply volume of 400 mn (!) barrels is estimated at USD 20bn, assuming barrel price at USD 50.

There is also another consortium that is almost never discussed: a consortium of financial institutions made of Intesa Sanpaolo and unnamed Russian banks, which financed the deal under the management of the "obscure" Intesa.

It is to this consortium that Glencore pledged 9.75% of its own shares to obtain the funds to pay for Rosneft shares. At the same time, Glencore representatives emphasize that they will have no impact on the value of Rosneft shares and deny having any interest in this deal other than that of an oil trader. By the way, Qatar Investment Authority fund, in turn, is Glencore's major shareholder that holds a third of its shares. It is therefore not surprising that Glencore distanced itself from the issues that are not quite their own.

The bulk of the sold Rosneft shares went to Qatar's sovereign fund Qatar Investment Authority, whose assets amounted to USD 250bn as of the end of 2015. It seems that Putin personally negotiated with the emir of Qatar the possible investment in Russia from the sovereign fund. The proof of this is the report published by Bloomberg the day before the sales deal on Rosneft shares was signed that Moscow joined OPEC efforts to reduce oil production and announced reducing production by 300,000 barrels a day after the cartel's countries agreed to jointly cut production by 1.2 mn barrels a day.

Qatar played a key role in achieving the OPEC agreement, acting as an intermediary between Saudi Arabia, Iran and Iraq and hosting meetings of their oil ministers. "The agreement was made possible only thanks to your

personal contribution," said Rosneft executive director Igor Sechin at a meeting with Putin that was aired by Russian television.

However, despite its almost unlimited financial possibilities, Qatar's sovereign fund decided not to spend its own money to buy shares of the Russian state-owned Rosneft. Out of the total transaction amount of EUR 9.9bn, it paid only EUR 2.5bn with its own funds, which is about 1% of its assets. The remaining EUR 7.4bn were provided by the consortium of unnamed Russian banks led by the "obscure" Italian Intesa, apparently under the fund's guarantees. At the same time, Intesa is financing 50% of the deal amount (EUR 3.7bn), while the unnamed Russian banks pay the other EUR 3.7bn.

Interestingly enough, at different UN votes, including the last one held on December 19 that condemned the annexation of Crimea and the Russian-instigated war in Donbas, Qatar has consistently supported Ukraine's territorial integrity. Why it opted for such investment despite the international sanctions remains an open question.

NOT A WORD WITHOUT A LIE

Here is an interesting detail. As Putin spoke on Russian TV, he said that the deal would bring EUR 10.5bn to the state budget, and all Russian media reiterated on these EUR 10.5bn, whereas the actual transaction amount was EUR 10.2bn.

With this phrase from the Russian President, Rosneft updated the text of its press release. The original version stated that the agreement would bring to the budget not less than RUR 710.9bn (EUR 10.5bn), out of which the sale of the shares would amount to RUR 692bn (EUR 10.2bn), with the difference of RUR 18bn (EUR 0.3bn) covered by "additional dividends". The updated version only mentioned RUR 710.8bn (EUR 10.5bn) of the revenue from privatization.

Nevertheless, the deal will provide Russia with the much-needed foreign currency. Besides, it will close the hole in this year's budget which currently amounts to about RUR 700bn thanks to the contract that guarantees the sales of 400mn barrels over five years. In this way, Russia will be able to continue the wars in Ukraine and Syria, while waiting for the sanctions to be lifted altogether.

"This is a great victory for Rosneft," Head of Equity & Trading at Russian investment company BCS Luis Saenz wrote in a comment. "It is very important that Russia is overcoming isolation and the sanctions regime." Vladimir Putin in a Russian TV broadcast said that the deal is "the largest in the world energy market in the current year," thus emphasizing that Russia remains its powerful and indispensable player.

UKRAINE: ARE THE SANCTIONS NECESSARY?

And what about Ukraine? Neither the Foreign Ministry nor serious experts reacted to the deal, as if nothing had happened. As if we could withstand on our own the second largest nuclear power of the world, and are no longer interested in any sanctions against it. Well, there would be a certain logic to this, if not for a slight problem.

The Russian aggression against Ukraine started in March 2014 with the occupation of Crimea and the armed attacks on local authorities and key infrastructure in Donetsk, Luhansk, Kharkiv, Zaporizhzhya, Odesa and other oblasts that were managed and implemented by Russian special forces and the armed groups that they created.

The large-scale military invasion of the regular troops of the Russian Armed Forces to Ukraine in August 2014 was the culmination of the aggression.

The strenuous efforts of the Ukrainian army helped stop the invasion. However, the war continues. It already took the lives of over 10,000 Ukrainians, over 100,000 were injured, 1.6 mn became IDPs, cities, villages, bridges, schools and hospitals were destroyed, economic development slowed down, and poverty returned.

The world's third largest nuclear arsenal, consisting of tactical and strategic weapons and inherited by Ukraine after the collapse of the Soviet Union, could have protected the country against any aggressor, without having to beg from the members of the "nuclear club" for any sanctions in case of aggression.

However, due to the political naivety of the country's leadership and under the enormous pressure from the nuclear powers, permanent members of the UN Security Council, especially Russia and the United States, Ukraine gave Russia its entire stock of tactical nuclear missiles and warheads with a range from a few tens to hundreds of kilometers in the amount of 4,000 units designed to destroy



THE MONEY FROM THE DEAL, WHICH REACHED THE RUSSIAN STATE BUDGET BY THE END OF THE YEAR, WILL FURTHER HELP RUSSIA FIGHT MORE ACTIVELY IN DONBAS AND SYRIA, KILLING MORE SOLDIERS AND CIVILIANS, AND DEALING DESTRUCTION AND CHAOS

large targets and enemy forces, including well fortified ones (mines, projectiles, rockets, etc.). Then it "voluntarily" renounced its nuclear power status and got rid of all of its intercontinental ballistic missiles with a range of over 5,500 km in the amount of 176 units (130 missiles with six warheads each and 46 solid-fuel SS-24 rockets with ten warheads each) and destroyed all of its nuclear warheads and launchers (missiles, strategic bombers, mines, etc.). Incidentally, no other government in the world followed Ukraine's suit. To the contrary, new nuclear efforts were launched over time.

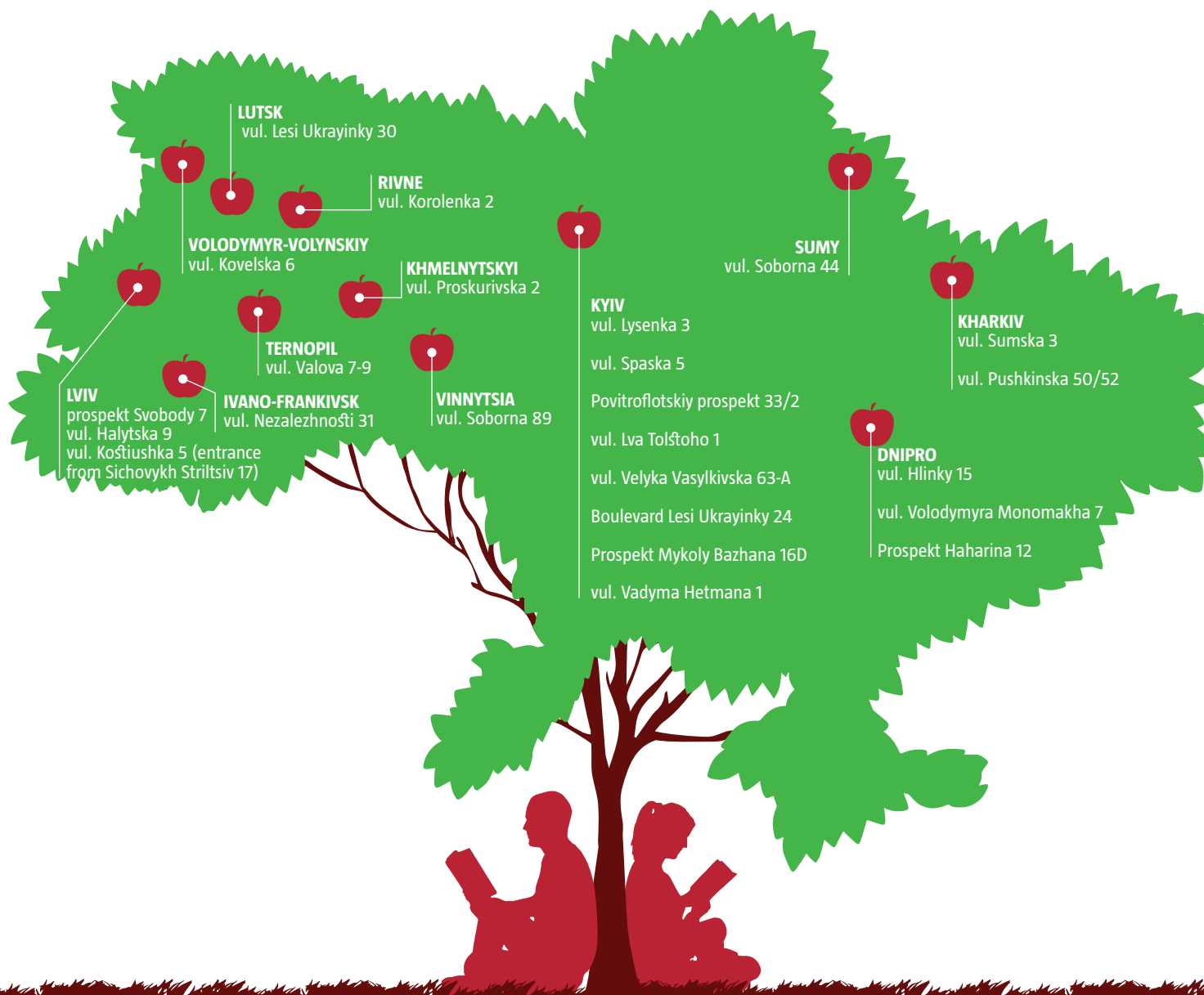
In exchange for abandoning its nuclear status, United States, Britain and Russia gave Ukraine "security guarantees," signing on December 5, 1994 the Budapest Memorandum, which was later joined by other permanent members of UN Security Council, France and China.

Under the terms of the Budapest Memorandum, its member states pledged to respect independence, sovereignty and existing borders of Ukraine and to refrain from the threatening to use or using force against the territorial integrity and political independence of Ukraine. Should Ukraine become a victim of aggression, the guarantors pledged to seek immediate action to provide assistance.

When Russia committed an act of military aggression against Ukraine, the guarantor states did not provide it with timely and effective assistance under the terms of the memorandum. Later, US and EU initiated economic sanctions against Russia, which were joined by a number of other countries. These sanctions have a major impact, if implemented properly. However, can we be assured that after the Rosneft's agreement with Glencore and QIA, there will be no other agreements that would destroy the sanctions regime and leave Ukraine alone to deal with the world's second largest nuclear power? ■



BOOKSTORES



LUTSK
vul. Lesi Ukrayinky 30

RIVNE
vul. Korolenka 2

VOLODYMYR-VOLYNSKIY
vul. Kovelska 6

KHMELYNYSKYI
vul. Proskurivska 2

SUMY
vul. Soborna 44

KHARKIV
vul. Sumska 3
vul. Pushkinska 50/52

LVIV
prospekt Svobody 7
vul. Halytska 9
vul. Kostiushka 5 (entrance
from Sichovykh Striltsiv 17)

IVANO-FRANKIVSK
vul. Nezalezhnosti 31

TERNOPIL
vul. Valova 7-9

VINNYTSIA
vul. Soborna 89

KYIV
vul. Lysenka 3
vul. Spaska 5
Povitroflotskiy prospekt 33/2
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Boulevard Lesi Ukrayinky 24
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Listen, liberal

Alexei Kudrin wants to liberalise Russia's economy to save it. But with Donald Trump's election, many Russians think Putin's model is winning



Harsh reality. Kudrin made it clear that the technical tinkering favoured by the Kremlin cannot pull Russia out of its economic trough. Reforms must involve fundamental changes, particularly to the judiciary

Expectations were high last week as Alexei Kudrin, a former finance minister and the informal leader of a moderate liberal camp in the Russian establishment, outlined his proposed economic programme in a packed Moscow auditorium. Russia's top economic officials occupied the front row. Foreign ambassadors sat behind. Journalists stood in the aisles. The setting was the Gaidar Forum, a symposium named after the architect of Russia's market reforms in the 1990s. The date, Friday the 13th, was perhaps unfortunate.

Nine months ago, as Russia's recession deepened, Vladimir Putin drafted Mr. Kudrin to come up with a new economic strategy. The former minister, who oversaw strong economic growth in the early 2000s, resigned in 2011 in protest against a massive increase in military spending. Since then he has acquired cult-like status among Russian liberals. A personal friend of Mr. Putin, he is a counterweight to the hardliners of Russia's security services, and has stayed inside the system rather than becoming a dissident. Although he holds no formal position, he is seen as the most senior liberal courtier in the Byzantine world of the Kremlin.

Mr. Kudrin's verdict was grim. Russia, he said, is at a low pace of economic growth even compared with the period of stagnation in the 1970s and 1980s that led to the Soviet collapse. The reasons go well beyond low oil prices and Western sanctions: "The main problems lie within Russia and they are structural and institutional." Russia lags far behind in technology and innovation, and faces a severe demographic slump. The key problem is not a lack of intellect or business talent, but state inefficiency and dysfunctional institutions. "In our country the state dominates everything, so you have to start with reforming the state," Mr. Kudrin said.

Mr. Kudrin made it clear that the technical tinkering favoured by the Kremlin cannot pull Russia out of its economic trough. Reforms must involve fundamental changes to the system, particularly to the judiciary. Courts must provide justice even when that requires ruling against the state or security services. To convince his boss, Mr. Kudrin framed his strategy in terms of national security and global prestige—one of the few subjects Mr. Putin seems to care about. "Unless we become a technologically advanced country we face a problem of diminishing defence potential and a threat to sovereignty," he said.

PHOTO: REUTERS

Mr. Kudrin presented Mr. Putin with a choice. If the government does nothing, and provided oil prices do not fall, he estimates Russia's growth rate between now and 2035 will hover in the vicinity of 2% (see chart). If it implements Mr. Kudrin's reforms, growth rates will top 4%—enough gradually to close the income gap with Western economies. Yet from the Kremlin's point of view Mr. Kudrin's reforms are risky: they threaten to destabilise Russia's centralised, cronyistic political system.

The government is already trying to cut public spending from 37% of GDP down to 32%, creating a fight for shrinking resources that was evident at the forum. A day before his speech, Mr. Kudrin moderated a panel composed of Russia's most successful and powerful regional governors. The president of the Muslim republic of Tatarstan complained of excessive centralisation and a lack of trust from Moscow. "To rule any territory, you need money and cadres," he said. Last year Moscow cut 8bn roubles (\$134m) from his budget, about 5% of his annual spending.

Instead of granting economic freedom and rewarding regional initiative, Moscow, fearful of separatism, keeps the regions dependent on

A SOURCE CLOSE TO THE KREMLIN SAYS PRESIDENT PUTIN IS CONFIDENT THAT HE HAS EARNED THE UNWAVERING SUPPORT OF HIS PEOPLE AND NO LONGER NEEDS TO REINFORCE HIS STANDING THROUGH STELLAR ECONOMIC PERFORMANCE

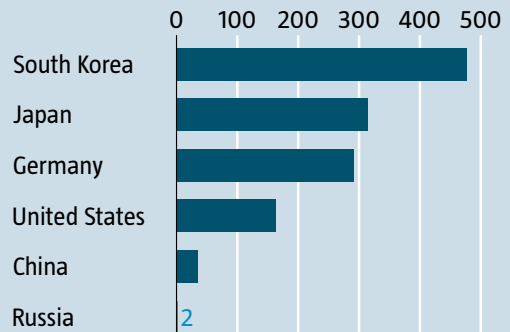
hand-outs from the centre. "God forbid if your budget revenues are growing: you will immediately lose subsidies and be forced to finance other federal projects," said Anatoly Artamonov, the governor of the car-making region of Kaluga. "Transferring most executive powers to the regions is long overdue," said Sergei Morozov, the governor of the Ulianovsk region.

