



Post-Soviet Eurasia

Lost in stagnation

Once again, the BTI survey of developments in the region stretching from Moldova to Mongolia yields sobering results: Not one country in post-Soviet Eurasia has made appreciable progress in transforming to democracy and a market economy. The overarching goals dictating the political efforts of many governments remain focused on retaining power and securing access to economic resources. In global comparison, the region is falling further behind, not least because Russia, which sets the tone in many respects, is sending negative signals.

The trend of little movement in already modest regional averages continued in post-Soviet Eurasia throughout the BTI 2014 review period. Indeed, only the Middle East and North Africa fared worse in advancing political transformation, and in terms of economic transformation, the region is only slightly better-off than sub-Saharan Africa. Once again, post-Soviet Eurasia is the only BTI region in which not a single country boasts advanced transformation status.

Nor were there any changes of note in the ranking of countries within the region: With worrying persistence, Tajikistan, Turkmenistan and Uzbekistan remain at the bottom of the list – the last-named, in particular, is among the poorest-performing in the world in terms of both dimensions of transforma-

tion. At the other end of the rankings, Mongolia has secured the regional lead for the first time. It has been able to do so in part because the country recovered politically from the problems associated with the marred 2008 elections and built on this progress, ushering in another peaceful change of government in 2012. However, Mongolia's lead position is largely a result of gains achieved in terms of economic transformation. The discovery of mineral resources a few years ago has already facilitated a boom period that looks set to continue, greatly increasing the scope for sustainable economic development, assuming the country can avoid the pitfalls associated with sudden resource wealth.

The solitary rays of hope in the region emanate from Georgia and to a lesser ex-

tent Armenia, which were able to buck the downward trend that has characterized both countries in recent years. Having achieved its first peaceful transfer of power in its history, Georgia also made the region's largest gains in political transformation since the BTI 2012. Ukraine, on the other hand, was unable to recover its former progress. In the last BTI, the country was among those having lost the most ground in terms of democratic development, and while its political transformation score for this BTI remained more or less stable – despite the fact that Yanukovich's ongoing consolidation of power has undermined pluralistic and democratic principles – increasingly bleak economic conditions led to further losses in the country's market-economy status. Likewise, it is



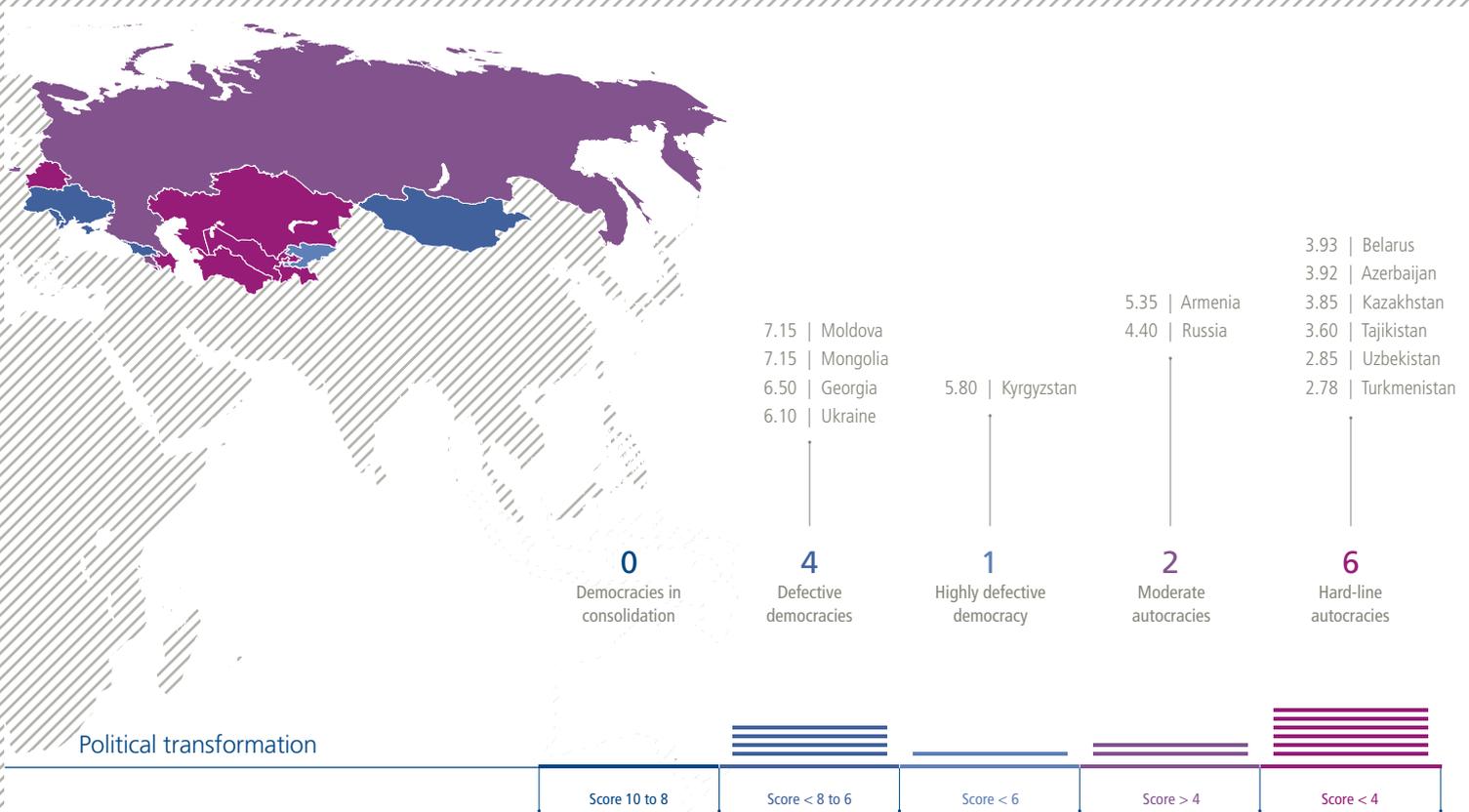
worth noting that both Moldova and Kyrgyzstan were able to stabilize the positive developments observed recently in each despite a lack of further progress.

