

TRANSCRIPT

"QUO VADIS: UKRAINE? A CONVERSATION WITH TWO LEADING EXPERTS"

A conversation with Balázs Jarábik and Oleksandr Sushko

Moderator: Leonard Benardo

Recorded September 14, 2015

* * *TRANSCRIBER'S NOTE: SPEAKERS HAVE FOREIGN ACCENTS AND HARD TO UNDERSTAND.* * *

ANNOUNCER:

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LEONARD BENARDO:

It's a great pleasure to have Balazs here who usually resides in Vilnius with frequent excursions to places east like Ukraine and-- can you get into Belarus?

BALAZS JARABIK:

Yes. I can.

LEONARD BENARDO:

Good, good. And Belarus. And it's great to have Andrew also here who's our vice president for programs at the Carnegie endowment and-- *Das Kapital*. (LAUGHTER) And this is great that everyone is-- is-- has come to this conversation. Essentially we thought we would do something such as the following.

Balazs Jarabik has begun with some support from the Open Society Foundations putting out a series of kind of analytical briefs as to the state of-- reform, public policy transition, and the like, in Ukraine. And the most recent one-- we don't have copies here. But it's all-- available online.

Oleksandr Sushko-- the chair of the International Renaissance Foundation in Kiev-- Sasha and-- and Balazs are frequently in touch. And I thought it would be interesting to have Sasha respond in a somewhat debate-oriented form, not point/counterpoint, say. But something that offers a bit of productive friction-- as a means to-- edification.

Maybe Balazs, you could present some of the highlights of the report as you understand them, as you understand the situation in Ukraine. Sasha can respond. We can have a dialogue therein. And then we could just open it up to a conversation about what is transpiring in Ukraine today. As I think most people know, Ukraine is-- on planet Earth today, potentially the most significant place in the eyes of-- George Soros. (LAUGHTER) It plays-- not in the eyes of everyone. But it plays-- (OFF-MIC CONVERSATION)

LEONARD BENARDO:

It plays-- an certainly outsized role what George-- is spending his time on. I think many of you know he's been there six times-- in the last 16 months. Michael, yourself, how many times have you been Ukraine in the last 16 months?

MALE VOICE OFF-MIC:

Oh, counting--

LEONARD BENARDO:

Not once. Not once. (LAUGHTER) Six times in the last season. So the level of commitment on the part of George Soros and by extension of all us who work with George Soros on the region we now call Eurasia has been not-- insignificant. George will go there for the 25th or 20th? 25th, twe-- 25th anniv-- is that silver? Or is that diamond?

MALE VOICE OFF-MIC:

Yes, yes.

LEONARD BENARDO:

Silver. The 25th anniversary--
(OVERTALK)

LEONARD BENARDO:

--of the foundation-- in November. You're all warmly welcome. You have to pay your own way. (LAUGHTER) But I think the-- I think the event itself is on the 13th-- the Friday the 13th.

MALE VOICE OFF-MIC:

13th and 14th, depends on the-- on the-- no, mostly the 13th.

LEONARD BENARDO:

Okay. There you have it. So without further ado-- I'd like to turn things over to Balazs who may wanna spend, say, seven to ten minutes providing a nice overview that Sasha will then respond to critically.

BALAZS JARABIK:

Great. Thank you so much. It's really-- a pleasure to-- to be here. And-- and, you know, I haven't been to New York for ten years. I was-- and I was-- 15 years ago I was at Columbia-- as a human rights advocate at the program, a visiting fellow at-- Columbia. So it's extremely-- pleasure to return after so many years.

A couple of things, I-- I think for the background that's-- I used to live six years in Kiev. I was-- helped to build up the biggest civil society-- support program-- funded by USAID. And we have doing a lot of work with IRF-- together. So it's also kind of for me-- kind of almost like being at home, if I may.

And I'm still working for a USAID fund. And the biggest USAID fund is still a (UNINTEL) program in Belarus. I have been a long time persona non-grata, but for some reason they are giving me a visa now. I guess they wanna know what we're doing. So a couple of things, you know, you can-- indeed-- the Ukraine reform letter is online. And essentially we published a month ago the first assessment.

It's prepared by Ukrainian authors. There's only one scholar among them. We were trying to put together a group of practitioners-- or insiders. And trying to keep the necessary fact-checking, you know, quality, editing, and the essential integrity of the piece because, you know, when it comes to accountability, like, we wanna kind of present our-- not a virtual, but a real picture as much as possible. And-- there's two

things around it and I'm gonna get to the points.

A) We were pleasantly surprised to see. I thought-- like, we figured-- we thought at Carnegie that we were-- how to say-- we were more critical over the Ukrainian government than actually the-- the-- this assessment. (UNINTEL) when it comes to the reforms. And second, I-- two days ago I have been to the Senate Foreign Relations Committee with senior staffers who told me that this is an extremely good product. And they're using it to build-- to-- to draft a new bill for economic assistance. (UNINTEL)

So I think it's a great fit. I was very surprised. It was-- I didn't even ask for it. It was just-- they were handing us-- I mean, I was there with somebody from Carnegie. And I-- I think it's-- like, show the value of the-- of the-- of the process and the publications. So which I thought it would be very important to kind of have something like that.

So we monitor the progress of reforms in four areas: Political reform, and judiciary security, economy and energy, and decentralization. So very quickly, obviously the glass is half full, half empty. Depends how you see. I would say that the glass is, like, 30%, 35% full. (LAUGHTER) And 60%, 65% empty. Why?

Let me come to the political reforms. I think it's immense-- immensely important that the post-modern government manage to rebuild its legitimacy-- political legitimacy. Why elections and also why-- mostly legislative-- action. But here comes, you know, the problem is the judiciary. The-- the judiciary and-- it's very little changed. Essentially there are change in figures. Like, Shokin is a new prosecutor general. It's a shocking news.

But its loyal to Poroshenko and essentially that's why he's there. So it's very little change. But it comes to, you know-- the judges. So judiciary is a big thing also because I think the-- the political-- legitimate-- legitimacy is not very much (UNINTEL) by the impunity. And what we have been seeing, there has been no proper investigation of any of the violent events-- of Ukraine. Which is-- is slowly but surely catching with the government. Unfortunately--

(OVERTALK)

BALAZS JARABIK:

Okay. So, you know, I'm talking about the violence of the Maidan, then Odessa, and (UNINTEL) Mukacheve and led the abundance of weapons. This been-- become a very sick city. And-- and a poverty-- increasing poverty and the social-- potential social unrest. This has become a serious challenging.

Security. The security situation is also something which-- you know, it's-- it's-- it-- it has the most visible success. And-- and I'm emphasizing visible because it's visible of the new police, right. The police-- n-- the new police reform is something which so far has been a case study of how the reforms could be pushed forward. It's very much

aided and pushed by that minority-- which I call it the New Ukraine is a minority in the government. But, nevertheless they are there.