For Mr. Putin, however, the risks of comprehensive reforms, such as decentralisation, could be greater than the benefits—especially when he faces no immediate pressure, at home or abroad. A source close to the Kremlin says the president is confident that he has earned the unwavering support of his people and no longer needs to reinforce his standing through stellar economic performance. Despite two years of recession, Russians have adjusted to falling incomes without much protest. Meanwhile, Donald Trump's election in America and the growing wave of nationalism in Europe have convinced many in the Kremlin that things are going their way.

State television channels ignored Mr. Kudrin's speech, concentrating instead on Mr. Trump's upcoming inauguration. On the largest, Channel One, announcers relished America's

Man power

Multi-functional robots per 10,000 workers, 2014



Source: Centre for Strategic Research/International Federation of Robotics

Promises, promises

Russian GDP, % change on a year earlier



Sources: Economist Intelligence Unit; Centre for Strategic Research

humiliating obsession with claims that Russia had interfered in its elections and that Mr. Trump employed prostitutes while visiting Moscow. (Mr. Putin discounted the allegations but noted that Russian prostitutes were "the best in the world".) The reason for America's hysteria over Russia's relationship to the president-elect, explained Valery Fadeev, the anchor of Channel One's weekly analytical programme, is that the era of Western liberal interventionism is coming to an end. Those who attack Mr. Trump's admiration of Mr. Putin can see the commonalities between their approaches: "The world order can be renewed on the basis of our principles."

The popularity of this view bodes ill for Mr. Kudrin's programme. Russia's long-term economic prospects may be as dire as he says. But it is unlikely to adopt liberal reforms when its elite believes that liberalism is on the retreat and a new Russian model is on the rise. ■

The unknown

Michael Binyon, London

What Europe expects from the presidency of Donald Trump

Europe is watching events in Washington with bemused horror. The lurid claims about Donald Trump's sexual antics, the furious denunciations by the president-elect of America's intelligence agencies, news outlets and political opponents, and the wrangling and confusion among his appointees over Russia all suggest a presidency that looks dysfunctional before it has even begun. If Europe was hoping to start forging a cautious relationship with Mr. Trump, it now hardly knows where to begin.

The sensational claim that Mr. Trump was compromised in a Moscow hotel by Russian intelligence agents has embarrassed America's allies. For it has overshadowed the issue of Russian interference in the US presidential election – an issue that has united Western governments in condemnation, while also making European governments, especially Germany, nervous that Moscow may try the same tactics again this year in Europe.

The new allegations of an earlier attempt to gain *kompromat* – compromising material – on Mr. Trump are not only more sensational; the purported evidence appears amateurish and full of discrepancies, casting doubt on the whole story.

Those familiar with Russian intelligence dirty tricks, which have not changed since Soviet days, know that this is the standard way in which Russian “disinformation” works. Genuine material is fed to Western intelligence, mixed in with sensational and unproven allegations that are filled with errors. When these errors are revealed to Western public opinion, the entire story of Russian meddling is then discredited, and Moscow can plausibly deny all the allegations.

This is what seems to have happened in the Trump case. But it is nonetheless embarrassing for the West, and especially for Britain, as the person named as the source of the claims of Trump's sexual shenanigans, Christopher Steele, is a former British MI6 spy. The British government cannot publicly defend its former intelligence agent, or the way he was used by Trump's political opponents in America to search for compromising material on his relations with Russia. That would seriously anger Trump. But equally no one in Britain really believes Trump's blanket denial of any Russian dirty tricks. And British intelligence is alarmed at his outbursts against American intelligence officials, who are crucial in bolstering security for all Western Europe.

Britain now finds itself in the Kremlin's line of fire for being the country accused of stirring up bad feelings against Russia and of trying to spoil Trump's own wish for better relations with Moscow.

And strenuous efforts by Theresa May's government to play down earlier dismissive remarks about Trump when he was running for president now look naïve and self-serving, both to British public opinion and to Trump himself.

Other countries are also finding it hard to know how to establish relations with the unpredictable president-elect. Most have refused to comment on the latest allegations against Trump himself. But they have been alarmed at his thin-skinned, angry and loose-lipped reaction. Comparing US intelligence agencies to Nazi Germany or accusing CNN of peddling “fake news” is especially sensitive in Germany. And Chancellor Angela Merkel has good reason to want Trump to change his mind on Putin – as she fears he will try also to discredit her government during the German general election later this year.

Merkel, along with Obama, has been one of the most vocal critics of Putin's behaviour in Crimea and Ukraine. This matters in Moscow, as Germany



THE STANDING AND AUTHORITY OF TRUMP HAVE BEEN SERIOUSLY DAMAGED. THIS WILL MAKE HIM A PRICKLY AND UNPREDICTABLE PARTNER, AND A PERSON FOR WHOM THE NORMAL RULES OF DIPLOMACY NO LONGER APPLY

is not only the strongest power in Europe, but is also Russia's biggest European trading partner. Putin is suspected of wanting revenge for her tough line over Ukraine. Russia alone cannot swing the election. But it can – and probably will – clandestinely spread stories to strengthen the right-wing Alternative for Germany party, exacerbate anger over the influx of Syrian refugees and sow confusion that puts Merkel on the back foot.

France is also prepared for a Russian role in its own elections. This is because Marine Le Pen, leader of the right-wing National Front, has borrowed money from Russia for her party and has called for better relations with Moscow. So has Francois Fillon, the leading conservative candidate. Their opponents fully expect Moscow to throw all its efforts into helping either one to win.

How can Europe get Trump to take its worries about Putin seriously, when he now sees all stories of Moscow's dirty tricks as part of a campaign by his opponents in America to undermine him? And how can Europe persuade the new administration to reach out to its allies in Europe, when it already seems to be feuding amongst itself over Russia?



An uneasy start. Europeans are nervous about the new American president's readiness to confront and sanction Moscow for its action if they discover further Russian plots to disrupt their elections

Even more worrying, the standing and authority of Trump have been seriously damaged. Huge demonstrations against him are expected for his inauguration. It is almost as though the president has been impeached before he has even come to office. This will make him a prickly and unpredictable partner, and a person for whom the normal rules of diplomacy no longer apply.

Trump insists he is the target of dirty tricks by the Democrats and his opponents in America – not by the Russians. He has, however, accepted that Moscow may have hacked into the Democrats' files during the campaign, but says this did not make any difference to the result.

The British and European press have been full of stories of how Russians use *kompromat* to achieve political aims. They have reminded readers of the many Western diplomats who have fallen into the "honeypots," being ensnared in sexual liaisons that can then be used for blackmail. This is a popular technique still used in Russia to discredit opponents of the regime. Last year Mikhail Kasynaov, the former prime minister and a Kremlin critic, was filmed naked with a lover in a Moscow apartment. The clip was shown on state television.

Even before becoming president, Putin, as head of the FSB – the successor to the KGB – helped to orchestrate a campaign to blacken the name of Yuri Skuratov, the prosecutor-general who had been

investigation Kremlin corruption. Footage of Skuratov allegedly frolicking with two prostitutes appeared on state television.

What are the lessons Europe's leaders can draw from all this? The first, obviously, is that they will have to approach the new US president with great caution, and will have to be prepared for him to shift US policy towards Russia considerably. If he proposes dropping sanctions over Ukraine, will the European leaders follow suit?

The second lesson is that they must all be prepared for Moscow to use its experience in "disinformation" to spread uncertainty and instability in NATO and the EU at a time when both are facing challenges. Putin has long seen both organisations as a threat to Russia, and the more they are in turmoil, the less of a threat he believes they will be. This is why he has backed Brexit, Britain's vote to leave the EU. And this is why he wants to undermine the solid anti-Moscow front within the EU.

Europe is therefore nervous not only about what is now happening in the West, but also what is happening on its eastern flank. European intelligence services are already looking to see whether Russian propaganda and agents of influence are getting ready to disrupt the big elections coming up in Europe this year. The difficulty is that if they discover further Russian plots, can they count on the new American president in confronting and sanctioning Moscow for its actions? ■



Nicolas Tenzer:

“It makes no sense to negotiate with Putin”

Interviewed
by Alla
Lazareva

French political scientist and professor of geopolitics speaks to *The Ukrainian Week* about the prospects of ending the war in Ukraine, as well as global and European security.

The world has been helplessly watching the tragedy in Aleppo, seizure of the Georgian territories and annexation of Crimea, just as it had watched bomb attacks in Grozny long time before... Would it be fair to say that this is shared responsibility of Western and other politicians for crimes, wars and armed aggressions committed by Russia, among others? o

Primarily, the responsibility for the developments in Aleppo lies with Assad's regime, with Russia that has been supporting it from day one, and with Iran. On another level, President Obama bears significant responsibility in this. His refusal to intervene in Syria in August 2013 led to the chain reaction that destabilized global order. France insisted on intervention

after the chemical attacks in Ghouta, but could not act on its own. Failure to take direct action has led to serious consequences. Had the United States and some European and Arab nations intervened at the time to prevent mass slaughter, had they stopped the regime's aircrafts and helicopters from taking off, hundreds of thousands of lives would have been saved.

When the U.S. showed later that it did not stick to its own red lines, it gave Russia a free hand to seize the Donbas and annex Crimea. Had the United States intervened, the Russians would have probably refrained from starting the war against Ukraine. Then the U.S. discredited itself further: every time it was expected to stop crimes - first in Syria, then in Ukraine - it merely, protested, condemned, or even expressed very deep concern. In other words, it used the language of diplomacy without any specific actions in order to mask its own inaction.

In Syria, the U.S. also focused on negotiations just for the show. This finally led to the strengthening of Kremlin's positions. All this planted a seed of doubt and undermined the trust of America's allies, including countries in Asia. Eventually, the U.S. allowed international organisations as the foundation of collective security to lose ground. Today, the United Nations Security Council is paralysed with six Russian and five Chinese vetoes and can no longer work effectively. Then, on December 19, Russia accepted the French resolution on the humanitarian truce and evacuation –in fact, forced displacement– of the Aleppo's inhabitants, but then we never heard any more about the UN observers, who were supposed to monitor this evacuation and the truce, and the slaughters continue in other places in Syria. On December 31, the UN Security Council accepted the Russian resolution on the truce in Syria, which was mostly a way to give in. Because of their inaction, the Western powers were stalemated. To undermine the international organizations is the constant goal of Vladimir Putin. So, we can't blame it all on the UN alone: it would not have intervened without a relevant decision from the Security Council. Russia is responsible for this first and foremost.

What instruments does international law offer to respond adequately to Russia's aggressive actions and the impunity it finds?

I will make two remarks here. First of all, international law offers a provision which the Western politics unfortunately failed to use. They must have applied it from the moment Russia started acting independently in Syria, i.e. from the fall of 2015. Article 27.3 of the UN Charter says as soon as any power finds itself directly involved in a conflict, it cannot apply its veto in theory. For various reasons, member-states refrained from enacting that provision. This is why the UN is now paralysed.

My second remark is about actions that violate international law literally. As soon as the United Nations is unable to function, the only possible reaction is to define "responsibility to protect" based on the humanitarian law standards. This has to be implemented beyond the UN. A coalition should have been set up to prevent aggressive actions of a UN Security Council permanent member, meaning Russia. This is the only way. Sadly as it is, Western countries have no other option but to act that way in order to stop mass murders. Refusal to intervene further discredited international law, including humanitarian law.

Several years ago, there was much talk about an exclusively European security system. Where is that idea today?

There are two insights on the issue. Firstly, Article 5 of the North Atlantic Treaty provides for collective defence guarantees and remains at the core of collective security, including in Europe. Yet, this article on the automatic use of military assistance in the case of aggression applies only to NATO member states. Thus, it is impossible to refer to it in case of aggression against Ukraine

Nicolas Tenzer was born in Paris in 1961. He graduated from the University of Paris with the Master's degree in History. He studied at École normale supérieure, Sciences Po Institute in Paris and the National School of Administration. From 1986 to 2015, he held various senior positions in the French government. From 2006 to 2014, he often worked for international assistance related missions for France and the EU. Currently, Mr. Tenzer heads the Centre for Research and Study for Politics (CERAP) and is the Editor of the review *Le Banquet*. He publishes his articles in some top media, including *Le Monde*, *Libération*, *Le Figaro*, and has authored 21 books, including *The World in 2030*, *Rule and Disorder*, *When France Disappears from the World*, and *France Needs Others*.

which is not part of the Alliance, let alone Syria, where "the legitimately elected government" is killing its own people. One of the biggest challenges today is to launch a purely European mechanism of collective defence. Many countries, including France and Germany, are willing to follow this road. However, this implies a lot of complications, including domestic ones (budget, participation, procedure of decision-making, mechanism of integration, etc.), and external ones (relations with NATO). If isolationism of the U.S. is to persist under President Donald Trump, Europe will be obliged to recover its real fighting capacity for the time when America avoids action. Europe's strategic dependence on Washington gets increasingly problematic in case of non-intervention, as proved by the developments in Syria and Ukraine. It will get even more obvious

IF ISOLATIONISM OF THE U.S. IS TO PERSIST UNDER PRESIDENT DONALD TRUMP, EUROPE WILL BE OBLIGED TO RECOVER ITS REAL FIGHTING CAPACITY FOR THE TIME WHEN AMERICA AVOIDS ACTION

if Russia dares to attack an EU member state, say a Baltic country, and America refuses to enact Article 5. Let us be realistic, there is no short-term solution anyway. Still, we should be on this track as quickly as possible.

Barack Obama began to step back from the conflicts waged far from the United States. Donald Trump voices similar intentions, even more loudly. What should be done in order to not let dictators get away with killing people? Russia openly abuses its seat at the UN Security Council. But there must be some solution. It cannot be true that there is none...

Indeed, the solution is to develop defence capabilities and carry out external interventions, first and foremost by NATO. The world needs it more than ever before. If America's isolationism that started under Obama will grow under Trump, it will mean that Europe has to take things into its own hands. Meanwhile, the European Union is weakened by divisions on ideological, strategic and economic levels, which perfectly suits Moscow's goals. In April, May and June France will be holding elections. Germany will have its own in autumn. Will new leaders of the two countries, let alone all the others, be able to be on the same page in their re- ➤



sponse to the Russian threat? We should give credit to François Hollande and Angela Merkel for acting decently, including on sanctions. This allowed them to keep the opponents, such as Hungary, Slovakia and Italy in a way, at the arm's length. In the future, we will need double unity, first of all in terms of the common doctrine. The question is whether all the EU member-states acknowledge Russia as the key threat and agree to counteract. Unity is also needed with regard to actions. The question is whether all these states agree to increase their defence spending? It is unclear. This depends on who will win the elections in, say, France and Germany. Different political combinations are possible.

I DO NOT SEE HOW IT IS POSSIBLE TO MAKE CONCESSIONS TO THE NATION THAT DESPISES INTERNATIONAL LAW, ANNEXES CRIMEA, SEIZES TERRITORIES OF OTHER COUNTRIES AND COMMITS WAR CRIMES IN SYRIA

In your article published in *The Conversation*, you wrote that it makes no sense to hold discussions with Putin and take concessions. So, what is the way to stop the war in Ukraine? The Normandy talks have no effect. The Minsk agreements prevent Ukraine from recovering its own territories. It is thus true that talks with Putin are the road to nowhere. But how do we exit this war that has lasted almost three years already?

Indeed, I said that it makes no sense to negotiate with Putin. But it does not mean we should stop talking to him completely. Nobody suggests breaking off diplomatic relations. I do not see how it is possible to make concessions to the nation that despises international law, annexes Crimea, seizes territories of other countries and commits war crimes in Syria. What is there to negotiate? Where is the room for manoeuvre? Should we forget Crimea? I'd say downright no. We are not in a classic negotiation scheme. In this sense, every concession to Moscow will lead to a new attack of Russians. The Kremlin will take it as a weakness. I am highly pessimistic as to the efficiency of the Minsk agreements. Of course, they had an immediate positive effect of somewhat decreasing the intensity of the conflict (still, people in Ukraine die on a daily basis). They were instrumental in saving several hundreds or thousands of lives, which is surely a good thing. Still, these agreements only allowed to gain some time. They don't offer lasting solutions. We failed to demonstrate to Putin our readiness to act and use force in Syria or Ukraine. Thus, he knows that nothing will happen. We know that he cannot be trusted on no account, as far as compliance with obligations is concerned. So, the only way out is to demonstrate our willingness to act, possibly provide the Ukrainian army with weapons and offer military consultations to your nation. Under no

event, will we accept the annexation of Crimea and seizure of the Donbas. We should stick to clear and harsh positions and keep sanctions in force.

Suppose the world closes its eyes to events in Ukraine, will Putin go farther?

Absolutely. We have already witnessed his attack against Ukraine and the war of extermination in Syria. We should remember that part of Georgia's territories is still under Russian occupation. Who is next? The Baltic States? It does not seem like the Kremlin is going to stop. I consider it a threat for our collective security and the future of Europe.

How can you explain Putinophilia of the French political class? While intellectuals and experts mostly understand the situation, political leaders, from far right to far left ones, leave an impression of fanatics. Why is that?

Many politicians are inclined to anti-Americanism. This trend prevails not only amongst the radicals, but also amongst a large part of the conservative Republicans, and some Socialists too. They have turned their backs on the U.S. and are looking towards the power that can counterweigh America's influence. That power is Russia. I don't mean that we have to stop criticising the US. I have done so myself at the beginning of our conversation. I did not support the war in Iraq which was initiated based on false information about weapons of mass destruction. I am critical about certain commercial practices of the US, let alone the war in Vietnam and some military interventions in Latin America. But when it comes to protection of the free world, it is worth being on the team with the United States, rather than with Russia. Let me also remind you of another issue, namely the cult of strong personality. Some of those people are charmed by dictators, because they like anything that looks powerful and influential... It is alarming that some political parties increasingly distance themselves from protection of human rights which constitutes the glorious diplomatic heritage of France. I don't exclude that some people are interested in transmitting Moscow's propaganda directly, or are influenced by lobbyists and some private groups trading with Russia.

Does this mean that the French are inappropriately represented by their politicians? According to the polls, 80% of French citizens dislike Putin, while the same poll among public figures has given the opposite results...

Indeed, there is a contradiction. Politicians do not share the justified attitude of most French people towards Putin and his threats. The thing is that, international debates are not crucial for the French when they vote. By the way, this trend is not specifically French. Just like in most nations, voters primarily notice their economic situation, purchasing power, unemployment rates and national security... International issues are much less important in elections. That is why voters do not impose enough sanctions on politicians for their Putinophilia. ■

The other front

Yuriy Lapayev, Andriy Holub

How Ukraine addresses the threats of the cyberspace

In December 2015, a massive hacker attack on Western Ukrainian energy provider Prykarpattiaoblenergo took place. According to the company's representatives, it resulted in a blackout that affected 200,000 consumers. Most foreign media showed interest in the event, since it was the first time that damage of such scale was caused by malware.

"This is the first time that we have proofs and can link malware with a specific system failure," said later Kyle Wilhoit, senior researcher at Trend Micro, Japanese information security systems developer, in his comments to Reuters.

BLACK ENERGY

Later, it was discovered that BlackEnergy malware was used for the attack. Interestingly, this news was released by the US Department of Homeland Security, and not by the respective Ukrainian agencies. American IT company iSight Partners linked the attack to the Russian hacker group known as Sandworm.

Ukrainian Security Service, in its turn, directly accused Russia of the attack, without disclosing any details. The agency also informed that Prykarpattiaoblenergo was not the only victim of the attacks on energy facilities that took place in December 2015. According to the Security Bureau of Ukraine (SBU) in other cases serious damage was prevented. It was established that blackouts through hacker attacks in late 2015 also affected Kyiv and Chernivtsi oblasts.

BlackEnergy malware family has been known since 2007, and hackers still successfully use its various modifications. A specific feature of this virus is that it can stay for years in an infected device without manifesting itself. The attacker activates it only when the right time comes.

This is why it is still too early to evaluate the scale of cyber attacks against Ukrainian companies and infrastructure. Back in 2014, ESET experts reported that about a half of all computers infected with BlackEnergy virus were located in Ukraine and Poland. "Some of them belong to a number of government agencies and various enterprises, and there are other targets that we could not identify," they said in a statement. We can only guess how many malware programs are in a "standby mode" as of 2017.

After energy networks were hacked in 2015, another series of attacks took place. In January 2016, BlackEnergy virus was found on one of the workstations at Boryspil airport. The infected computer was disconnected from the airport's electronic infrastructure, and nothing was reported on the damage caused.

After that, hackers made a series of attacks aimed at doing harm primarily in the cyberspace. In March, there was a massive attack on the website collecting signatures for e-petitions to the President. During 11

minutes, 738,000 signatures were added, primarily in support of the petition for the resignation of Mikheil Saakashvili from the post of the Chairman of Odessa Regional State Administration. On the Independence Day, unknown attackers managed to hack into social network pages of the Ministry of Defense and the National Guard. Later, similar attacks were carried out against the website of the NSDC information and analysis center and the Facebook page of ATO Headquarters' Press Center, and the list goes on. Almost always, the attackers left either messages in support for the Donetsk/Luhansk People's Republic (DNR/LNR) terrorists or anti-Ukrainian slogans on the hacked pages.

UKRAINE HAS MANY SOFT SPOTS, INCLUDING THE ABSENCE OF UKRAINIAN-OWNED MOBILE OPERATORS, SOFTWARE VULNERABILITY, OUTDATED LEGAL FRAMEWORK AND A LACK OF PROFESSIONAL TRAINED EXPERTS IN THE FIELD

Exactly one year after the cyber attacks on power companies, BlackEnergy virus reminded of itself. In December, the Ministry of Finance, State Treasury and National Bank fell victims to its attacks. Even though no direct evidence of Russia's involvement in these attacks has been provided so far, their character suggests just that.

First of all, attention should be paid to the timing of malware activation. Blackouts in 2015 occurred in winter, during the coldest time of the year, when the population is the most affected by the lack of heating. Attacks on the financial institutions happened just before the New Year holidays and could trigger another wave of discontent and protests due to delays in social payments. Similar tactic was employed by the Kremlin during the gas wars it waged against Ukraine. Back then, Moscow would heighten tensions and cut off fuel supplies to Europe during the coldest periods. Hackers acting independently from the state usually try to inflict economic damage on their victims (usually multinational corporations), whereas in all cases in Ukraine the attacks pursued social and political goals.

THE NEW BATTLE GROUND

Ukraine is trying to gradually put in place a system of response to the aggression in cyberspace. In March 2016, Cyber Security Strategy for Ukraine was approved by a presidential decree. Such regulatory instrument appeared for the first time since Independence. In the summer of the same year, National Cybersecurity Coordination Center at the National Security and Defense Council of Ukraine (NSDC) »

started its work, and the list of critical infrastructure was officially defined, along with the procedure for compiling such list.

However, since Ukraine is considerably lagging behind the leaders of cyberspace operations, it should be moving ahead at twice the speed. For example, the above-mentioned Strategy states that "the cyberspace is gradually becoming a separate battlefield, alongside the traditional ground, air, sea and space, where the respective units of the world powers' armed forces are increasingly active." The recognition of this fact at the state level is quite long due. However, in way of comparison, US President Barack Obama declared his country's digital infrastructure to be a "strategic

national asset" back in 2010, and US Army Cyber Command was established that same year. In China, Strategic Support Forces, a separate branch of the Chinese Army responsible for the operations in cyberspace, was officially created in January 2016. Special cyberwarfare units have long been established in the UK and Israel. Other countries, such as Russia and Iran, constantly declare their intentions to create such units. Unofficially, they already have entire armies of hackers in the service of the authorities.

Head of Information Security Service at the NSDC Valentyn Petrov believes that Ukrainian information resources are no longer an easy prey for hackers. There have been some changes, primarily, the prob-



lem has been recognized as such. According to him, earlier the issues of cybersecurity were considered a kind of a science fiction by the state leadership. The facts of large-scale attacks on Estonia and Georgia were ignored. The authorities willingly listened to the reports and recommendations of the experts, but it all ended in talk. Besides the lack of funds, there was also the lack of political will.

According to Petrov, Ukraine also managed to ensure coordination between key cyberspace defenders: Cyber Police, State Security Service and State Special Communications and Information Protection Service (SSCIPS). Earlier, this was impossible through the agencies' competition for fame and awards. Very often they strived to be the first to report a crisis situation, interfering with its resolution. This trend began to change for the better with the establishment of the National Cybersecurity Coordination Centre, which aims to minimize the negative effects of cyber attacks. In addition, recommendations on avoiding them have already been developed.

In the meantime, Ukraine has many soft spots, including the absence of Ukrainian-owned mobile operators, software vulnerability, outdated legal framework and a lack of professional trained experts in the field. The first problem became evident at the beginning of the ATO, when, due to the lack of authorized communication means, Ukrainian unit commanders widely used mobile phones, the vulnerability of which was exploited by the enemy. Today, SSCIPS is working to create a national telecommunications network, which will include a mobile component. However, it is unknown when the work will be completed.

One of the most notorious examples of software problems are Russian accounting systems used by most businesses. Banning them today is impossible, since this would bring to a halt all financial reporting. However, the analysis of the attack on the State Treasury confirmed that most computers had Russian software products installed, which could have facilitated hacking into the system in general.

To avoid such situations, Ukraine should create the prerequisites to open its market to international software manufacturers and foster the growth of its own software firms. However, the domestic IT sector should not be supported blindly, in order not to repeat the story with the automobile industry lobbying.

A NEED FOR CYBER LITERACY

Outdated provisions of some legal instruments also significantly complicate and slow down the development process. Besides, Ukraine still has no effective mechanism of bringing people to account for violating security requirements in informational space. Public authorities' ability to investigate cybercrimes is significantly limited. According to Petrov, this drawback could be eliminated first of all by implementing the Convention on Cybercrime of the Council of Europe. The main thing here is to keep a balance between introducing the necessary restrictions and preserving freedoms in order not to follow the example of Russia with its infamous "Yarovaya's laws."

However, according to the NSDC, all servers that store information of state bodies are physically located in Ukraine, with the only exception of the public procurement system ProZorro. This means that the

enemy will not be able to physically withdraw the databases of Ukraine's state bodies.

Besides the general problems to be addressed at the legislative level, HR is also a topical issue. The specific feature of BlackEnergy attacks was the use of social engineering techniques. The attackers created emails, the content of which was difficult to ignore. Emails were sent on behalf of one of the Verkhovna Rada's departments with the text that either promised to disclose the list of separatist MPs or requested managers to provide the names of the employees that have been mobilized. The victim downloaded an attached file, whereupon the computer was infected.

Under such circumstances, computer literacy of the employees of businesses and organizations becomes a primary issue. Serious private companies remind their employees at least once a month about the basic principles of information security, violating which entails significant penalties, up to dismissal. The simplest recommendations include always logging out of accounts on all devices, using complex passwords, not sending passwords and internal website links by e-mail, etc. At the same time, Ukrainian state-owned enterprises often employ older people who only recently started using PCs and click on everything. In many cases, heads of organizations do not realize the problem. Under such conditions, there is no talking about training and increasing computer literacy. Even Ukrainian security agencies, including the State Security Service and Interior Ministry, back in 2015, at the height of the Russian aggression, were still using Russian email servers, such as mail.ru, yandex.ru, etc. The analysis of the December attacks on the State Treasury, Finance Ministry and National Bank showed that the attackers were the least successful in the case of the National Bank, where the management paid a lot of attention to cybersecurity issues.

Another dimension of issues related to human resources are the wages of public sector employees. Monthly salary of SSCIPS experts is UAH3,500, while cyber policemen earn about UAH 11,000. However, private IT companies pay their employees UAH 30,000 and more. How to get high-quality personnel work for the state and the remuneration it offers, remains an open question. Foreign partners can provide some assistance, if not with salaries, then with software programs and with training current employees. Such partners include Trust Funds established by NATO allies. Thanks to an American-run fund, a large-scale program to reform military communications and control is being implemented. Another fund managed by Romania is developing technical safeguards for the SBU. This project will allow establishing a powerful monitoring center to detect suspicious activity on government information resources in the near future. Numerous training courses and internships are also available to Ukrainian specialists.

Each new attack in the cyberspace creates expertise to repel such attacks in the future. However, McAfee Virus Lab specialists and Computer Emergency Response Team of Ukraine (CERT-UA) concluded that the level of organization of the December attack on Ukraine's financial authorities was poor. Maybe it was just a reconnaissance operation, and the real battles lie ahead. ■

Shades of the Lviv underground

Yuriy Lapayev

How Ukrainian hackers hold the front in the cyber war

Prior to the war with Russia, these people were ordinary engineers and IT specialists. Once they lost their homes or their loved ones they turned their knowledge into a powerful yet unnoticeable weapon. As the war in eastern Ukraine grew in scale, more effort was needed. So the cyber volunteers responded to Russia's aggression with investigative projects like *Myrotvorets* and *InformNapalm*, which got their information from, among others, many hacker groups.

HACKING THE ENEMY

In contrast to most of the volunteer military brigades or Ukrainian politicians, the hackers were able to agree to work together effectively. By spring 2016, the Ukrainian Cyber Alliance (UCA) was formed by RUH8, Falcons Flame, CyberHunta and Trinity. This event raised Ukraine's hacker community to the world level. Its target was the Russian Federation and its collaborators in the unrecognized "republics" on post-soviet territory and anywhere else in the world.

2016 was a year of many victories for the community. Although most of its operations remain secret, the most interesting ones can already be talked about. Ukrainian hackers began last year with a massive break into the text messaging systems of hundreds of thousands of Russians. They continued their hunt for weak spots in the cellular network, they were able to get personal photos from a co-worker at Russia's Federation Penitentiary Service. Using Exif data on these photos and videos, they were able to establish incontrovertible evidence of the involvement of a special forces man in the conflict in eastern Ukraine. Thanks to Russian soldiers' habit of taking selfies, the hackers proved that the proxy forces were using R-300Z Zhytel during the battle for Debaltseve, electronic warfare relay stations that are manufactured exclusively in Russia and have never been sold abroad.

In the spring, they broke into the site of the "ministry of foreign affairs of DNR." In addition, as part of their #OpDonbasLeaks operation, the Falcons Flame and Trinity successfully broke some 100 pages and mailboxes of the militants, their propagandists and their handlers. For instance, the e-mail archives of an organization called the Union of Donbas Volunteers, which was run by the former "PM of DNR" Aleksandr Borodai contained application forms and copies of documents related to mercenaries and Russian servicemen.

One notable event was their break-in and defacement—meaning changing the look of the page—of the pro-Russian propaganda channel known as ANNA News. The Ukrainians not only broke the information service but put together a creative response to the Kremlin mouthpieces: a video message that was posted to the home page of the ANNA site and called on viewers to join forces in the battle against the Russian Federation. This "Greeting from the Lviv Underground"* from the Falcons Flame and Trinity

proved remarkably popular: the clip was translated into six languages and enjoyed more than 270,000 views in YouTube.