So they are the ones who prepare the legislations-- and the new structure. Vested donors are very much pushing the envelope here. You know, one of the reason that-- to kind of-- anecdotal evidence for that. The-- the-- the new Ukraine police has American unif-- I mean, black uniforms because it was donated by the (LAUGH) United States. And cops here have black uniforms.

And the-- the cars coming coming from Japan. And-- and their flashlights are only blue because of that (LAUGH) which is-- you know, and the flashlights are on all the time. It's a new Georgian kind of style. And-- but it's-- again, it's very visible. I think the speed of the reform is fantastic. Because original plan was only for Kiev. And now it's, like, 55%, 60% of the Ukrainian territory is covered.

Here the-- the glass is half-- empty) because-- because of the military. I mean, the Donbass War was largely fight by the-- by the military battalions which kind of has become a problem as well. And although Poroshenko changed four times the Minister of Defense, there is no change in the mi-- in the Chief of Staff.

And Ukraine problems as we have been always emphasizing at Carnegie are not weapons, are the management, the military-- and the management as well as the human qualities of the generals. And there is very little change in there. There is a lot of clashes-- in the political. At least because of that, but, you know, h-- here comes the problem with Poroshenko's manual governance. One's loyalty is the most important, if not the only, quality. You know, I think loyalty one thing, but the merit needs to be-- coming up as well.

Economy and energy. I-- I-- y-- you know, I think what we have been seeing is not a reform but-- but really a big success of an agreement with the private donors and the creditors. Which a few people-- essentially expected. But it's gonna happen. That's number one. And number two, there is also a legislative work is lie-- laid down-- successfully. And also I consider the biggest success, the-- the-- the new transparency of the energy sector particularly in the gas.

This also could be a very good case study of how the new Ukraine can move forward. This is the-- a sector where-- the E-- the European Union has been spending significant time. And they had-- they had-- significantly accumulated knowledge about the sector. So here when the Ukrainians come, you know, claiming something, the Ukrainians said, "No, no. We actually having enough experience and-- and-- and-- - and data and evidence that this is not the case."

Why I wanna say this, because I think the new Ukraine does not need only our support, but need, you know, not only the trust which they always asking for. They need the verification. I'm always quoting (UNINTEL) here, "Trust but verify." Which is coming actually from a Russian proverb. Doveryai no proveryai. That's what I think the-- the-- a new Ukraine or-- or-- or the reforms forward would need more.

And last but not least, the decentralization. It's also-- technically I think it's one of the most advanced reform. Also here because of the Western pressure-- that-- that--

you can alter, just finally move forward with the decentralization. Build the constitutional changes which are part of the Minsk Agreement.

But the most important thing for the decentralization is-- because of the lack resources Kiev cannot continue with the-- essentially the subsidies, right. The Donbass War is a kind of symbolic. It has a symbolic characterization or a characteristic itself. It's the end of resources. Because that was possible. This in-- Soviet industrial, you know, giants were possible only with heavy subsidizes.

And that subsidies were going-- were ratcheting up in the past ten years. And Ukraine doesn't have the resources any longer for that. So what we see is a rebuilding of Kiev relationship with the region with the notion that Ukraine is gonna remain d-- minus Crimea, territor-- territorial integrity is gonna be intact. And it's gonna be very important by the decentralization to see this rebuilding Kiev relationship with the regions.

There are two things which are important. A) which is already done, the borrowing. Cities, you know, can be borrow-- now. Obviously they need to have the economic conditions for that. But technically by the law, it's possible. And the second is a local taxation. And-- we just working with a new-- update which is gonna come in end-- end of September, beginning of October. The tax reform is something promising to be big.

This-- essentially-- the government-- and this is also the work of Finance Minister Jaresko-- they proposing a tax reform for 20% for the-- for four major tax rates. And if it's gonna come forward, essentially that's gonna help aid the decentralization and also gonna h-- be-- be a big help on-- for-- for the entrepreneurs. Because unfortunately the Poroshenko government, the (UNINTEL) new government continued the Yanukovich government practice of pressuring at (UNINTEL) a lot.

Last but not least, and I'm finishing up. I'm-- up now all the reforms needs the context as well. And I think when you put in the reforms into the context of (UNINTEL) poverty-- and the potential social unrest. The situation with the weapons and the battalions, that-- that inc-- increment-- the increasingly higher com-- incremental rate. Only the murder rate in Kiev went up by eight times from-- since the Maidan. You can't find these statistics online unfortunately or fortunately.

I mean, depends on view point. I think it's not necessarily a bad thing. Too much transparency has even (UNINTEL) that teachers us also may kill. So-- you-- you know, that kind of creates-- a dangerous and potentially very turbulent-- situation. The good news is that it seems the Russia really gave up on the Donbass.

It's also whether a good news or a bad news is a question, but there was no Russian aggression forthcoming. At least now it seems it's not the case. Also because even the Russians I think they kind of think that now the internal cohesion issues of Ukraine is gonna be the most important. Thank you.

LEONARD BENARDO:

So before Sasha, George, just to let you know. So Balazs Jarabik works with the-- the Carnegie endowment. Andrew here is vice president for programs at the endowment. And-- and we are supporting Carnegie to put together a series of analytical briefs on Ukraine. And so the idea was that Sasha would critique or offer some element of feedback on the first analytical brief that Balazs just summarized.

OLEKSANDR SUSHKO:

Thank you. Thank you. Balazs, that's-- what-- we-- very closely-- watching your project and how you proceeding. As for the foundation-- what we do is also a kind of combining of helping those in the government who want to be helped. But at the same time, supporting a variety of civil society initiatives including those who are quite critical on the government.

And sometime the government feel itself not comfortable when seeing us supporting them in some substantial elements and also supporting watchdogs, many initiatives who are very critical. But this is a very simple explanation of that. Is that we do not support any government. We support only reforms.

And if the government is really willing to do some reforms, we may be helpful for them on conditional basis. So-- I appreciate very much this intellectual initiative because the Western audiences-- need-- very much-- comprehensive and compete-- competent information and analysis on what's going on in Ukraine.

And we are in favor of-- putting together Ukrainian-- expertise and-- Carnegie's expertise and also Carnegie's capacities to communicate-- the research outputs. So we hope that to be on right direction I think. Then on the substance -- and on the-- the reform agenda as such, yes we may-- agree and accept the point that on the glass half empty, half full.

However I think that the most important is to have the-- the e-- identification of the fact that in Ukraine we have a specific case when the-- civil society energy-- is the main-- insurance against imitation of reforms. And this what gives us-- real hope for-- for-- farther progress. Even under this-- under this circumstances which Balazs described-- we have continues forwards even-- continues forwards by reformist part of the government. And these reformists are not representative of one of our particular factions. They are in different areas of policy work-- and the civil society groups.

We have supported government in a way providing them-- consultancy and expertise through-- through the project we called Strategic Advisory Groups in many areas. We also contributed to-- the-- government's capacity to coordinate the process of reforms by initiated, set up of the National Reform Council as a informal or semi-formal institution-- to serve as a platform for dialogue for reform.

So we considered that very substantial. Why? Because unlike such cases as G--

Georgian case or some other cases, we do not have a system where some political force-- or politician-- has a monopoly-- for-- for actions. No one. So even-- even-- after the victory of Poroshenko as a president, with 52% of votes, and very diverse I would say vo-- and very I would say speci-- so-- after parliamentary election which gave no monopoly for power to any political force.

The only way to insure reforms progress is-- consensus building within the political class. And there is no-- because there is no single force which can impose will on the others. So the only way is to have a dialogue and to agree on something. And here there is both strength and weakness of Ukraine. Strengths, because as soon as you reach a consensus, you may-- go ahead with certain support and with certain-- I would say-- good practice of the decision making, on consensus building, et cetera.

The weakness on the other s-- side, that there is no guarantee that they-- in each particular case, you will reach this consensus. And we will-- and finally we have that-- the situation where some substantial reforms are going ahead while the others are either stuck or-- very slow. And that is why the picture is really-- not homogenous.

You do not have-- cases when you may see that this is-- this is a particular success stories. But the overall picture is not g-- doesn't give us ground to say the overall picture is already success story. We may identify specific success stories. But the whole-- (LAUGH) the whole system is so-- the-- the whole-- reformist process is far from being complete.

There is-- i-- if-- if you are inside. Or if you are closely monitoring the process-- that's-- visible evident signs of the progress in many areas. I just give you example of today. Today the Ministry of Finance launched a website on-- state expenditures. So all the expenditures including procurement, whatever, national, regional, sectoral level, should be available. If you wish to know how this public money are spent, you may just search and see on the date basis or the agency basis, et cetera, how public funds are spent.

This is a revolutionary change for Ukraine. Where-- where the major source of corruption was-- lack of transparency. Nobody knows with the money are. And so this is so. So this is not just a legal act, because a legal act was adopted few months ago. But now this is already implementation. Certainly the-- this website-- is not fully operating. Since-- so the-- the full operation will come in a couple of months.

But today they launched and many things are already available. So this is c-- how it goes. Then-- you mentioned police reform. Really, unlike in Georgia, in Ukraine, it's not possible to change all the police within one-- one day or one month. This is a huge number of-- officers. And there is a need for if you want to replace it with a new one, you need to education them-- to select them, to educate, to equip.

And this is a gradual-- decision was taken a few months ago that it will go city by city. From the biggest to smaller and now we have the police in operation in Kiev, Lviv, and Odessa. And soon we will have it in Kharkiv, Lutsk, in some other cities. But total reform will take two years, two years. And this is only patrol police. We also need to reform criminal police and also the Ministry of Interior structure whi-- which

is also not reformed.

So this is-- police reform is not the whole reform of Ministry of Interior. So this is a huge job. And the resistance in this case and many other cases is visible. Because those old guys are losin' their jobs. Prosecutor Office reform. Yes, there is a controversy that Poroshenko-- and this is-- this is my analysis-- on-- our-- leadership of the country.

So the-- Poroshenko is-- is national transitional figure. He is neither reformist nor-- nor-- I would say-- (LAUGH) blocking reform. So he is somewhere between. He tries to balance. He is afraid of losing control. This idea of losing control is a major fear of all Ukrainian leaders. And they are afraid if they introduce immediately full-fledged reform of prosecutor, or law enforcement, or judiciary, of everything, they may lose power.

Because this free and-- not independent judiciary may be used against them-- against them. Certainly they violated something in their practical lives. And again, so-- so this is-- this is-- ambivalence which is determined by the ambivalence of their own personal and corporate history. These new leaders. So that is why we consider them as transitional figures. They need to insure at least partial changes.

And the Prosecutor Office is a example. There is a pro-- general prosecutor who is an old guy. There are a couple of deputy prosecutors who are new guys. And there is a continuous debate on how to-- how to proceed. The old guys tried to preserve some old rules. The new is against of that. So now what-- after many month of stagnation of this reform, we have seen this month finally they started selection of 700 new prosecutors which have to be selected then trained. They have practice and then to replace-- others.

But this is only 700 while the total personnel of the pro-- prosecutor office is more-- more than 10,000. So this is about maybe 7% of the whole. But they need to start with something. And this would be a test case for the reformists in-- or prosecutor. If they succeed, like for example police reform succeeded, they will have chance to go ahead.

Because their political support by president is dependent on the-- if-- on their ability to sell this reform to society, to politicians. So if-- politicians say that this is a kind of success, then they may support it more than before. Before they see-- because they are in the position to-- to find the-- better public performance. And here-- here-- it's very much-- sensitive to him what support, what not. And-- if something is going well, have better chance that they finally support in more po-- political will is provided.

So this is basically where-- where we are now. I think that certainly-- now we have a local election process-- and-- voting day will be 25th of October. And this local election provide not the best-- (LAUGH) how say-- environment for-- because there is a growing populism. The politicians are rather preoccupied on how they are perceived.

They try to vote for growing social expenditures. And there is no money for these

expenditures. It usually is. And unfortunately the coalition is very homogeneous. And there was-- already one populist group already-- skipped-- withdrawn from the coalition. And there is a risk then two other political parties may withdraw. And certainly there is-- there is a n-- not a good time for that.

So I think that-- with regards-- the-- the farther-- steps. Certainly there is a need for doing at the same time encouraging the government for real progress. And we have these signs of real progress. And the government must be encouraged-- not only for-- for-- that Minsk-- too controversial draft of the constitution. But also for substantial things.

But at the same time, there is-- there should be more coherent strategy of how to support these particular elements of reform, support reformers. And the police case was a brilliant one. It is-- a brilliant example of the partnership of different international actors, governments, international organizations and foundations.

And by the way we were also there by supporting trainings for new policemen. So-- so there is a way-- how the West and the international community may proceed in-- helping Ukraine not to waste this chance for changes. Thank you.

LEONARD BENARDO:

Excellent. Thank you, Sasha. Balazs, if you don't have anything to respond to Sasha, then maybe we will open it up to some qu--

BALAZS JARABIK:

Yeah, I think we should.

LEONARD BENARDO:

--some questions. Can I just ask you one question, Sasha? For all those people who were made redundant-- on the patrol police side, was there re-skilling, retraining? What kind of social efforts made?