THE SURKOV SENSATION AND MORE

Thanks to the hackers' activities, a slew of very interesting documents about Ukraine's northern neighbor appeared in public access mode: RF defense procurements, drafts of state regional policies, and orders to use the RF's regular military drones to engage in reconnaissance and correct artillery fire against Ukraine.

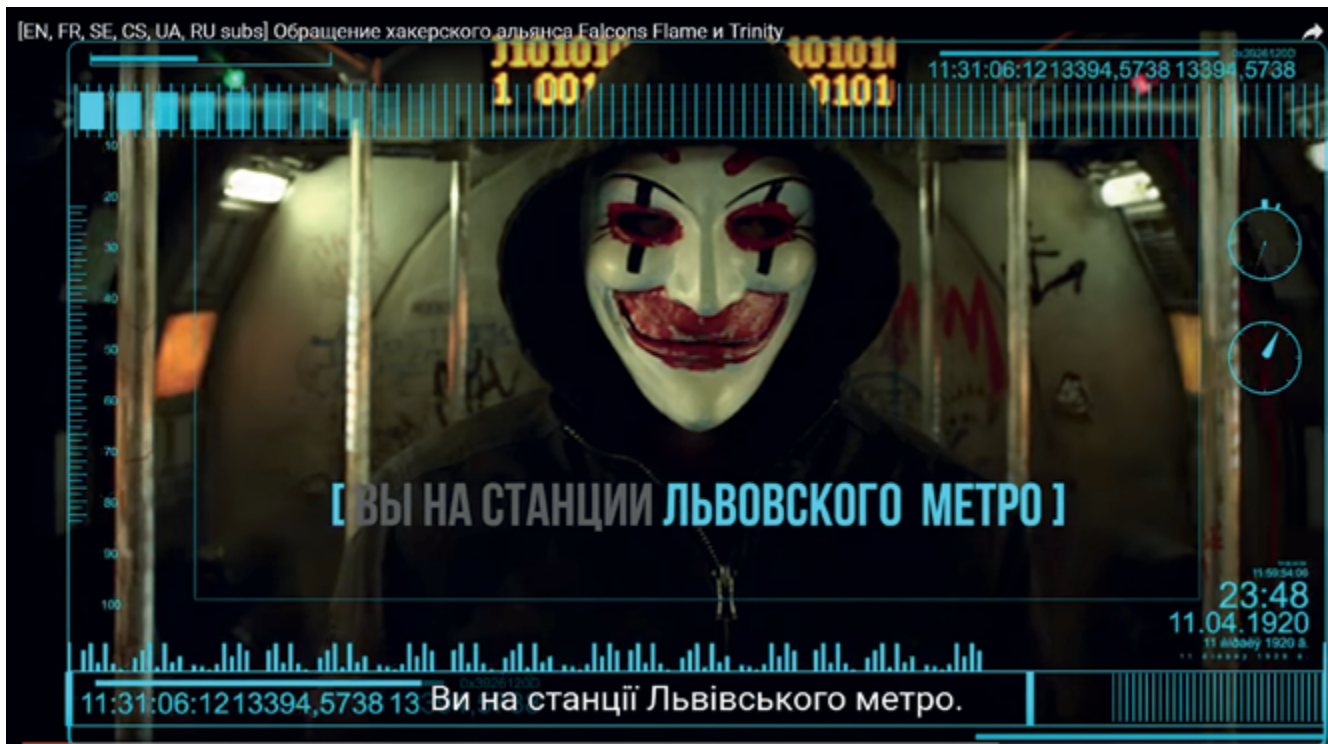
Of course, Ukraine's hackers also focused on high-profile individuals in the hybrid war, getting into the correspondence of Alexei Mozgovoi, the odious commander of the *Prizrak* or Ghost terrorist battalion. It turned out that, the day before Mozgovoi was eliminated, he was completely dependent on the orders of an agent by the name of Dyeva or Maiden. The video and text messages from the phone of another "star" terrorist, Arsen Pavlov, aka Motorola, also caused quite a stir online. These items already attracted more than half a million views.

The interception of correspondence between an LNR militant by the name of Grom help stop preparations for a provocation by the terrorists that was supposed to have taken place in Lviv on Independence Day. In response, the hackers offered the occupiers a bit of good hacker humor on August 24, 2016, 25 pro-Russian sites and "official" portals belonging to LNR-DNR terrorist groups were defaced and a greeting on the anniversary of Ukraine's independence posted on them. Under an operation called #op256thDay dedicated to Programmers' Day, more than 30 sites belonging to the proxies were either brought down completely or defaced in a single night. Hacktivists plugged in an *InformNapalm* video with a demonstration of evidence of Russia's military aggression against Ukraine on many propagandist media resources.

But the real sensation was the operation #SurkovLeaks. Data mined by the hacktivists from the mailbox of the reception of the office of Vladislav Surkov, a top aide to Russian President Vladimir Putin, sent an international shockwave. Articles about the hack of Surkov's office appeared in much of the top international press, including the BBC, Time, the Daily Mail, The London Times, RFE/RL, The Guardian, and others. The quality of the work even caused some western experts to mistakenly attribute #SurkovLeaks to US intelligence agencies. On the other hand, the Ukrainian media community virtually ignored the investigation, as it exposed far too many awkward details about how Ukraine's own politicians and journalists were collaborating with the Russian aggressor.

Towards the end of the year, the cyber brigade provided the world with yet another sensational hack. This time, the deputy director of the Institute of CIS Countries and press secretary of the Union of Orthodox Citizens, Kirill Frolov, found himself in the sights of the cyber al-

*The Lviv Metro is an anti-meme generated among Ukrainians to mock Russian propaganda about Lviv as the heart of violent nationalism. The subway map is shaped like the Tryzub or trident. At Banderivska station, drugs are tested on Russians, while at the NATO station, the HQ experiments in torturing Russian-speakers. In fact, Lviv has no subway



The doors are closing. In this video address by the UCA, the activists said that they broke into the databases of LNR/DNR and asked the international community for solidarity with the victims of the Russian aggression

liance. Operation #FrolovLeaks revealed that Russia had been preparing for aggression against Ukraine long before 2014. Based on these materials, the intervention was taking place at the highest level through the Moscow Patriarchate with the support of a slew of recruited high-ranked Ukrainian politicians and activists, who were coordinated by handlers in Russia.

In addition to its “classical” activities, the UCA takes on other non-standard assignments in the information arena. They organized a “provocation” among the DNR terrorists, which led to a real panic among the occupying forces. It was almost funny—except it was not: the leaders of the Russian proxy divisions began a real witch-hunt, looking for traitors and writing accusatory missives to the FSB about their own fighters. The hackers were able to delete more than 100,000 individuals from the pro-Kremlin community in social networks. The Ukrainian specialists organized real hacker duels with their northern opponents.

As a result of these confrontations, the impact of hostile interference in Ukraine’s information sphere was minimized. Townsend admits that the level of security in Ukrainian state resources is absolutely inadequate to the situation that has developed around the country. But he adds quickly that even the only superpower in the world, the United States, which has more than enough resources and experience, has turned out to be vulnerable to the attacks of Russian hackers.

AN EXPANDING NET OF DATA

In mining a mass of data, the UCA works actively with other volunteer groups. According to Roman Burko, one of the founders of the InformNapalm international investigative community, thanks to his cyber colleagues, a huge archive of correspondence belonging to Russian

journalists was hacked. This made it possible to establish that the appetites of RF propagandists are not limited to Ukraine or the shooting down of MH17. Among others, interesting details were disclosed about how Sergei Zynen, a journalist and propagandist on Perviy Kanal, Russia’s main state channel works to discredit the National Security Agency of the United States. InformNapalm’s resources made it possible for UCA’s achievements to reach the highest international level.

The alliance shares data with state organizations. Military secrets are sent to the intelligence division of the Ministry of Defense, data about traitors and enemy agents goes to the SBU. And although the US and individual EU countries do engage in using hackers to test their national security systems, the UCA is not taking part in developing the domestic model of cyber security as it is focused entirely on attacking the enemy. Working together towards a common goal, Ukraine’s hackers prefer to remain independent and anonymous. Still, even such a successful group as UCA faces problems as well. The main one is the lack of resources. The number of operations keeps growing, and with it the volume of information gathered. But there aren’t always enough people or time in order to process it promptly. Although they remain outside the system, the hackers expect the country’s leadership to pay more attention to cyber security. They also complain about the lack of a consolidated position on issues of data and cyber security among top officials. They also point out that the war has been going on for three years now yet Ukraine does not have a unified doctrine for offensive action in the cyber environment.

Understanding these difficulties, the warriors on the invisible front are not about to give up. On the contrary, as they gain experience they plan to move into all-out war mode against the invaders. ■

The invisible weapons

Yuriy Lapayev

Does Ukraine have enough resources and means to fight information warfare?

Information warfare, in general, is not a novelty. Since time immemorial, deception and propaganda helped commanders achieve success in battles. The military quickly realized the opportunities that the skillful use of information can bring. With time and the development of information transmission technologies, "invisible warfare" methods improved.

One of the most interesting and, most importantly, proven information operations was the naval battle between the Greek and Turkish troops near the island of Paphos in 1974. The Greeks conducted reconnaissance and planted misinformation so well that as a result, a Turkish aircraft attacked the Turkish fleet. A Turkish destroyer was lost and two more damaged, an aircraft was lost and about a hundred marines killed. It is also worth mentioning the Operation Desert Storm carried out by the Americans in Iraq in 1991. In this case, free radio sets tuned to a fixed frequency were distributed among the locals, which allowed American propaganda to reach the ears of the Iraqis. Britons don't lag behind either. They can be credited with organizing one of the largest operations that was called Barras and held in 2000 in Sierra Leone. Launched as a prisoners of war search and rescue effort, it developed into a complex multi-stage operation involving deep reconnaissance, legendiz-

ing, using strong cover contingent, complex logistics schemes for personnel transfer, mobile phones tracking, and an assault by paratroopers and Special Forces. All of that for the sake of five British soldiers. They were rescued, and the British captured so many terrorists, recalls one of the participants, that they had to liquidate some of them because of the lack of room in helicopters. In 2010–2011, the world was shocked by the news: for the first time, a computer virus was able to penetrate a secure NPP management informational system in the Iranian city of Bushehr. The notorious Stuxnet caused enough damage to put the clock of the Iranian nuclear program a few years back. Later, investigations into the causes of faults helped identify the traces of the same virus in energy management systems of a number of European countries.

In fact, there are more such examples than you would think. Some of them involve Ukraine. It is enough to mention one of the most successful brainwashing operations, the "Russian spring." Its good timing allowed Russian forces to capture an entire peninsula virtually without a single shot and with no losses, creating the prerequisites for the outbreak of hostilities in Eastern Ukraine. What exactly was the key to the success of this campaign? Obviously, it was carefully planned and prepared. The work with the Crimean population began back in the 2000s and moved into its active phase after the Orange Revolution. Under Yanukovich, Russia implemented the final part of the operation, with Maidan only making some adjustments to the annexation plans.

This daring scheme became possible only owing to the powerful information impact of the aggressor country. The main messages of the Russian TV at that time were: "Train of Friendship", "Right Sector", "Berkut defended Crimea", "Kyiv banned the Russian language", "Crimean self-defense" and "Military uniform that can be bought in any store." Today they are almost forgotten, but back then they infiltrated the prepared minds and bore bitter fruit, making people distrust the authorities and even their own eyes and trust the actions of the "good czar" Putin and resulting in the referendum and the "Crimea is ours" euphoria.

Then the turn of Donbas came. The messages there included "a crucified boy", "American private military companies", "a piece of land and slaves", "raped pensioners", and "a stormtrooper who downed the Boeing under the supervision of a Spanish air traffic controller." Each "blockbuster" of the Russian propaganda left a long trail of blood. Messages heard from TV screens prejudiced locals against their neighbors, ensured the flow of mercenaries to the "people's republics" and helped unleash a real war. Today, despite the somewhat decreased intensity of the conventional shooting war at the front, the informa-



Army FM. Launched as a channel created by the military for the military in the ATO area, this radio is gaining popularity among Donbas residents and acts as a creative response to the Russian propaganda

PHOTO BY MYR & CO

tion battle never subsides for a second. The Russian "trolls factory," which had its first office in Olgino, a historic district of St. Petersburg, generates a daily stream of negative information on predefined topics. Hundreds of professionals write articles and provide blogs and comments on the latest developments in social networks. This is not always done professionally, and quite often one can see people of completely different age, gender or place of residence suddenly and simultaneously disseminating exactly the same ideas, with identical spelling mistakes.

Obviously, after following the events of the war in Ukraine for the past three years, the civilized world is finally starting to think about its own future. The evidence of this is the approval by the European Parliament of the resolution to counter Russian propaganda on November 23. In this document, Russian funds and news agencies are recognized as threats at the level of terrorist organizations, such as Al Qaeda and ISIS. Now European politicians are facing a hard task: to find funding for this effort. For comparison, the annual budget of Russia Today alone is about EUR 8bn, whereas EU strategic communications task force (whose tasks include identifying the events of information deception on the part of Russia and informing EU audiences thereof) may receive just EUR 8mn this year. While the European politicians, as well as Ukrainian ones, are only getting down to work, all hope rests with volunteers. For example, a Polish journalist Marcin Rey started a Facebook page "Russian fifth column in Poland", where he publishes materials on the activities of "Polish nationalists" with Russian connections.

What can Ukraine oppose to such resources and budgets? Actually, quite a lot. Officially, information warfare in the responsibility of the Main Military Intelligence Directorate and the newly established special operations forces. Unofficially, similar to the conventional front, it has its own volunteers, who already have something to surprise the enemy.

One of the major achievements was the creation from scratch of the intelligence system based on open sources investigation (OSINT, Open Source Intelligence). Bits of information are gathered from mass media and social networks. This type of intelligence has long become a norm for NATO countries, but for Ukraine it is still a novelty. Nevertheless, the achievements of the newly established units are impressive. They helped confirm the presence of the regular Russian army in Donbas and contributed to data harvesting for the international investigation into the downing of Malaysian Airlines Flight MH17. In this work, the military are helped by volunteers. The most renowned international volunteer community InformNapalm has repeatedly proved its effectiveness. Another volunteer community, StopFake, took on countering information distortion and now distributes the digests of Russian lies in nearly all European languages. Besides, community members regularly hold training sessions on identifying and verifying fake information for foreign and Ukrainian journalists.

A creative response to the Russian propaganda is Army FM radio, another interesting tool of information confrontation. The radio station started off as a channel created by the military for the military in the ATO area. Today, Army FM is gradually gaining popularity

among Donbas residents. Increasingly often, this military channel can be heard in cafes and shops in Donetsk Oblast. They had problems with obtaining frequencies in some cities, but now the radio's coverage grows. This means that people who live in the country's trouble spot will finally be able to hear objective news.

The training of "information fighters" is gradually improving. The process is greatly complicated by the uniqueness of the profession and the large scope of necessary skills. Unlike teaching gunners or drivers, training information warfare specialists takes longer and requires more resources. Much more time is needed to restore the potential of an information and psychological operations unit than, say, of a tank element. However, with the right approach, such experts can deliver considerable benefits. Today, foreign partners, especially instructors from Canada, Lithuania and the United States, help conduct the training. The acquired knowledge is tested during the annual Ukrainian-US Rapid Trident military exercise. However, according to its participants, not all foreign counterparts are willing to share their expertise, while some instructors say that they don't know very well themselves how to deal with the threats that Ukraine is facing.