OLEKSANDR SUSHKO:

Okay, according to the law-- according to the law, there are two basic things. All those who are supposed to be fired at certain point, should be-- informed about this beforehand. This is according to the labor law. But they were informed at least several months before that.

Then they have equal rights to apply. So there is no limitation for all police guys to apply to new police and to train and to be a part of that. So there is no-- approach

like to say, no exclusion for them. Or no-- no lustration for-- for the-- even-- even for these old policemen.

So everybody has this chance. But-- there were a few I would say-- as far as I know there were just up to 5% finally in the new police. Those who have experience in the old police. But they are. So hypothetically there is a way for them also to be a part of this. But certainly as-- as far as it was in-- Georgia for example, there is a social and-- and then political cost of that. Because any substantial reform is supposed to multiply those who are not satisfied with the outcomes. And-- certainly there is-- you can imagine for example what-- old traffic policeman, gaishniki, who are still on the streets not in the Kiev, but outside. They are still working but they understand that they-- may be fired very soon.

So how much-- in-- incredible-- terrible stories you may hear from them about the new police. This-- for them-- the-- the-- this is new police? For them is-- is-- is-- infant terrible. Something-- something which-- they-- all the evils of the world is concentrated there. So you may imagine-- so these-- if some day-- but any-- the most of them even don't try to apply. Why?

Because there is absolutely different way of doing the-- perform their job. And they understand that there is no way to bribe. And there-- they-- really no way. So within these two months of new police in operation in Kiev, there was no single complaint on the bribery. So this is unique for-- for our country.

And-- those guys, they understand that they're-- their operational culture is not-- not possible to be adopted today. So certainly there is-- such-- but I agree probably-- probably that government should be more, I would say, careful to-- to suggest some-- some ways of integration.

But probably not on the positions which-- where they were placed. Some other-- other job. Because certainly at this point, we have much more complaints that somebody with a bad reputation is still-- still-- f-- working.

LEONARD BENARDO:

Great. Okay. So questions. Tanya, please.

TANYA:

I think it's fascinating to hear about the reforms.

(OFF-MIC CONVERSATION)

TANYA:

Oh, I'm-- my name is Tanya. I work for the Eurasia Program-- and worked closely with Sasha on National Foundation. I just wanna hear how you think the people are

perceiving these reforms? Are they translating to the public? Are people experiencing an improved life?

Do they appreciate the fact that they don't have to bribe police? Does that make their more difficult perhaps. So do you feel like the support for the government is building along with these successes? Or is there a disconnect?

OLEKSANDR SUSHKO:

Very good question. Because when I ask the-- some our European colleagues, what would be your criteria how to assess success of reforms. And they said me, "That will be on the basis of public perception." If the people sees reform, then there is reform. If people-- don't see, so there is no reform.

Unfortunately we still do not have (UNINTEL). Why? The most of reforms are not so much visible. For example, if you come back to training with-- for prosecutors, people don't care about. Even if you open the website where somebody may see public procurement, for the most of people, it doesn't want.

Police, okay, there is two months. But only in Kiev. And Kiev is something like 8% of the population. So within public opinion poll, it will be just 8% of those who hypothetically may benefit from that. So this particular point, if you look at the recent public opinion polls, there is no perception of the big progress of reforms.

BALAZS JARABIK:

There is-- very fresh particular public opinion poll by the-- Democratic Initiative Foundation. They publish it last week, just the day before we had the lunch at the Carnegie of the Ukraine Reform Monitor. I-- I try to-- okay, if I don't have unfortunately this. But it's very, very telling.

That this particular, like, how Ukrainians are seeing reforms. 6% to 7% of the Ukrainians do not see reforms, right. And-- and I-- I-- I have to agree with-- here with the notion that, you know, it's mostly because of the economy is in a very bad shape. Now 80% of the Ukrainians according to the UN data which is \$5 a day are living in poverty, right.

So essentially for many Maidan did bring m-- much (UNINTEL) of the social economic situation. Now when you-- when-- the pollsters were asking about Ukrainians, why they think the social economic situation is worsening was very interesting. Because the government say it is because of the Russian aggression, right. And 30% of the Ukrainians think that it is because of the Donbass War. Fair enough.

But-- 59%-- (BACKGROUND VOICE) 57% of the Ukrainians claiming government. 57% the (UNINTEL) of-- I mean, sorry the corruption first. 50-- 57% the corruption, 54% the (UNINTEL) of the economy. And 47% the incompetence of the government.

And then only 30%, the Donbass War. Which means, you know, the Ukrainians are pretty much aware of what is exactly happening in their-- you know, in their-- in their country.

At the same time I think there is a lot of fear of the third Maidan. You know, I was-- not in Kiev, but I was watching the social networks just among my friends what was the reaction on the third grenade attack. I mean, that that would really affect the (UNINTEL) and the decent position vote, the constitutional vote. It was panic. You know, people really thought in the first moment that, you know, I-- I did think that police essentially-- when the military was reacting' quite quickly and-- and-- and-- and good.

But at the same time, I do not-- I didn't understand why their 20 years old co-- conscripts-- at the-- you know, at such a vote. You know, but-- but also it was an important reaction of the society that they did not support it. Those who were protesting. But they were supporting the police and-- and the government said, "This is not what you want."

So there is an in-- an-- an-- an increasing level of fear. You know, and third there is still this post-Maidan patriotism which is very important, right. Which is-- this is, you know, whether we like it or not, this is what we have. And that's-- kind of, we have to make it better. Our goal was to make a new Ukraine, right. So these are the kind of-- emotional framework for-- for this.

Now, I-- I-- I-- I believe this is tremendous-- tremendously important to move and-- and promote this hope, right, this patriotic hope by essentially delivering. And my main problem what I see is that unfortunately the Ukrainian government, even I compared it sometimes with the Western support. You know, we over-promising, and under-delivering, under-performing. And to me-- (LAUGH) vice versa, because people are f-- tired because of that as well. That they-- they-- they promised victories by so many times, right.

And what is exactly victory in the current situation, right? So, like, emphasizing small steps in the communication. And I think if the government would essentially say, "Look, guys, we still have a lot to do. But this is what we do."

You know, and-- and-- and-- and the main sign for that should be or could be a reshuffling of the government. Which is in the-- in the works. And we'll see what's gonna happen after the elections, obviously before the elections, no. And, you know, it's-- it's gonna send a tremendous-- signal of reshuffle-- what kind of reshuffling the government. You know, if opposition block Lyovochkin will be the Prime Minister, which I don't think so, that's one message. If Yulia Tymoshenko go-- well, that will be another message. Saakashvili won't be. But that would be-- (LAUGHTER) another message. And if--

LEONARD BENARDO:

You think it's impossible for Saakashvili to become Prime Minister?

BALAZS JARABIK:

It's think it's nearly impossible. Nearly, but, you know, (LAUGH) you never know really. But-- no, no, I don't-- everybody seriously considering that. At the same time, you know, like, he is interestingly saying what a lot of people think, right. That the corruption and, you know, he came out-- you know, I think his position-- keeps him to a high-- I mean, he has to live with us. So-- it is what is it. He's--

(LEONARD BENARDO: UNINTEL)

BALAZS JARABIK:

Well, Odessa, he's pushing the envelope too hard by his PR action. And-- how to say. He eliminated a lot of people instead of building coalitions toward change-- you know, he's-- it's very popular, obviously. Because people like it. But this is a very populist move. You know, like he should build alliances because as a governor, has very little mandate and authority to enforcing reforms.

So he was the president of Georgia. He had the authority. Here he didn't-- d-- does not have the authority. So essentially I calling him like he-- he could be used as an unleashed dog of reforms. You know, because, like, he's barking a lot because he does not have the authority.

So that's what he could do. And in this-- like, a vice prime minister--position. Now what I hope is-- just returning to the-- to my thought is, that Jaresko will be the Prime Minister. Because that would send-- he-- she's the only one who achieved something--

LEONARD BENARDO:

The-- the Finance Minister.

BALAZS JARABIK:

--big. The Finance Minister. He (SIC) the victory if you like-- with the creditors, right. So that could send a message for the Ukrainian people that, "Okay, guys, we are serious, right. We are more serious than we may look sometimes." So-- and, you know, like, two things on the corruption.

I think-- and here what you just said I think is important that, you know, what ha-- really has changed in their corruption is what we suspected, now we know. But it doesn't change (LAUGH) the-- the mechanisms, right. That's number one. The second is there are no real fight with the corruption, at the government level. There is a control of corruption.

And that's also, like, you know, and-- and, you know, Yeltzin excited (?) the Yalta

European strategy of, "What I can do about the corruption as a Prime Minister?" I mean, seriously. Like, publicly, it says a lot about the current situation.

LEONARD BENARDO:

Can I just ask quickly. You mentioned the Yalta European seminar. Donald Trump-- who's a Republican candidate for (LAUGHTER) president in the 2016 elections was invited to the Yalta European summit-- seminar. And he came in via telephone. Your thoughts on why Victor Pinchuk thought that Donald Trump would be-- a figure who could speak to issues Ukrainian?

(INAUDIBLE CONVERSATION)

BALAZS JARABIK:

I-- I-- I can't speak on that. (LAUGHTER)

OLEKSANDR SUSHKO:

Yeah, I don't know. (LAUGHTER) The re-- the reasons-- that was a video link. And it was li-- video link just-- I think that those who had some illusions, maybe, in Ukraine about Trump, they lost this illusions. (LAUGHTER)

Because we-- (LAUGHTER) we-- we have-- (UNINTEL) for example, a brilliant analogy to-- to him. So-- so thi-- this is-- this is-- something which-- I know that Americans who were in the audience were a little bit-- surprised and even fr-- frustrated with-- with all this situation because there were high level guests. Fortunately Victoria Luland-- Nuland was not at this moment. But--

LEONARD BENARDO:

But she was at that--

OLEKSANDR SUSHKO:

But she was next day. She was next day, yes. So-- so-- but-- (LAUGH) maybe this is-- adventure to show that-- American political class is also-- not homogenous, yeah. (LAUGHTER) And it should not be idealized-- I don't know the reasons behind that.

LEONARD BENARDO:

I don't think Pinchuk is that subversive. But that would be interesting. (LAUGHTER)

OLEKSANDR SUSHKO:

Okay, but he said very stupid things. I think that (UNINTEL) that-- and in a way that-- that-- th-- th-- that-- "I am for Ukraine and these guys are pretending to be for Ukraine. This is-- Ukraine deserves everything," and et cetera. So that's was-- he even was not prepared to this dialogue. So all the points were very general and very--

LEONARD BENARDO:

Fake.

OLEKSANDR SUSHKO:

Yeah. (LAUGH)

BALAZS JARABIK:

I-- I've-- well the-- the YES-- the Yalta European Strategy is-- is ten years old or 11 now. And it was always, like, delivering celebrities to Ukraine to talk about Europe, right. So Trump essentially fits into that. (LAUGH) But when I was actually watching-- the video and I-- and-- and it was-- you could see Pinchuk's face. I think he pretty much-- he pretty quickly got--
(OVERTALK)

BALAZS JARABIK:

--it then. (LAUGHTER)

MALE VOICE OFF MIC:

He-- they used a new Ukraine as-- s-- slogan. How does that fly in-- in Ukraine?

OLEKSANDR SUSHKO:

First of all-- there is no one-- single uniformed understanding on what is new Ukraine. Because for-- for us-- and f-- for George-- we promote this idea as an identification of the difference from what was it in the past meaning that we have-- energy of the civil society which is able to transform the country.

And the civil society is a major element of-- and the actor of changes and also there is-- essential will on the side of society, not just to-- criticize or to wait for something, but to participate. And this is participatory-- phenomenon-- is unique for-- for-- for

Ukraine. If you compare it to Ukraine of the past, but also if you compare it to the-- most of the neighboring countries.

But-- so-- for-- for the others yes, I think that we-- we-- so-- so the-- this is a powerful message. And I see that this is a kind of the fashion to say about new Ukraine-- without going into details. So I understand that-- that maybe some-- high level politician think something differently this. But anyway, there is a con-- constant reference to these verbal formula-- in the narrative. So this is a growing use of this narrative of new Ukraine-- in-- in Ukraine.

BALAZS JARABIK:

If-- if I may. Six, seven years ago when-- when we had been starting-- and I have been starting to work in Ukraine. And, you-- you know, like, was kinda thinking about what to do, how to (UNINTEL) a large stable society which was essentially captured by the Yurchenko, by the posterage (PH) kind of apathy.

Like, if these are-- these are the guys who are fighting for it. And why are doing this, right? So and-- and-- and that was the concept which, you know, f-- f-- for me, it was a kind of a (UNINTEL) realization and I think that could characterize new Ukraine and-- and that was the responsible thing. At first, we are demanding rights from the government. But we're taking responsibility for our action and-- and taking responsibility into our hands. And I think this is very much characterized, the civil society development and movements before Maidan which essentially lead to Maidan. These were the young guys, a new generation which-- you know, again rights and responsibility.

And I think in the post-Soviet field in the context-- in the local context, like in Belarus and a couple of other places, they over-emphasize rights and downplay responsibility. So that's number one. Number two is-- is-- you know, the-- this-- this-- this new Ukraine is essentially the middle class which is under tremendous pressure.