The annual budget of Russia Today alone is about **EUR 8bn**, whereas EU strategic communications task force (whose tasks include identifying the events of information deception on the part of Russia and informing EU audiences thereof) may receive just **EUR 8mn** this year

Of course, numerous problems remain, the key one being the lack of understanding of the information warfare importance by the highest state and military leadership. In most cases, operations are held not owing to, but despite the old state machinery. Unlike NATO officers, not all Ukrainian top-level commanders understand the advantages of using information weapons. Information warfare professionals are regarded as morale officers and are given odd tasks or prevented from work altogether.

Another sore spot is funding. Same as at the conventional front line, officers do large amounts of work on their own initiative and at their own expense. Volunteers help a lot as well. One recent example is the distribution of leaflets over Donetsk with drones during May 9 celebration. The operation was conducted by the Victory Sisters volunteer fund, since the Armed Forces currently have no UAVs to perform such tasks.

In this way, despite the continuous information impact of the enemy, Ukraine was able to withstand and, with the help from partners, to start developing its own potential in the field of information and psychological warfare. Given its policy line and geographic position, Ukraine will have to, one way or another, provide a shield to protect the Western world from Russia's ambitions, whether as part of NATO and other alliances or on its own. This means the need for continuous improvement of its own means of information warfare: training of the military, improvement of technical means, and support from the authorities. In turn, the Ukrainian society, from ordinary citizens to country leaders, should also learn to filter and check the information, and to be resistant to external information attacks. ■



The titans

Interviewed by **Andriy Holub, Yelyzaveta Honcharova, Stanislav Kozliuk, Roman Malko, Yaroslav Tynchenko**

Eight people who contribute to a better future with daily efforts share their stories, motivation and perspective of the future

A surgeon's path from frontline to the ministry

A stereotypical image of a Ukrainian public servant's office conjures a room with the president's portrait on the wall, gold-covered souvenirs and a luxurious office chair. Oleksandr Danyliuk's office at the Health Care Ministry has little to do with this stereotype. The small room hosts two employees. Each has a desk, a chair and a computer. Oleksandr's desk is easy to spot. The entire wall behind his desk is covered with photos and flags: from Maidan on one side, and from the war in the Donbas on the other side. In between is the Ukrainian flag covered with hand-scribbled lines. "This is the flag of our medical squad at Brigade 128. Everyone signed it. The flag traveled across the entire frontline, although it avoided the Debaltseve pocket. We just forgot it when we rushed there," Oleksandr says. "Of course, we were taking really good care of the flag, that's why it's not damaged. Three of the people who signed it no longer live." The pictures on the wall behind his desk feature people and surgeries Oleksandr did on the frontline. "This is the longest surgery in my life," he points at one. "It lasted 12 hours but ended well. The person I did it for is already able to walk."

Then Oleksandr points to a photo of Vadym Svyrydenko, a frontline medic who lost all his limbs. "He had some of the most difficult injuries I've seen," Oleksandr says.

From all the photographs, only one has nothing to do with the war or the Maidan. It features a mountain hike. "Mountains are my hobby. I once had a dream to go to the Pamir Mountains. Now, I struggle to find time to walk across the Carpathians."

In the fall of 2016, Oleksandr accepted the offer to join the new team of the Health Care Ministry led by Dr. Ulana Suprun. "Ulana convinced me. I spent a lot of time explaining to her why I was saying 'no'. But she found effective arguments to persuade me to say 'yes'. I kept telling her that I'm not a professional civil servant, that I can't do something, or don't know how to do things. She told me that 'professionals' had been running Ukraine's health care for 25 years. And what was the result? Maybe, it was time for the young and untainted to get down to this work, she said? It made me think that we have to be responsible for the changes we launched during the revolution. Thanks to the team, to everyone around here, I agreed to join the ministry. We've been together for three years. That was the main thing that convinced me," Oleksandr shares. When asked whether it was difficult to switch from a surgeon's table to a public servant's desk, he smiles: "I didn't switch completely. I still do surgeries. Civil servants are allowed to do that. I don't like the ministry work. But I realize how important it is: it has already brought some success. Not on the global scale yet; nobody really feels their impact directly. But there is progress."

As a surgeon, Oleksandr went to the frontline twice: from August 2014 through September 2015 as part of the Armed Forces, and in August 2016 as a volunteer. Over those periods, he worked in the hottest frontline zones, including Stanytsia Luhanska, Shchaslia, Avdiivka, and Debaltseve during the

most difficult stage there in January-February 2015. Today, his desk is filled with piles of papers.

"I came here from the volunteer pool, took up responsibility and joined a central executive entity. It's easier to do all this as a volunteer. You are not restricted with bureaucracy. Here, it takes a lot of time to get a document passed that could later be implemented with positive impact. This is a tough job but it must be done consistently. That's why it is important to engage volunteers in the executive branch. That's where they can be instrumental for the state, experience all the relevant processes and try to change things. It was much more convenient to spend time on Facebook writing how wrong everything is. When I came here, I realised how actually difficult and complex this work is. How long will this effort last? I don't know. But there is a handful of people here who care: everyone in our team was either on the frontline or in the volunteer movement. Even those who actually sit at this office are linked to the war in one way or another," Oleksandr ponders as we talk about when the state will be able to perform the functions that are currently carried out by volunteers.

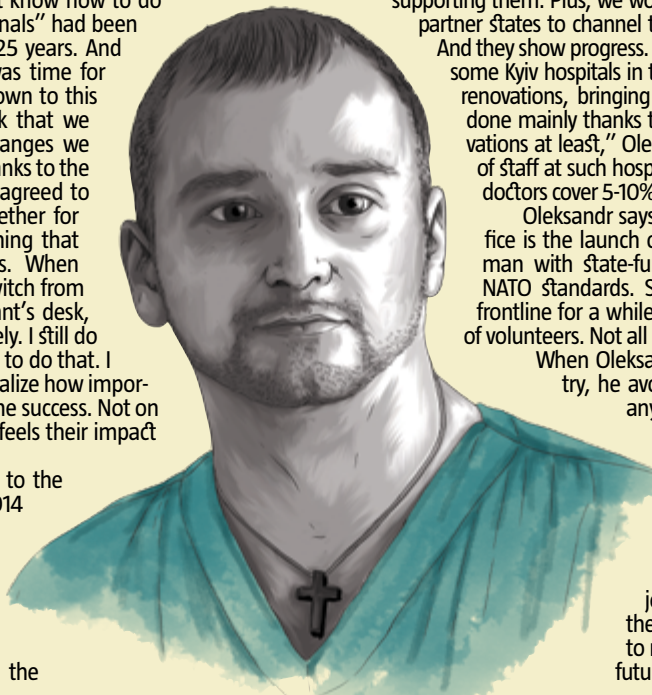
Oleksandr's tasks in his new office include coordination and organization of medical assistance on the frontline. In particular, he works with the Ministry of Defense on issues linked to the aid, evacuation and provision for the military, as well as medical aid in law enforcement entities overall. In addition to that, Oleksandr takes care of medical aid for the frontline villages and towns. "Civil health care there is in a disastrous condition given the ongoing fighting and the huge deficit of human and medical resources. Our task is to provide, coordinate and help frontline hospitals as much as possible since they are overloaded and work under very dangerous conditions," he says. "We help doctors, nurses and volunteers from elsewhere in Ukraine to go on official work trips to these hospitals, thus supporting them. Plus, we work with international organizations and partner states to channel their donor resources to those facilities.

And they show progress. Some frontline hospitals have outpaced some Kyiv hospitals in terms of improvements. They are doing renovations, bringing in new equipment. Of course, this is done mainly thanks to volunteers, but the state funds renovations at least," Oleksandr says. He adds that the shortage of staff at such hospitals ranges from 40 to 70%. Volunteer doctors cover 5-10% in various hospitals.

Oleksandr says that his biggest success in his new office is the launch of a campaign to supply every serviceman with state-funded modern medical kits based on NATO standards. Such kits have been available on the frontline for a while now, but mainly thanks to the efforts of volunteers. Not all military had access to them.

When Oleksandr talks about his work at the ministry, he avoids discussing deadlines. "I didn't set any timeframes. I see things realistically,"

he says. "Unfortunately, we had 22 health care ministers over 25 years in Ukraine. I realize perfectly well that we can be ousted anytime. It is not my goal to cling to this place just because I want to. Moreover, I'm a surgeon and I like my job. But we are now building the kind of the health care system that we would like to return to as doctors and patients in the future." ■



Impossible is nothing

Oleksandr Stetsenko is a prosthetics engineer and director at OrtoTech Service. He has worked in the area for 25 years and is based in Kyiv. He graduated from the Kyiv Polytechnic Institute as a mechanical engineer, but never got to defending his graduation thesis: he and seven other Ukrainians were invited for a year-long study in Germany under the Craftsmanship Exchange Between the Soviet Union and FRG program. Once he returned to Ukraine, Oleksandr set up his own prosthetics production. In 2006, he graduated from the Biochemical Systems department at the Kharkiv Radio Electronics University. Ever since the war in the Donbas began, Oleksandr has been making artificial limbs for the Ukrainian military. In fact, *The Ukrainian Week* journalists found him doing just that when they arrived for the interview. Oleksandr was making test models of artificial limbs for a serviceman of Brigade 54 to make his first training prostheses. He finds his work interesting for two reasons: firstly, he must and can help the injured military; secondly, this work helps him learn and improve equipment.

"We used to do many other things in the past. We sold orthopedic goods, bandages, breast forms. Our market used to have little of these in the past and we had contacts with foreign partners, so we could bring in the goods necessary for our people. Then, competition on the market increased, China came in, Ukrainian producers popped up. So we switched to prostheses fully even before the war started. Today, technologies are available that were unreachable for us some years ago. They did exist, but their cost was totally unaffordable for common folk. For instance, we supplied an arm prosthesis for a serviceman that costs UAH 700,000. More costly options are also available, some worth over UAH 1mn. Right now, a state-funded program pays for these prostheses. And it's an interesting opportunity: I see the military and the help they need, and I can help them. Our work has only intensified because we have both a learning process, and new materials to work with. In this area, you can never stop growing," Stetsenko shares.

Over the two years of war, nearly one hundred military got their limbs from Stetsenko. He assesses the total number of those in need of prostheses at around 400. In the past months, as the frontline fighting intensified, more military have been coming to him for help.

"We also had many people in 2014, then fewer in 2015, and a newly increased flow from the summer of 2016," he shares. "In 2014, when our military were shelled with GRAD missile systems, the injuries were more difficult to handle. I remember a guy who was missing the entire

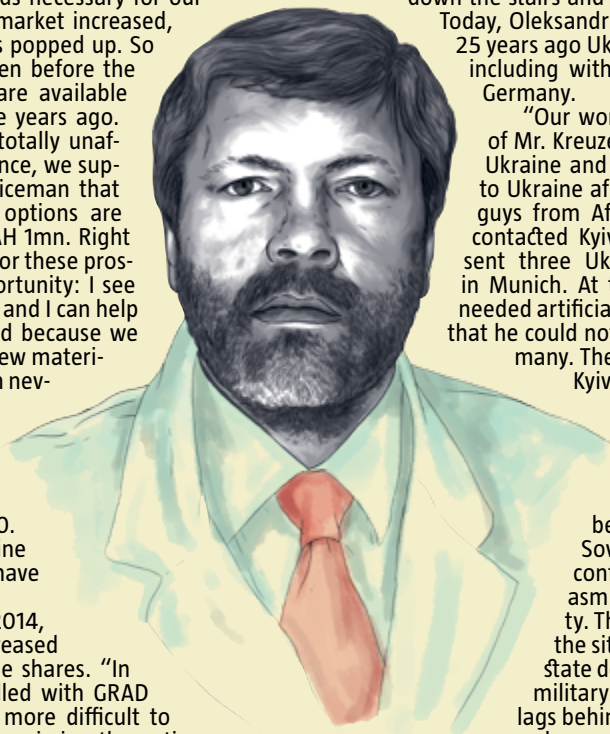
leg. We made a special corset for him to fix the prosthesis. Now, more people are coming for arm replacements. They needed them in the past as well, but we didn't know how to make such prostheses. Because we were making just simple models. And the wounded soldiers saw electronic versions; the government promised to send them abroad to get those limbs," Stetsenko explains.

Under the state-run program for the Anti-Terrorist Operation veterans, an injured serviceman could be sent abroad if no equivalent equipment was available in Ukraine. Oleksandr and his team decided to try and set up the production of advanced limbs. They found out that similar prostheses had been produced in Ukraine before, only with a simpler control mechanism.

"Earlier, a person could open and close the arm. It was impossible to lift heavy things because there was no mechanism to fix the artificial limb," Oleksandr explains. "Today, a chip installed in the prosthesis can be programmed to do different things: operate fingers, get a full grip, lift 45 kilograms. A person can also clench the limb into a fist and do push-ups. It can endure the pressure of 90kg. Of course, this sounds nicer than it is in reality. In fact, arm prostheses are still fragile. They break when a person makes a sharp or atypical move. We had one patient who fell down the stairs and broke a finger on his artificial arm."

Today, Oleksandr is more confident in his equipment. 25 years ago Ukrainians like him were only learning, including with the help of their colleagues from Germany.

"Our workshop was set up with the support of Mr. Kreuzer, he died already. He had fought in Ukraine and lost his leg in Italy. When he came to Ukraine after the Iron Curtain fell and saw our guys from Afghanistan, he decided to help. He contacted Kyiv-based Afghanistan veterans. They sent three Ukrainian soldiers to get prostheses in Munich. At that point, we had 44 people who needed artificial limbs in Kyiv. Mr. Kreuzer calculated that he could not get prostheses for everyone in Germany. Then he decided to make a workshop in Kyiv. He spoke to the authorities in Munich, the Ministry of Social Policy in Bavaria and to our ministry; he struggled to get premises approved here because local officials were interested in potential benefits. It was 1991, the times of the Soviet Union pretty much. We had less confidence back then but we felt enthusiasm. And we didn't have technical capacity. The artificial limbs were simple. Today, the situation is changing. I can say that the state does provide maximum support to the military. The only thing is that sometimes it lags behind the progress of technology," Oleksandr sums up. ■



Information napalm

Roman Burko started his personal war against the Russian aggression during the occupation of Crimea. This war continues to this day. Roman founded InformNapalm, the international volunteer intelligence community. Today, intelligence staff from NATO member-states read its reports. Yet, Roman keeps quiet and doesn't attend TV shows. Therefore, his name is barely known in Ukraine.

All Roman had at the beginning was a Facebook account, little experience in journalism, computer skills and a strong desire to fight for what is fair. His posts on real life in Crimea were gaining more and more popularity. He was later joined by an ex-Georgian military Irakli Komakhidze who helped Roman co-found InformNapalm. The two activists barely slept or ate as they collected data on the "little green men", revealed their secrets and identified the

servicemen from specific Russian military units involved in Ukraine.

The Russian military weren't very happy with this. One day, Roman almost got shot by one of Putin's "polite men" as he was trying to film a takeover of a Ukrainian military unit in Crimea. Later, the FSB started a hunt for him.