As I mentioned most of the middle class has become poor, you know. And that's obviously pushing them into a different consideration, right, a different action than all this. Despite of that, you know, this new Ukraine, the crowd funding, the-- the participation, the level of those is just tremendous. But because of the poverty, the paternalistic attitudes and-- and-- are kind of returning.

And that's helping essentially a return of the oligarchs because let's be honest. The new Ukraine is still the old one, right. And if the Yalta European Strategy is symbolizing something, that that's-- oligarch back in full power, right. The new Ukraine is in there, that's a change, right. But it's still in a minority. And the ascents by the reforms and-- and by role should be-- I mean, this is I think less than-- the West and the international community main-- you know, main role to make sure that this new Ukraine can grow within and make sure that the oligarchs are kind of-- we cannot deal-- they cannot not deal with the oligarchs.

It is what it is. That's-- that's-- at this stage, is structurally given, right. Because Poroshenko is an oligarch. But he was elected, right. It's the same kind of-- Yanukovych was also elected. But, you know, let's not get there. So-- so there is a new Ukraine. But it's in a minority.

MALE VOICE OFF-MIC:

Now, I have one question for you that bothers me a lot. And that's the Minsk process. Because-- I think there's-- a real-- it has to be completed. And-- Russia I think really wants to have the sanctions lifted which is a very positive. But there is one-- there are two ways-- that-- Russia can achieve that. And w-- one is to abide by the M-- Minsk agreement. But there's another way. And that is to make Ukraine fail.

BALAZS JARABIK:

A failed state, yeah.

MALE VOICE OFF-MIC:

Because if-- if that happens, it's very difficult to get the sanctions approved by unanimously in Europe. And unfortunately, you know, I built-- I don't know whether you read my--

BALAZS JARABIK:

Yes, I did.

MALE VOICE OFF-MIC:

But I-- I left that out of account. You might-- you might-- write it. And-- I've since had a meeting with some Russian-- politicians-- (UNINTEL) and-- I came to realization that that's their-- the-- their ambition is not ne-- necessarily to actually abide by it. But to make-- Ukraine fail to abide by it. So how does that stand?

BALAZS JARABIK:

Whoo, that's a complicated question. (LAUGHTER)

MALE VOICE OFF-MIC:

And we will need-- 300 votes.

BALAZS JARABIK:

Right. Well-- first I think Russian main objective-- and whether they wanna see Ukraine as a failed state is more a tactic. But their main objective is keep control in Ukraine. And-- and one of the reason why I-- you know, I never kind of-- I never-- I never seen Russia action Crimea particularly. Like, it's a start of slicing up Ukraine.

And I also don't see that Donbass was started by Russia. It was started by, as a reminder of your new (UNINTEL) friend of Akhmetov, right? Which went out of control with Russian aid, obviously, right. And-- and we wouldn't talk about this if the Russian military, you know, wouldn't step in. So, you know, but it was fundamentally a internal development in Ukraine.

All right, forget about it, let's leave Crimea-- out. And Crimea was-- you know, a gross overreaction on something. You know, the Russians were not-- the Russians were looking for some kind of reassurance after post-Maidan government-- which the post-Maidan government was way too busy to think about what the Russians want, to be very frank, right.

So the Russians step in in their own way. You know, they started this-- they-- there was also-- one moment which I think was key in the Maidan period. Which I'm happy to share and most of the people, I don't know they-- they realized that, you know, the shooting was on Thursday, European's Friday. Yanukovych fled Friday night. Tymoshenko come-- came out through Saturday, right. And Saturday evening, she went to the Maidan on wheelchair and high heels, right.

And Monday she was supposed to fly to Moscow. She didn't get the mandate. Obviously after she was booed, and the Russians get the message-- she's supposed to meet with Putin. Wednesday the Green-- Little Green Men went out and (UNINTEL PHRASE). Right, so the sequencing of the event was telling me that if she were able to go, maybe she were able to get a deal made. But it's a different story. It's a big, big if. And it didn't happen.

You know, it's a separate story that how come that the Russian embassy could not reach the-- the-- you know, the-- those, like, Poroshenkos, the Gurchinovs (PH) who-- they must have a normal communication channel. They did not that-- speak about the incompetence of the Russian embassy.

But that's-- so that's for the start. I-- I think now the Russians see the Ukraine is-- you know, first of all, they're surprised that the Ukraine respond, that's for sure, right. At the same time, I think the Russians are saying that Ukraine internal issues are really much overwhelming, right.

The Western pressure-- sorry, the Western pressure is on them in sanctions. But there's not enough Western money. There's not enough Western support, right. Ukraine kind of barely surviving. So there is no point to keep continue Ukraine pressure-- over the Donbass. So I think the Russians-- pretty much want to Minsk agreement.

Also please take a note that there is no longer federalization. There is no longer veto,

right. Essentially what in the works is a maximum of special status autonomy, right, which doesn't-- doesn't have this. And I don't think it's gonna, not in this parliament, right. What gonna happen is the decentralization. And what's gonna is maybe an election. What's gonna happen, maybe they're becoming legitimate, not fully legit-- legitimate real local representatives.

Because essentially, what is failed state for sure, is Donbass. And that's provides-- an increasing security problem for the Russians, right. Because now if you go to Rostov, these local mafia are-- you-- you know, dealing with their issues with RPGs. That's a kind of dangerous situation there. You know, they have these soldiers on the-- on both sides.

And for the Russians this is also a security threat. Like, these people are coming back. They used to shoot policemen. So they shoot policemen in Moscow too, right. So and the cost-- the sanctions, you know, the-- the refugees. There are 600,000 Ukrainian refugees in Russia and the other cost related with the obvious economic crisis-- what, I mean, the financial economic crisis which Russia faces. So when you put together, Russia's interests should be a normalization of ties with Ukraine as much as possible.

Obviously it's not gonna be fully possible. So this is how I see it. I know it's a kind of minority opinion. (LAUGH) Because most of the people see that, you know, the Russians are slicing up-- I just-- I just don't see it in this way. So I-- I think there is a hope. The question is not that. The question is how do the integration, you know, possible for the Ukrainian public and the elite. Because you count for them, Ukraine is Donbass is-- they-- they Donbass stolen our victory in Maidan. And these people needs to be punished, right for good reason or bad reason, it's a kind of very strong emotion.

6,000 people died, right. It was clearly an armed resistance, whether we call it terrorism or not, right. It was clearly Russia behind it, or aid-- aided. So there is a lot of resentment by a lot of Ukrainians. If you take a look at the polls, it's 50/50 pretty much. Most Ukrainians want peace. They don't want fighting anymore. But they (UNINTEL)-- the-- the taking-- reintegration of the Donbass, it's a very painful-- pill to-- to swallow at this stage.