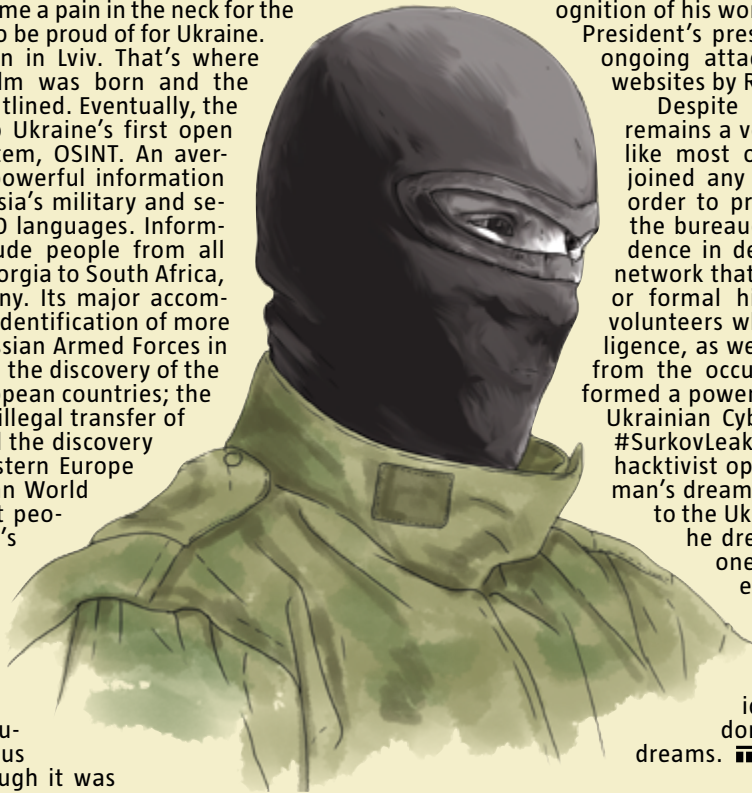
Roman fled the Russian services with a backpack of T-shirts and a laptop in 2014. He had no idea at that time that he would soon become a pain in the neck for the Russians and someone to be proud of for Ukraine.

Roman settled down in Lviv. That's where the name InformNapalm was born and the group's key priorities outlined. Eventually, the website developed into Ukraine's first open source intelligence system, OSINT. An average blog grew into a powerful information source that reveals Russia's military and security secrets in over 30 languages. InformNapalm members include people from all over the world, from Georgia to South Africa, from Canada to Germany. Its major accomplishments include the identification of more than 75 units of the Russian Armed Forces in Crimea and the Donbas; the discovery of the Kremlin's agents in European countries; the collection of proofs for illegal transfer of armaments to Iran; and the discovery of organisations in Western Europe that conduct the Russian World propaganda and recruit people to fight on Russia's side in Ukraine. At one point, InformNapalm published personal data of 116 crew members of the Russian Air Force in Syria. The Russians referred to this as a "leak of super-secret and dangerous information", even though it was

collected from various video reports done by the Russian media, as well as from other open sources.

In 2016, InformNapalm's databases and video clips with specific proofs of the Russian aggression in the Donbas were officially presented at the latest PACE session and NATO Parliamentary Assembly in Istanbul. This data was transferred directly to the representatives of various governments. Roman says jokingly that the best recognition of his work is threats from the Russian President's press-secretary Igor Peshkov and ongoing attacks against InformNapalm's websites by Russian hackers.

Despite this success, InformNapalm remains a volunteer-based network. Unlike most other communities, it never joined any law enforcement agency in order to preserve its agility outside of the bureaucratic machine and independence in decision-making. Today, it's a network that is not burdened by red tape or formal hierarchy, and comprised of volunteers who do the open source intelligence, as well as translators and insiders from the occupied territories. In 2016, it formed a powerful cooperation net with the Ukrainian CyberAlliance (UCA) known for #SurkovLeaks and many other massive hacktivist operations against Russia. Roman's dream is to win the war and return to the Ukrainian Crimea. But above all he dreams of turning Ukraine into one of the most beautiful, powerful and developed countries in the world. A country that could be proudly handed over to the next generations. This may seem idealistic, but Roman has done enough to deserve such dreams. ■



Memory in the making

Knyha pamiati, or Memory Book for those killed in the war for Ukraine, is the fullest online list of people who gave their lives for the unity and integrity of Ukraine from 2014 on. Every individual on the list has a personal page with a brief bio note, as well as photos, links to video and media reports about him or her, drawings, words of love from families and friends, and more. The Memory Book team works for free, and this is a matter of principle for its leader, Maksym Popov, 41, from Kyiv.

After service in the interior troops, he graduated from the Kyiv Economic University, and has been working as a manager at a well-known German wallpaper company. However, from his early childhood, Maksym has been interested in military history. He takes part in reconstructions of military historical events, and is interested in tourism, speleology, skiing and the history of Kyiv. His dream was to create a website on Kyiv's military history. For that purpose, he learned web-design. That website remains a dream, but Maksym's web-design skills turned out helpful in the development of the Memory Book.

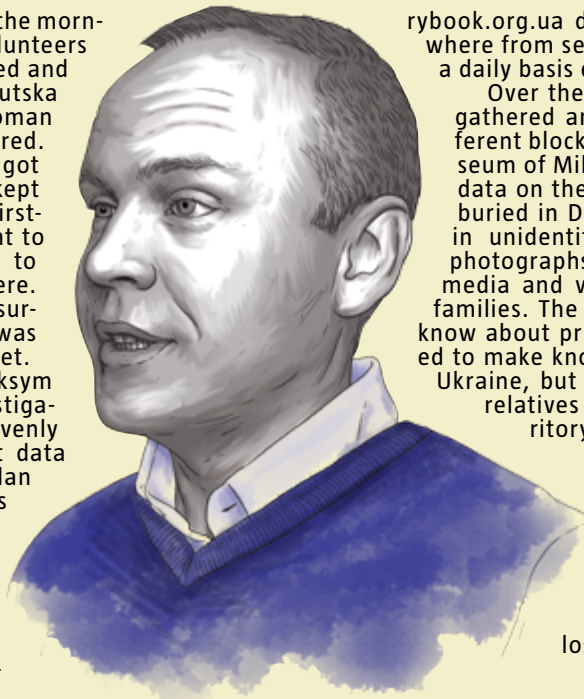
Another factor that pushed him to start working on this ambitious project came in January-February 2014. During

the Maidan, Maksym joined the first-aid volunteer squad: these were evacuating the injured protesters from the Maidan, helping those wounded in street clashes, putting on bandages and saving lives. Maksym took a short training course in paramedic aid and patrolled Kyiv streets as part of first-aid squads starting from January 26, 2014.

The squad volunteers were working with both sides of the Maidan. The days Maksym remembers the most were February 18-20, 2014. When the protesters marched up Instytutska Street towards the Parliament building and clashes began, the volunteers set up an improvised first-aid unit in a nearby yard. That's where the injured Maidan protesters were taken. The police did not touch the unit. Quite on the contrary, one general was personally walking the injured protesters to the unit. Then the night followed when the government planned to storm the Trade Unions' Building. Maksym's group ended up behind the line of the police and interior troops. That's when he saw the first death: he carried away a killed policeman. He also recalls how he and his colleagues were pulling away a police officer from the enraged crowd: people had torn off all his protective gear and were beating him heavily. Maksym and his colleague took some punches as well.

On the scariest moment, in the morning of February 20, when volunteers carried away dozens of wounded and killed protesters from Instytutska Street, Maksym's friend, Roman Kotliarevsky was heavily injured. While rescuing others, Roman got shot in his leg. Maksym Popov kept working with the Maidan first-aid unit till April 2014. He went to Kherson in Southern Ukraine to help create a similar unit there. That one was led by the local surgeon Vladyslav Kovaliov who was later killed in the Ilovaysk pocket.

In March-June 2014, Maksym took part in the activist investigation of the murder of the Heavenly Hundred. He began to collect data about those killed on the Maidan and soon found out that his friends from historical festivals (they worked at the National Museum of Military History) were doing the same thing. They joined forces and on July 22, 2014, Maksym registered the memo-



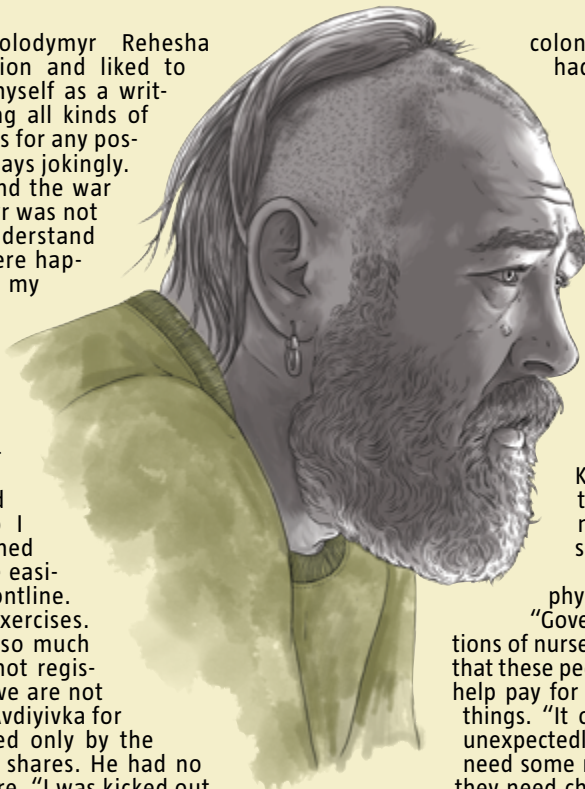
rybook.org.ua domain. It has been updated anywhere from several dozen to a hundred times on a daily basis ever since.

Over the summer and fall of 2014, a team gathered around the website to work on different blocks of information. The National Museum of Military History processes the official data on the servicemen killed in the East and buried in Dnipro, Zaporizhzhia and Starobilsk in unidentified graves. Volunteers look for photographs, videos and other data on social media and various websites, and contact the families. The team involves experts in law who know about privacy rules. The website is intended to make known those who died in the war for Ukraine, but in a way that does not hurt their relatives (some remain in the occupied territory).

As of today, the website provides information about more than 3,000 killed servicemen. The mission of the Memory Book is not only to preserve the stories of those killed, but to tell the truth of the war in the Donbas and the actual number of lives lost in it. ■

A camouflaged Santa

Before the war, Volodymyr Rehesha worked in construction and liked to write. "I described myself as a writing slave: I was doing all kinds of advertising and other articles for any possible website or outlet," he says jokingly. Then the Maidan erupted and the war followed. Initially, Volodymyr was not going to war. He didn't understand or realize the things that were happening around him. "Then my friends died in the AN-30 plane that the separatists shot down near Sloviansk in June 2014," he recalls. "The entire crew was killed; they were my good friends. It was like someone hit me on the head. I thought that my turn would come no matter what. So I packed up my things and joined the Right Sector." It was the easiest shortcut way to the frontline. "No training fields or exercises. When I got there, I liked it so much that I decided to stay. I'm not registered anywhere. Officially, we are not there. But we have been in Avdiivka for over a year now, surrounded only by the industrial zone," Volodymyr shares. He had no experience in the army before. "I was kicked out from the military department at the university after four years for speaking rudely to the lieutenant



colonel. And I didn't serve in the army because I had children early," he laughs.

The name Santa came for a reason. Before the war Volodymyr had been helping orphans. He started with average orphanages but that changed after he visited a shelter for the disabled children. "I actually got scared there," he recalls. "I cried, went home and was heading back a mere week later." Volodymyr's friends spent a year asking him to go public with his activity, tell a broader audience about the things he does. Eventually he gave in and started writing posts on Facebook. These were followed by TV reports and many people started helping him. "We are now helping two orphanages for disabled children in Vinnytsia and Khmelnytsky Oblasts," he says. The assistance started with diapers and other small necessities and has grown to a remarkable scale now.

"We are now helping to fund rehabilitation physicians for these children," Santa shares. "Government funding only covers half-time positions of nurses and cleaning staff. We are paying extra so that these people work full-time and a full week." Donors help pay for renovations and purchase many necessary things. "It often happens that urgent needs come up unexpectedly," Volodymyr says. "Sometimes the kids need some medicines or equipment. For instance, now they need chest drainage equipment or pressure reducing support mattresses. The state cannot fund all this, so we try to find the money on our own." The same goes for kitchen ap-

pliances. "Some children here eat blended food, they are fed through tubes," Volodymyr explains. "Normal blenders used in an average kitchen can't handle the intensity, so we buy industrial ones. Again, the state does not provide money for this. And even if it does have some reserves, you will hardly get the funding quickly. While in some cases you need it here and now. For instance, when the sewage system breaks: it takes a month or two to assess the cost of the repair, then file a request to the respective authorities to get the funding for repair. Then, the request is processed. Meanwhile, the breaks need to be fixed within a matter of days. That's why we go to the bank and transfer the money to cover the necessary expenses on rehabilitation physiology, bonuses for the best staff and so on."

Where does the money come from? Well, from the good people, Volodymyr states. "95% is what people donate. Some do on a regular basis, sending something to our account every month. They trust us. Sometimes I write a post on Facebook and give my account details – that's when many people donate. When my friend, artist Andriy Yermolenko made a new logo for the UKROP party, he gave me his UAH 50,000 fee for it right away. And what we lack I take from the bedside table drawer in my bedroom."

Santa's visits to his disabled friends have been less frequent

lately. Earlier, he used to come back from the frontline, load his van with goodies and head to the orphanages every month. Today, he is only able to take the trips every two months. There have been problems with the orphanage in Ladyzhyn, Vinnytsia Oblast (the authorities were planning to shut it down). Therefore, whenever Volodymyr had a chance to get out of the frontline, he rushed to solve the administrative issues, and only then did he go to visit the disabled kids.

"In fact, we are trying to help both in a way that is functional, and in a way that brings some aesthetic joy to those children," Santa shares. "We've set up a sensor room in the Ladyzhyn orphanage, and a billiard room in Medzhybizh, Khmelnytsky Oblast. Our friends donated a new table for it." In Medzhybizh, Santa and his team set up a mini-farm where the disabled children can take care of the animals, feed and walk them, clean after them. "We try to encourage those boys and girls to not just laze around, but actually do something. So many people have joined the project. I asked my friends from the DakhaBrakha band and they did a charity concert. All revenues went to fund the farm: renovate the premises and buy the animals."

We've become friends with those kids by now, Volodymyr concludes. "They call me every day and ask me whether I'm still alive." ■

A new home

When young girls and women give birth to children, they often find themselves helpless and lonely. This solitude flows from one generation of such women to another, multiplying in state-run institutions. They leave boarding schools and orphanages with virtually no social skills that are necessary in everyday life and communication. Worst of all is that these young women don't know how to love and take care of others, because never experienced any of this in their orphanages.

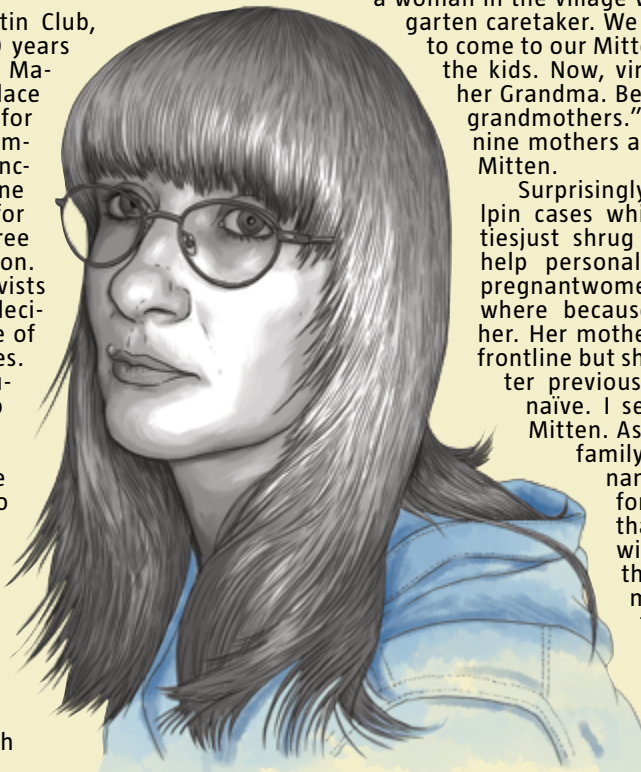
Viktoria Fedotova runs Martin Club, an initiative founded almost 20 years ago by a group of activists in Makiyivka, Donetsk Oblast. The place offered rehabilitation spaces for young mothers who find themselves in difficult life circumstances. Martin Club started with one social shelter called A Village for Children. Three years later, three social homes were in full operation. In the summer of 2014, the activists were forced to make a tough decision: they had to evacuate some of their residents with their babies. Some women who had no documents stayed in Makiyivka to avoid putting the whole group at risk. Viktoria says her team is still supporting them. But she can't speak more of those who are staying on the occupied territory.