(INAUDIBLE CONVERSATION)

LEONARD BENARDO:

I just wanna tag on the sanctions. I think the-- the key problem we're facing is that as the German initiative to create the semi-legitimate political authorities in the East comes to fruition, we'll see it. And we may be on the eve of this October 2nd Paris meeting, we may see some kind of deal on creation of-- you know, a pathway for political legitimacy for the rebels.

Yet the Germans have over-promised the Russians the possibility of sanctions relief. And so just as, you know, (UNINTEL) has a problem with the government of Ukraine,

over-promises, I fear, that the chancellor may have over-promised the Russians. And so the Russian incentive to play ball may go down. And so there's-- you know, we keep thinking that Putin is the far end of the political extreme in Russia.

I don't think he is. In many respects, he's more of a moderate. And there are plenty of true believers who think Putin is possibly gonna sell out the rebels. Putin is not really in this fight. Wants to keep the door open to the West, wants to be taken seriously. And there are a lot of people who think of Russia, it's like a submarine. There are a lotta people who just wanna bring the hatch down and bring the submarine under the water. And I think that's the-- to me the thing that's most dangerous over the next two or three months.

BALAZS JARABIK:

One more thought in that. Because I think it's very important to realize the sanctions are not coming-- because of Ukraine. The sanctions are coming because of the Malaysian plane.

MALE VOICE OFF-MIC:

Because--

BALAZS JARABIK:

Because of the Malaysian plane. The European sanctions for interviews-- the real ones. Not the visa ban and asset freeze. But the real ones, right, the sectoral sanctions. Now, the Dutch are gonna just issue the report. And what exactly is gonna be in the report? Obvious Russian engagement, right.

Okay, I don't think-- you know, also the logical reason why I don't think that it was a Russian crew simply because a Russian crew would know what they shoot. And because the book works in a way that it's easy to shoot. It's just (MAKES NOISE) boom. And it's-- the sophistication comes from the radar that you know what you shoot.

And that's what for me is leading to the rebel-- commando with a book. Whether Russian or Ukraine and probably Russian because there is enough evidence that it was Russian. So after this report, there is no way the European public will support the sanctions. Or the Dutch can obvious-- can go and-- and not veto it or the Br-- or the Brits. So I think I-- now-- exactly, it's-- it's-- it's (UNINTEL PHRASE). So sanctions are gonna stay, I think, for-- for-- for a reasonably long time.

ALLISON COLE:

I just wanted to ask-- how you see--

(OFF-MIC CONVERSATION)

ALLISON COLE:

I'm Allison Cole. I work on the international justice team at the justice initiative. I just wanted to ask how you see the referral and the international communi-corps playing out in this context. I've been working on these issues for about 15 years now. And I've never seen such a confrontational referral as was written.

It specifically highlighted the senior leadership of the Russian government. And it called the proxy armies terrorist groups. So it's pretty-- it was pretty strong language-- in my space. And I'm curious to see how you see that play out.

(OFF-MIC CONVERSATION)

LEONARD BENARDO:

I just think we're headed for stalemate on these referrals. I think that-- you know, the Russians particularly when the Nor-- Netherlands indictments come out, will, you know, refuse to render anyone to-- the Dutch justice. And we'll be in a similar kinda stand-off as we've been on the-- the-- in the Vinyenko (PH) case.

Where the Russians will game the system, will play in the-- and I'm not a lawyer, but I would think will just game the national jurisdiction procedure to get as much as discovery and, you know, we-- we've seen-- we've seen this movie before. And that-- you know, I don't-- I just can't see how it can get jurisdiction. But-- obviously I don't know. I mean, I don't think.

BALAZS JARABIK:

I also think just because of the language, it's just not gonna happen. You know, if-- and-- and it essentially was drafting to support Ukraine. You know, and because it's taken their vocabulary. But it's very much, you know, fair enough, the Ukrainians are the victims here, clearly. But, you-- that's just not gonna work in this way.

LEONARD BENARDO:

But also-- I-- I-- I agree with Andrew. But I should say that the foundation has been quite integrally involved with the ICC in helping with its various civil society partners, who were on the Maidan, provide evidence and testimony and the law program coordinator. I don't know if you've been in touch with-- at the-- you clearly have. (LAUGHTER) Okay, enough said. (LAUGHTER)

DANA:

Thank you. I mean, aside from whether or not in results in a race in transfers, I am also just curious to see what you think it's gonna do in terms of the geopolitics there. I mean, also thinking about-- Georgia and how this was in the ICC investigation directed-- at Russia. And there'll be some movement probably in both these situations in November.

So after-- taking into consideration how the justice track, even if it doesn't result in activity in the courtroom, will be utilized within the conversations you're having. I was kinda surprised they weren't more-- reactions, let's say.

LEONARD BENARDO:

Other comments or questions. Tanya.

(OFF-MIC CONVERSATION)

DANA:

This kind of takes it back to the reform situation within Ukraine. But--

LEONARD BENARDO:

Dana works on the Eurasian program.

DANA:

I work with the Eurasian program. So you mentioned the tangible reforms that have carried out in terms of the legal system, in terms of the police, et cetera. But as we know, informal politics play a huge role in Ukraine.

And so in terms of political behaviors and reforming those informal systems, how have the reforms that have passed or have been-- that are being passed, translated to that behavior? Do we see any indicators that the informal networks and political behaviors have been changed? Or have a chance at being changed? Or is it much of the same again in Ukraine?

BALAZS JARABIK:

That's a very good question. (LAUGH) And it's complicated to answer. I do that-- well, first of all the implementation is lagging behind the legislative work, right. When we see implementation essentially working, it's by the (UNINTEL). Again, the gas, the-- the energy-- and transportation and these kind of things. That's-- that's--

that's really the most visible, you know, when the implementation comes in.

I also-- we emphasize in that-- you know, what we try to monitor is not a legislative monitor. Like, how many laws are passed, you know. That's not that important as a sanction is. Now-- when it comes to-- you know, again, you see various patterns and I think it's a good news that you already see, like I mentioned, this new minority. A certain minority be-- behaves differently more than the government. Particularly in these new institutions.

Which Oleksandr has mentioned as well. You know, and-- and that gets a lot of media attention. Which is a very positive process. What you don't get the-- the media attention is the rest is doing, right. And the rest is pretty much the old paternalistic, you know. And-- and in the very-- in a very bad situation.

Because, you know, like, you-- if you used to make, like, \$600, \$700 let's say as a government official. Now you're making \$150, right. Essentially your basic security is now-- is questioned, or the security of your family. How are you gonna feed your kids? Right. So-- so this-- this situation is-- I believe is very important to highlight and very dangerous. Like, unless there is gonna be a bit more focus on helping out the Ukrainians in this situation, right. That's-- resistance covert reforms, and (UNINTEL) minority is likely to grow. It was a very good interview with Jaresko. Maxim Alistair (PH) was doing it. I don't know for which magazine. And-- and he described his way to get the Jaresko's office.