"We bought a house in the village Orlivshchyna in Dnipro Oblast," she says. "That's how our home Mitten moved. We host women with babies who had no other place to go to. Virtually all of our girls don't feel very comfortable with

society, their families and themselves. Some of them had never seen their mothers and grew up in orphanages or foster homes; some had been in prisons. Some were attached labels and were deprived of parental rights. Here, they learn to become mothers in the first place. We've had to teach some of them how to play with babies. Previously, they acted like orphanage nurses, hiding toys so that the children wouldn't toss them around. They don't have social skills that are natural for others. We have recently found

a woman in the village who used to work as a kindergarten caretaker. We offered her a minimum wage to come to our Mitten once a week and work with the kids. Now, virtually all children are calling her Grandma. Because they've never seen real grandmothers." This is Viktoria's story of the nine mothers and 13 children who live in the Mitten.

Surprisingly, Viktoria manages to give help in cases which various services and authorities just shrug off. I have experienced her help personally: once had to secretly send a pregnant woman and her 3-year-old sons somewhere because her husband was beating her. Her mother lived somewhere along the frontline but she never supported her daughter previously, so expecting it now was naïve. I sent the young woman to the Mitten. As a result, Inna now has a new family where her second child, a girl named Veronika, was born. Before labor the doctors projected that the child would be born with disabilities: apparently, the beatings and the stress the mother had to go through affected the baby. The Mitten team prepared to crowdfund for an urgent surgery immediately after the birth. But support from the people around, timely diagnosis



and active treatment supervised by Viktoria personally did wonders: the baby girl arrived to the Mitten healthy.

In 2016, Viktoria and her team began to accept those in need of a shelter from Dnipro Oblast. The project grew beyond help to IDPs. By the Mitten a children's playground appeared where local kids hang out. The social space encouraged the village community to develop. Today, the locals plan to create a sports ground for teenagers. Together with partner organizations in eight oblasts across Ukraine, the activists spread similar practices of supporting families with children from rural areas. In the past year, Martin Club helped 906 families with the funding from donors and grants. It works on the case-management basis: detects a problem and oversees the solution till finalized. Also, the club launched a shelter for the next stage of socialization for its residents. "When we see that a woman has received

a necessary set of skills and has prepared for an independent life, we transfer her into the different environment called Kangaroo," Viktoria explains. It hosts two or three families together. But they live on separate budgets and have to take decisions independently. "We no longer solve their problems, just help them out and keep up with how they do," she says. "It's something like a final exam before the woman and her children go to live a fully independent life."

This works. Some of Martin Club's graduates have already started an independent life. Some have become tutors at the Mitten shelter. This inspires the team to start new projects. Residing in Dnipro with her husband and three sons, Viktoria has now launched a Brethren-in-Arms initiative. It focuses on socializing the demobilized military. ■

Living in paradise in the middle of hell

Oleksandra Starodubtseva has two daughters who live on a different continent with their families. She also tried to move there and live in the comfort, love and wealth. But she returned to Ukraine when the war started. "It's impossible to live in paradise when your home is in hell," she says. Her tiny apartment in downtown Bakhmut, former Artemivsk in Donetsk Oblast, looks more like a museum or an art gallery. Oleksandra has been doing embroidery since she was 4. There is no free spot on her walls. A professional tour guide, Oleksandra speaks about her life based on the embroidered images on the walls. "This is a family tree. And here is a moving violin with a rose – it's the story of my daughter Inna moving up the music ladder," she shares. "She now teaches kids music in Quebec. Here is an image of Venice for my younger daughter Mila. Traveling had been her dream since early childhood; she learned foreign languages. When she entered the university, she traveled to various countries and met her husband in one of them. They now live in Washington. I lived with them for three years. But I realized that I can't live without Ukraine. Here is an image of a lonely tree. It's about nostalgia and my life in emigration."

Today, Oleksandra makes handmade folk rag dolls and embroidered shirts for her 4-year old granddaughter in the United States. That's a tradition that spans generations. Her grown-up grandson speaks for languages. To chat with his grandma over skype he uses Ukrainian only.

As the war raged close to her home, Oleksandra could not bear to simply stay at her lavishly decorated apartment. She decided to wage her own, very original war. For over six months, under the summer sun or in the winter cold, she would go out to the central trolley-bus stop every morning with a handmade poster. It featured Vladimir Putin toasting with a glass of champagne and a slogan: "To idiots! Without you, I wouldn't be here!" Oleksandra's friends begged her to stop: this is not exactly safe in a town that's a dozen kilometers from the frontline. The poster fueled heated verbal battles: Oleksandra recalls

that the people she appealed to recognized themselves momentarily. The police was forced to put an officer next to this one-person protest to make sure that the woman is safe. One time, however, somebody pushed her badly. Oleksandra got sick and quit her attempts to appeal to the locals.

Meanwhile, she has many other important things to do. She has just finished an embroidered portrait of Dmytro Cherniavsky, the first resident of the Donbas killed at the pro-Ukrainian rally in Donetsk in 2014. The portrait is now going to the local museum where a section on the ongoing war is being set up. She now focuses all of her energy, connections and opportunities on helping the children whose parents sacrificed their lives to protect their country. It has been over a year now that Oleksandra has been helping the family of a volunteer killed near Bakhmut in 2014. His partner was not officially married to the deceased volunteer, so their little son Oleksiy has no assistance from the state. Meanwhile, the family is poor and needs help, especially because the child has disabilities. After the military doctors serving in Bakhmut hospitals have helped send the boy for diagnostics, he is receiving monthly allowance for treatment that Oleksandra collects. Thanks to this care, the family managed to find and rent a place to live in Dnipro Oblast after fleeing their home in the occupied territory. Oleksiy's mother works at a kindergarten. Almost every month, the kid gets goodies from "grandma Oleksandra". The warm winter clothes, toys, books and painting kits may be a small thing, but this is an important bonus for the young boy.

Also, Oleksandra writes letters to the frontline. Her health condition no longer allows her to go anywhere beyond her apartment. But it can't keep her indifferent: "My dear children," she writes to the soldiers. "I want to shelter you in my arms and protect you from the enemies! I want to help you somehow but I'm so old that I only have energy for words. My dear children! Thank you for keeping the old and the young alive. You should know that you are shedding your blood for our land, the best land in the world." ■



Remember political prisoners

Hennadiy Afanasiev is a former political prisoner, a “terrorist from the Sentsov group” and an activist. When the Russian occupation of Crimea began, he joined civil resistance. As a result, the Russians arrested him in Simferopol. Russia accused him of participating in a terrorist group, committing two terrorist attacks, preparing another one and acquiring arms illegally. With these “crimes”, he was facing seven years at a high-security prison and another 1.5 years of travel restrictions once out of that jail. Hennadiy was tortured at the pre-trial stage into a plea bargain. He witnessed against film director Oleh Sentsov and activist Oleksandr Kolchenko and admitted the engagement in crimes he was charged with. Later, he withdrew his testimony. In October 2015, Hennadiy was transferred to the colony to serve the term. In June 2016, along with another Ukrainian prisoner in Russia, the 74-year old Yuriy Soloshenko, Hennadiy was swapped for the organizers of the “Besarabia People’s Republic”, Olena Hlishchynska and Vitaliy Didenko.

“When we were released, I couldn’t believe that so many cars were there to take us through Moscow’s rush hour to the airport and a private jet from Ukraine,” Hennadiy recalls. “I couldn’t believe it was all done for us. When you stand on the Russian soil, you can’t help thinking that the Russians will change their mind now, or something will happen. We were met by Sviatoslav Tseholko (President Poroshenko’s Press Officer – **Ed.**), Iryna Herashchenko (Envoy for the Settlement of the Conflict in Donetsk and Luhansk Oblasts – **Ed.**), journalists, pilots. Everyone was saying something, and we were feeling embarrassed, we didn’t know what was going on. They served us lunch but we barely ate even though we were really hungry. When we landed, me and Yuriy left the airplane and embraced. There were no reporters. We stood there and looked at the sky, the clouds. That was the most powerful sensation. I didn’t fully realize that it was all over for me even three-four months after I returned to Ukraine,” Hennadiy says.

Once back in Ukraine, he resumed his activism. He takes part in rallies to support political prisoners in Russia, Crimean Tatars and others. Like Yuriy Yatsenko, another 25-year old Maidan activist and ex-prisoner in Russia, Hennadiy has joined the Ministry of Foreign Affairs as special representative and volunteer advisor to Foreign Minister Pavlo Klimkin. Also, he works with the Center for Civil Liberties, the initiator of the Let My People Go media campaign. In cooperation with Crimea SOS-N-GO, Hennadiy developed an interactive map on human rights violation in Crimea.

“When I returned to Crimea after Maidan, the occupation began,” he shares. “At that point, I took a clear position and helped organize rallies. I realized that I was doing a serious thing that could affect something. It was then that I felt myself as a real citizen of the country. As I returned home now from Russia, I realize that many Ukrainians remain there and they need help. Also, I have unique evidence.

This information should be used, and we are doing just that on the international arena involving more and more friends for Ukraine. Now,

I’m trying to join help aimed at helping in the rehabilitation of veterans, helping their families. We are in war and I can’t stay aside.”

In the environment created by the Russian punitive system, it is important for the Ukrainian political prisoners to feel support from society, especially as the number of Ukrainians detained in Russia has grown to over 40. This support is shown through rallies and letters from Ukraine. Hennadiy says that people here should react to the “testimony” of Ukrainians in Russia with caution. Russian law enforcers know good ways to persuade people, Hennadiy says.

“Our political prisoners should know how much support they have from Ukrainian society. Unfortunately, however, this doesn’t help when you’re tortured. When the Russians applied electric shock torture to Andriy Zakhtey and Yevhen Panov (two other Ukrainians arrested by the Russians – **Ed.**), they began to “testify”. They can hardly be criticized for this. It’s just the way the Russians work. They torture people. Of course, these guys withdrew their testimony as soon as lawyers visited them,” Hennadiy says.

The letters to Ukrainian prisoners in Russia play an important role in their lives. On December 21, human rights activists launched a marathon to write and send letters to Ukrainians in Russian jails. According to Hennadiy, if there are many letters, they can affect the way the inmates are treated by the prison administration. Also, the letters help take the imprisonment easier because the inmate can spend his free time reading letters and writing back. In addition to letters, people can help by joining rallies in support of the prisoners.

“Every rally attracts the media. The more media cover it, the more chances we have to speak about the names of prisoners on the international arena. And reach out to European MPs, so that they see the situation seriously and realize that this is no joke. This outcry prevents torture. That’s how we managed to get Crimean Tatar activist Ilmi Umerov from the mental hospital,” Hennadiy adds.

Yet, a number of problem remains. One is the lack of the political prisoner status defined in law. Also, the state does not give financial support to the prisoners or their families, Hennadiy explains. It costs Oleksandr Kolchenko’s mother UAH 25,000 to travel and see her son.

“It’s extremely expensive,” Hennadiy says. “It’s also expensive to send him things from here. Even a campaign to write and send letters brings about some expenses. Also, we have over 70 children whose fathers are kept away by the Russian punitive system. Whenever you want to take these kids for a vacation abroad, you need consent of their parents. And one of the parents is in a Russian jail. Then we try to negotiate and send them to vacation camps in Ukraine. Because these children live in constant stress and they need to get rest. What if they get sick? Or something bad happens? I don’t mean that we have to support these families. But I think that Ukrainian society can help out financially. That’s where I plan to focus my work. We’re not talking billions here. We are finalizing the establishment of an NGO that will have a broad range of tasks. I have never done anything like this before. But I have to learn,” Hennadiy concludes. ■



The champion of Avant-Garde

Tetiana Filevska

The life and inspiration of Oleksandra Ekster



Elegance and talent. Oleksandra Ekster in Kyiv, 1910

On January 18, Aleksandra Ekster, Oleksandra in Ukrainian, turned 135. She is among the top avant-garde artists currently displayed at *A Revolutionary Impulse: The Rise of the Russian Avant-Garde* at the New York MoMa. The brief bio note by her works says that she is a Russian artist. In fact, she lived three years at most in Russia. Kyiv and Paris were two most important cities in her life. And it was in Kyiv that she lived the longest.

An exquisite intellectual, Oleksandra spoke several languages, travelled the world and socialized with the top artists of her time, including Pablo Picasso, Georges Braque, Fernand Léger, Guillaume Apollinaire, Ardeno Soffici and Filippo Tommaso Marinetti. She was a bridge between Ukrainian and Russian avant-garde and new art of Western Europe. Oleksandra brought Cubo-Futurism to Ukraine, inspired Picasso to use bright colors, reformed approach to scenography and combined avant-garde art with Ukrainian embroidery.

FUNDAMENTALS FROM KYIV

Oleksandra Oleksandrivna Hryhorovych was born on January 18, 1882, in Białystok of the then Grodno Gubernia, currently in Poland. Her father Oleksandr Hryhorovych was Belarussian, her mother was Greek. When she was two, her family moved to Smila, a town in Central Ukraine. Her father soon got a job in Kyiv and the city became her home for 35 years. Oleksandra graduated from the St. Olga Women's Gymnasium, then the class of Mykola Pymonenko at the Kyiv Art College. Her classmates were remarkable futurists,

Aleksandr Bohomazov and Oleksandr Arkhynenko. Also, she took private classes at the studio of Serhiy Svitoslavsky. Paradoxically, Pymonenko did not accept new art but all of his students inherited his love for ethnic themes and vibrant colors that are typical in folk art. Ekster was no exception, as well as Bohomazov, Arkhynenko and Malevich who probably attended Pymonenko's studio as a teenager.

In 1903, Oleksandra married Mykola Ekster, a Kyiv lawyer. From 1905 to 1920, the Eksters lived at Fundukleyivska 27, currently Bohdana Khmelnytskoho Street in downtown Kyiv. They had no children. Oleksandra dedicated all her time to travelling and art. Life in the then provincial Kyiv was not active enough for the energetic and curious budding artist. In 1907, Oleksandra set out on her European tour.

Her first visit to Paris was in 1907. Thanks to Apollinaire, she met Picasso and Braque, and found herself at the heart of the European art scene. Picasso just had his incredibly successful *Les Femmes d'Alger*, Cubism was moving from reflection of reality to abstraction. Oleksandra got carried away with the concept of Cubism; they changed her art radically, though she didn't dare apply those concepts in her work just yet. Once back in her studio in Kyiv, she spoke about the creative experiments of Picasso and Braque, and all the art folk of town came to listen. Eventually, Ekster turned into a magnet for young artists.



EKSTER COMBINED THE CONCEPTS OF CUBISM WITH ABSTRACT MOTIVES AND BRIGHT COLORS BORROWED FROM UKRAINIAN FOLK ART

INNOVATION COMES AT A PRICE

Kyiv did not have much gallery life in the early 1900s. It mostly featured academic art but did not leave much space for experiment. In that context, the new art show *Link* arranged by Ekster and Davyd Burliuk at Khreshchatyk in 1908, was a bomb. It was part of the cycle of shows staged in Moscow, St. Petersburg and Kherson, exhibiting works by Oleksandra, Burliuk brothers, Mikhail Larionov, Aristarkh Lentulov and others. However, the provincial taste of the Kyiv audience 110 years back proved resilient. The show was poorly attended, especially that there was an entrance fee. Critics didn't restrain themselves in foul words and the show ended up with few positive reviews. During the exhibition, Davyd Burliuk was spreading his "Impressionist's voice in support of

art” leaflets. That was one of the earliest manifestos of new art, even if it was a statement of just one artist and not everyone shared the idea. The Link became part of the international history of art but never a meaningful happening in the eyes of the Kyiv public.

This did not stop Oleksandra from introducing Kyiv to new experiments in art. In 1914, Kyiv saw the show *Circle* which she opened together with Oleksandr Bohomazov. The debate about new art grew much more active in Kyiv by then (futurist poets met from Moscow and St. Petersburg performer here; futurist poet Mykhail Semenko announced the launch of the Kvero group). But many were still far from understanding and accepting artistic experiment. That’s why the *Circle* was not popular with the audience and the critics used the opportunity to mock the show. It featured Kyiv-based artists only, including Ekster, Bohomazov and Denysova, as well as members of the art studio at the Kyiv Polytechnic Institute. Apparently the level of works was uneven: some were by beginners and amateur artists. That was one of the reasons for the negative reviews. Still, the innovative value of this approach and the benefits for young artists is hardly a question.

CONSTRUCTIVISM IN THEATRE, LIGHTING AND BODY ART

Oleksandra won her place in the history of art primarily thanks to her reformist ideas in scenography. She was the first to come up with complex multilayered constructions instead of the typical flat painted decorations, thus filling the entire stage space, not just the floor. Her second innovation in theatre was costumes.

Three shows at the Tairov Chamber Theatre in Moscow, including drama *Famira Kifared* in 1916, *Salomea* in 1917 and *Romeo and Juliet* in 1921, brought her world fame as a reformer in scenography. The way she combined her experience from Cubism, Futurism and Suprematism, with the new plastic drama of the Poltava-born director Oleksandr Tairov changed the notion of theatre for good. For various reasons, this tandem did not last, although Oleksandra continued to work on other plays. Art expert Abram Efros referred to her decorations as “the solemn parade of Cubism”. The images created with Oleksandra’s costumes were excessively expressive, passionate, almost extreme and full of the hypnotising power.

In the early 1920s, Oleksandra worked on costumes for the TV production of Aleksey Tolstoy’s *Aelita* by director Yakov Protazanov, but her sketches never made it to the screen. The director used his own ideas, though influenced by Oleksandra.

In Kyiv, Ekster created decorations for the ballets by Bronislava Niżyński, sister of Wacław Niżyński, the Kyiv-born star of Diaghilev’s *Ballets Russes*. Apparently, it was during these shows that Oleksandra began to paint over nude body parts of female dancers. This was the prototype of modern body art. Oleksandra also focused on the lighting as part of the drama action and invited an electric operator to co-stage the shows. Thus light effects and the transformation of a lamp operator into the lighting director appeared in Kyiv.

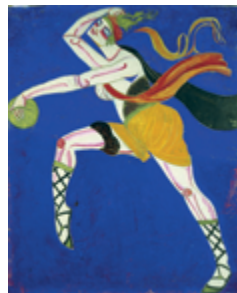


The views of France. A Bridge. Sèvres by Oleksandra Ekster, 1914. National Museum of Art collection

THE KYIV STUDIO

1918 was crucial for Oleksandra, as well as for many others. She returned to Kyiv for the holidays after the sensational debut of *Salomea* in Moscow and had to stay here till mid-1920. One reason was the declaration of the Ukrainian People’s Republic, the UNR, the massacre in Kyiv by the Bolshevik General Muravyov, and the subsequent political dramas that unfolded in and around Kyiv at that time. The other reason was that her husband Mykola got seriously ill and never recovered. That kept Oleksandra grounded for some time. Thanks to that break the Kyiv studio of Oleksandra Ekster opened.

She had an innate ability to discover artistic potential in others, reveal talents and open artists. Ekster’s School was not just any traditional art school. It was more of a hub where artists met, communicated and observed the work of masters. Most of Oleksandra’s former students (Vadym Meller, Oleksandr Tyshler, Anatoliy Petrytsky, Oleksandr Khvostenko-Khvostov, Isaak Rabinovych, Klyment Redko, Pavel Chelishchev and others) never managed to shed the Ekster influence. Her Kyiv studio was a place where poets got together. It is thanks to her that Ukrainian Cubo-Futurism appeared. The phenomenon of Ukrainian avant-garde, as it is known today, also began to shape in her studio. »



Maenad. A sketch of the costume for the *Famira Kifared* drama by Innokentiy Annensky. Costume designer: Oleksandra Ekster. Director: Oleksandr Tairov. Chamber Theatre, Moscow, 1916



Hidden treasures. Three Female Figures by Oleksandra Ekster, 1909-1910. National Museum of Art collection

In addition to the painting classes, Oleksandra and her students were involved in decorating Kyiv's streets for the first Bolshevik celebrations. She got to work on Khreshchatyk, the same street where she had previously staged two shows of new art in 1908 and 1914, even if with little success. When asked about the task of contemporary Ukrainian art at the All-Ukrainian Assembly of Art Organizations in June 1918, she said: "We need more free creativity and less provincialism". Interestingly, this statement is still true for the contemporary Ukrainian art of the current times. Back in 1918, the government of hetman Pavlo Skoropadsky designed a program to develop art in Ukraine. There is no such thing in the modern Ukraine today.

Ekster's studio taught both adults and children. She used to say that children are close to avant-garde art thanks to their laconic expression and openness to colors, as well as emotional spontaneity. She would read a fairy tale to the kids, then give them paper, brushes, watercolors, scissors and glue, and asked them to do whatever they pleased. The outcome would often surprise mature artists.

The studio worked until 1919. When the Bolsheviks took over Kyiv, Ekster fled to Odesa and started teaching there.

EMBROIDERED MODERNITY

In the 1910s, educated and wealthy women, including Anastasia Semyhradova, Natalia Davydova, Natalia Yashvil and Varvara Khanenko set up workshops in villages to revive traditional Ukrainian embroidery. They invited Oleksandra

Ekster and Yevhenia Prybylska, another artist, to head the workshops in the villages of Verbivka, modern Cherkasy Oblast in Central Ukraine, and Skoptsi (today's Veselynivka in Kyiv Oblast). The two artists created patterns for embroidery and invited other painters to create designs. Kazimir Malevich replaced Ekster in a while. The embroidered works were displayed successfully in Kyiv, Moscow, Paris, Berlin, Munich and New York. They were used to decorate clothes, handbags, scarves, pillows, belts and more accessories. Folk artists borrowed the dynamics from the avant-garde artists, while the painters borrowed the open and vibrant colors from traditional art.

In 1915, the exhibition of embroidery in Moscow displayed the first Suprematist works by Kazimir Malevich. Ukrainian women embroidered several works for the famed Last Futurist Exhibition of Paintings 0,10in December a few months before it opened.

Ekster was friends with a well-known embroiderer Hanna Sobachko and organized her show in Kyiv in 1918. "Young Slavic nations prefer their native light colors," she said at the opening of the exhibition. She told the same things to her Parisian friends, Picasso and Braque.

FLAMBOYANT CUBO-FUTURISM

Ekster followed the concepts of Cubism and Futurism in virtually everything, but color. She could not bear the secondary role of color in such art, while the founders of Cubism and Futurism believed that it was next to none, and used a minimal palette of purely pastel shades and monochrome coloring. It was Ekster who combined the concepts of Cubism with abstract motives and bright colors borrowed from Ukrainian folk art. She inspired Picasso to use vibrant colors in Cubism. Influenced by Ekster, this founder of Cubism expanded his range of colors, using a huge palette and applying contrasts.

Other than the open and vibrant colors, you will not find any other traces of motives or storylines from folk art in Ekster's works. Like the Paris-based artist Sonia Delaunay (originally from Odesa), Ekster applied the influence of Ukrainian art to her work as a matter of instincts. While Delaunay (as well as Malevich) drew her influences from her childhood memories of a Ukrainian wedding, Ekster made a conscious choice to accept the traces of folk art through interaction and friendship with embroidery artists from the village workshops in Verbivka. Both Delaunay and Ekster are among the founders of Art Deco, a trend in art that combines ornamentalism and bright colors.

THE LAST PARIS

In the mid-1920s, Ekster left Kyiv for good. She lived in Moscow until 1923 when Anatoliy Lunacharsky, the then Soviet Commissar for Education and the only admirer of avant-garde art in the Soviet establishment, asked her to travel to Venice and Paris to prepare exhibitions of Soviet art there. After that, she never returned to the Soviet Union.

Life in Paris wasn't easy for her. She was hoping that Bronislava Nizyńska would invite her to stage a ballet show for the Diaghilev company in Paris, or that director Oleksandr Tairov would ask her back to his Chamber Theatre in Moscow. But nothing happened. Oleksandra could



A Spanish dance.
Costume sketch by
Oleksandra Ekster.
Ballet master: Bronislava
Nizyńska.
Bronislava Nizyńska's
School of Movement,
Kyiv, 1918



A new scene. Like her contemporary artists, including Malevich and Picasso, Ekster was eager to experiment with theatre space

not bear to laze around. So she made clothes, decorated ceramic dishware, made puppets and illustrated several copies of *Les Livres Manuscrits* to mimic old handwritten versions. She was a perfectionist in anything she did.

At the same time, she was teaching at the Fernand Léger's Academy of Modern Art. The students recalled her as a "brilliant teacher, but she irritates people by mentioning Ukraine too often which nobody knows." Ekster's Kyiv maid Annushka lived with her in Paris. She brought her Ukrainian clay dishes to Paris and served borscht to their French guests in them.

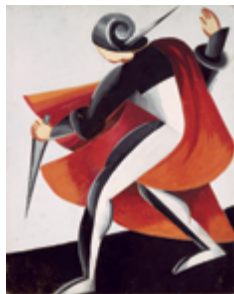
Ekster's ties to the Soviet Union broke when the war broke out. She lived her last years alone at Fontenay-aux-Roses in suburban Paris and died in 1949.

GEOMETRY OF LIFE

Ekster never had diaries, wrote memories or left letters behind. All her life can be traced through her work: she was always involved in art or teaching. She never had doubts about her personal mission and no life situation affected the quality of her creation. Ekster's art does not reflect her turbulent life. She seemed to find a shelter from the troubles of life in the stability of painting. Her life reflected a sinusoid: the periods of thriving al-

ternated with the stages of hard work that was hardly visible to an outsider.

Unlike other avant-garde artists, Oleksandra did not strive for recognition. All she cared about was to create the best and the most innovative art. That's why her name did not become widely known in her lifetime. She did not want to be on top of all others. "Ekster courageously followed her fate because she could not betray her nature," Heorhiy Kovalenko, a researcher of Ekster's life, wrote.



A figure with a knife.
Costume sketch for the
Romeo and Juliet show by
Oleksandra Ekster.
Director: Oleksandr Tairov.
Chamber Theatre,
Moscow, 1921

RECONSTRUCTION

In 2008, the National Art Museum held the first retrospective exhibition of Oleksandra Ekster's works in Ukraine. Over 50 works by Oleksandra displayed at the Museum accompanied by the show of a collection by Ukrainian fashion designer Lilia Pustovit based on Ekster's art. During her lifetime, Ekster never had a personal exhibition in the Soviet Union, even though most other avant-garde artists were regularly on display in Moscow, Leningrad and Kyiv. Several years ago, art expert Tetiana Kara-Vasylieva organized a reconstruction of embroideries from the two village workshops, including those based on sketches made by Oleksandra. Today, Avant-garde Embroidery shows are regularly displayed in Kyiv and elsewhere. ■

January 23, 7 p.m. ————— Jan. 25–Feb. 1, 7:30 p.m. — January 28, 11 p.m. —————

Albert, or capital punishment
Molodyi Theater
 (17, vul. Prorizna, Kyiv)

Albert, or capital punishment performance is a story of a criminal who sells his soul to the devil to escape death penalty. Surprised, the protagonist finds that the agreement signed with the devil does not work. The tones of emotions and moods are well reflected in the text read by one of Ukraine's top writers, Yuriy Andrukhovych, as well as in graphic and music arrangements. Musicians Ulyana Horbachevska and Mark Tokar, and artists Anatoliy Byelov together with vj-group CUBE interact on stage in harmony to accompany verbal images with vibrant visual and musical elements.



French Film Nights 2017
Kyiv Cinema Cultural Center
 (19, vul. Velyka Vasylkivska, Kyiv)

Once again, it's France, and it's French films in Kyiv. The annual festival of the best French premieres presents a selection of films in various genres and themes. *Mal de pierres* (From the Land of the Moon) starring Marion Cotillard in the lead role tells a captivating love story. *Les beaux jours d'Aranjuez* (The Beautiful Days of Aranjuez) drama is about reality and fiction intertwined. *La tortue rouge* (The Red Turtle) animation tells about a shipwreck survivor who lives on a tropical island. *Forushande* (The Salesman) and *Éternité* dramas show the complexity and volatility of human life.



Movie Night
Kinopanorama Cinema
 (19, vul. Shota Rustaveli, Kyiv)

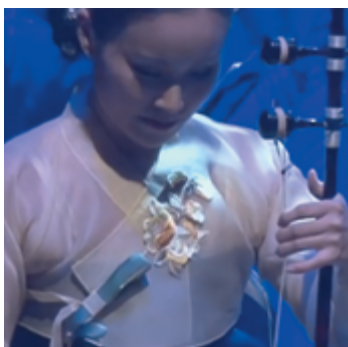
One night and four films. This is the program of the French Film Night to be held in Kyiv. Viewers will watch three comedy-dramas and a thriller. *La dame dans l'auto avec des lunettes et un fusil* (The Lady in the Car with Glasses and a Gun) film tells a story of a woman involved in a nasty criminal story and fighting to pull through. *Je crois que je l'aime* (Could This Be Love?) and *La chance de ma vie* tell of two couples to describe love. *Hôtel Normandy* film is based of people who look for love in the modern world.



February 4, 7 p.m. ————— February 14, 8 p.m. ————— Through February 28 —————

Metropolis Orchestra.
East Legend
The Architect's House
 (7, vul. Borysa Hrinchenka, Kyiv)

Lovers of music and exotic instruments will be pleased to hear Korean legendary folk violin. As part of the East Legend international project, initiated jointly with the Korean Cultural Center, the Metropolis Orchestra band will perform famous melodies by European and Korean composers. The concert will feature talented young musicians from South Korea under the guidance of maestro Youngdae Yoo.



Allan Harris
Sentrum
 (11, vul. Shota Rustaveli, Kyiv)

On St. Valentine's Day, Kyiv city concert hall will host the performance of the American guitar player Allan Harris, idol of the audience, composer and jazzman. The musician will present his new programme *Nobody Loves You Better*. The show consists of a series of love songs, including *My Funny Valentine*, *L.O.V.E.*, *Moody's Mood For Love*, *You Don't Know What Love Is* and many others. Allan Harris' claim to fame is his unique voice, referred to as "formidable baritone" by journalists of the New York Times.



Where is the truth?
Central Post Office
 (22, vul. Khreshchatyk, Kyiv)

Beginning from early December, Kyiv hosts an exhibition of the renowned painter Ivan Marchuk. His art is exhibited as part of private expositions all over the world, while his style is famous among art historians. *Where is the truth?* pushes the audience to reflect about philosophy of life. The collection displayed in downtown Kyiv features paintings of all periods of Marchuk's art life. According to organizers, extraordinary location of the exhibition is intended to underline the spirit of Marchuk's paintings.





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