And essentially you have this little island in the ministry which pretty much functions in the same way, right. So how-- and-- and this is one thing. So-- so reforms need this kind of coalition building instead of, "I will order reforms to be happen." Right, by convincing people, educating the public.

You know, to reform communication and education, is essentially as much important, you know, as-- as the-- so I-- another example for that. The 250,000 policemen (SIC) at this stage in-- in Ukraine, right. All have weapons. Most of them have been engaged in criminal activities. So what they gonna do? So there is a risk, right. And I think here comes the government thinking to give them pension, to give them something, right, that the-- these people can if not resave their life-- restart their life, but at least kind of have a normal decent living without the criminal activity, right.

It's tremendously important, the social aspect of this. And-- and-- the second for-- you know, they are increasing-- the government has in-- increased four times the gas prices, right. And I think the international community could come in and saying, "Okay, we're gonna pay for the meters for the people for individual-- households." Because that's essentially something which gonna help people to take the responsibility for their own.

You know, like, we have generations who didn't really care about the gas bill, right. And now suddenly, they cannot afford it, right. So-- so help them to save-- it's education and it's the technical tool to get the meter for their household, right, which gonna essentially make that change, that shift, that mental shift happen.

DANA:

What about when it comes to regional administrations? Like, you mentioned earlier about Saakashvili and the fact that he has not been able-- because of his PR to c-- make the allies in Odessa that he needs in order to be successful ultimately, or to stay there for a long period of time.

So how do you change those patterns of behavior as well in order to have a reform-minded governor of a region be able to actually enact reforms and follow them through with a popular mandate despite not making those network connections in a region that has those informal paternal networks in existence?

BALAZS JARABIK:

Pretty much the same way. You have-- there is actually a reform task force now, or supposed to be. I don't know which-- the stage of implementation. I've seen some reports about that. And the regional administration. So these-- you know, that there are the South-- you know, of-- of Ukraine if you like who are essentially-- should be taking care of this work.

But it's a question whether they have the authority, you know, what authority they working with. And the second, whether they have the skills for it to educate, you know, explain, engage. And essentially some budget support to also pay where, you know, what kind of the social situation (INAUDIBLE PHRASE).

Now, again, these are minority things, right. These are a few people in the system which still are kind of operating in the same way. The other thing is, the regional feuding, you know, essentially there are new pop-up groups because of the weapons, because of the separatistic (PH) situation either for hire or by own ambition. And that's what we've seen in Mukacheve, right, when the private sector start shooting the old place because, "I working for this. And they are working for that." And-- and then what?

Right, so these kind of situations, I think. There was a lot of business disputes similar, just without the shooting. But weapons, security, engaged and all this, take-overs. So there's a lot of regional feuding. Those regional landlords who were kind of taken for granted are not necessarily (INAUDIBLE).

So we're gonna see a lot of that. And then the Kiev region relationships. But it's gonna be-- (SIGH) for Poroshenko agreeing with Kernes, in Harkovich (PH) essentially happened just last week. You know, also it's happening because Kernes is very popular, it's 49%--

(OVERTALK)

LEONARD BENARDO:

The mayor-- mayor-- mayor--

BALAZS JARABIK:

--mayor of Kiev. You know, and-- you know, but I think-- I think a very unfortunate but very realistic pattern of this behavior is what happened in Chernigov-- at the bi-election to the (UNINTEL). And just quick summary, 129 candidates-- originally which it-- it ended up between two. Nitro Petrovs Kolomyisky's (PH) right hand (UNINTEL), and Poroshenko's-- MP Berezenko, none of them are from Chernigov, right.

Berezenko is a former party of the region official, right, co-opted now by Polo-- Poroshenko. And because the president must win, he won. It doesn't sound like in the Ukraine. But that's-- I mean, these elements are also in play. You know, we cannot dismiss that this is not happening. This is happening. And we need to put our work, the reforms in all this, with the notion that we are the minority. I'm a happy minority.

So kind of for me it's okay. (LAUGH) I-- you know, but-- but for most of (UNINTEL) are not. They still thinking, you know, coming for Washington or to New York, that, "Oh, oh, they people-- are so-- they doing what we think they should." No, no, no, these people living in their own local.

LEONARD BENARDO:

Sasha, do you wanna respond to any of that?

OLEKSANDR SUSHKO:

I may add-- first of all there is-- this question-- put us to-- to the substance of the-- what-- which reforms may provide the changes in behavior. And in sectoral terms, yes, we may say that we have some new policeman or maybe we have some new prosecutors.

But-- and-- and then we'll hope again the-- to have adopted the le-- legislation for civil service reform as well. And once we'll have new service-- service. But-- generally-- everything is based on the-- people's capacity to-- to participate and to-- to-- also to-- to-- to manage the situation. And here we have one substantial reform.

Because usually when we-- discuss decentralization, we usually-- we refer to Minsk implementation, to Donbass, and whatever. However, the real substance is-- not in the constitution. But in the legislation which was adopted this spring about the self--

governed local communities.

So there is a leg-- legislation which empowers communities-- for the real self-governance on voluntary basis. So this is a kind of (LAUGHTER) a trap. So there is a proposal on behalf of the central government to local people. This is an instrument, you may use it, on voluntary ba-- basis. We don't force you to use it. If you use it, you will have growth of your status with-- within the-- the governance. And then growth of your budget and everything. But in return, you need to change the very-- the very style of-- of-- of behavior.

Because-- in order to work, they need to-- to-- to-- to expand their operational capacity on local level. And this is not an easy task. So this is kind-- you-- you need to train the entire population or-- or-- or at least the most active par-- part of the population to be responsible. And as an outcome, after half year of implementation, we have 7% of local territorial communities passed through this model. So this is the result of this voluntary process when these local community take responsibility. And they will go for local election in October. Based on this new-- new regulation.

So there will be a transitional period where these new regulation works but only for those-- who voluntary used this-- this instrument. And in my view, this is much more substantial than what is usually discussed. But what we usually discussed and the-- this new position of prefects or this new-- new-- composition of local councils.

Which is widely discussed, but it is less substantial in my opinion. What is more substantial is really this way towards-- sustainable local communities. But it will definitely takes longer. Because this is even if-- if-- if-- if-- in-- in the more development societies, these reforms take-- take some time.

So I think that-- there will be one of the most substantial reforms. Because empowering lo-- local community, you build the real democracy. Functional democracy. And then there will-- other levels will follow.

(OFF-MIC CONVERSATION)

* * *END OF TRANSCRIPT* * *