The most dynamic but regressive developments were observed in Russia, which has been classified since the first BTI survey as a highly defective democracy bordering on autocracy due to the considerable limitations placed on free and fair elections, which has served only to consolidate the government's power. The 2011 Duma election results, which were subject to greater manipulation than previous elections, tipped the balance, and the country is now classified as a moderate autocracy. The regime's increasingly harsh legislation and growing pressure on free media, civil society organizations and

the opposition – which were prompted by mass protests following the election results – confirm this trend. Most of the other autocratic countries in post-Soviet Eurasia also responded to increasing internal political pressure with repression.

The BTI 2014 records almost no change in the score average for transformation management status in post-Soviet Eurasia (+0.02 points). Georgia, which until the last BTI was among those countries showing the largest losses, is the only country in the region to number among the 15 countries globally showing the most significant improvement. The new government, led by the Georgian Dream alliance of parties, has been particularly active in allowing greater civil society participation in policymaking and has fos-

tered a less adversarial political climate than that generated by the increasingly autocratic rule of former president Mikhail Saakashvili. Ukraine, on the other hand, continued its downward trend. President Yanukovich, primarily occupied with consolidating his power, has placed less emphasis on political and economic transformation than on winning re-election in 2015 and has squandered much international credibility with the legal persecution of political opponents and the sentences handed down to the two opposition leaders Yulia Tymoshenko and Yuriy Lutsenko.



Growing repression with few rays of hope

Aside from the three countries in which free and fair elections brought about a peaceful transfer of power, an increasingly systematic elimination of the opposition and tightening grip on civil society organizations and the media mark major developments in several post-Soviet Eurasian states. Russia's path appears emblematic of the autocracies in the region – now eight in all. Even the five defective democracies offer only limited prospects for consolidation, each to varying degrees.

With an average of 4.88 points, the state of political transformation in post-Soviet Eurasia remains well below the global average (5.74); only the Middle East and North Africa region yielded worse results. This is partly due to the fact that the region lacks a trailblazer in terms of democratization, and that the five countries classified as democracies (Georgia, Kyrgyzstan, Moldova, Mongolia and Ukraine) are still far from consolidation, although to varying degrees.

In a region where most elections are neither free nor fair, it is remarkable that three countries have undergone peaceful, democratic transfers of power. While the Mongolian Democratic Party's victory in parliamentary elections once again represented a change in the governing party, this was a first in the history of the two other countries.

In Kyrgyzstan, interim president Roza Otunbayeva fulfilled her promise to resign and make way for her successor, who was elected in what were regarded as substantially free and fair elections despite some flaws. This continuation of the course of transformation also means that Kyrgyzstan has recorded the region's strongest improvement in political transformation (+0.37 points) for the second time in a row. However, it remains to be seen whether the newly introduced parliamentary system of government is actually stable and whether President Atambayev will play by the rules of the new democratic constitution.

In Georgia, as well, the October 2012 parliamentary elections brought the first democratic transfer of power in the history of the country after Saakashvili's party lost out to the Georgian Dream alliance of par-

ties led by billionaire Bidzina Ivanishvili. Few observers expected that Saakashvili would acknowledge the defeat of his party and return to the opposition without a fight. Only time will tell whether the readjustment in the division of powers will actually succeed in the country. In the meantime, the first hurdle on the path toward further political transformation seems to have been overcome: The two main contenders in the struggle for political power in 2013, President Saakashvili and Prime Minister Ivanishvili, both relinquished their positions.

However, these positive developments can't disguise the fact that the trend in most countries in post-Soviet Eurasia is pointing in the opposite direction. The region has recorded the worst average results for quality of elections since the BTI 2006. In

fact, since the BTI 2010, the average score for the quality of elections in post-Soviet Eurasia is now the lowest of all regions. Elections in the region are at best a democratic façade. Indeed, either largely or fully lacking a genuinely competitive element, they serve merely to consolidate the power of the ruling elite. This was confirmed by most of the elections held during the review period. In Turkmenistan, President Berdimuhamedov was returned to power with over 97 percent of votes, and all opposing candidates were members of his own party. In fact, not a single opposition candidate made it into Belarus' parliament following the nation's September 2012 parliamentary elections. Meanwhile, the Kazakh parliamentary elections of January 2012 were called at short notice by President Nazarbayev, who extolled them as a breakthrough on the path to a multiparty system. In reality, the two parties that "competed" with Nur Otan, the ruling party, were close allies of it. In Ukraine, the October 2012 parliamentary elections represented a setback compared to previous gains, even though BTI observers regarded them as substantially free and fair.

We turn finally to Russia, where the democratic quality of elections has been classified as highly defective by every BTI survey. The increasing manipulation of parliamentary elections over recent years was a significant factor in its further downgrade and classification as a moderate autocracy. With a loss of 0.95 points in its democracy status ranking, the country registers not only the largest decline in the area of political transformation, but also one of the largest downgrades in the entire BTI. These developments mark the extension of a negative trend: With the exception of a brief period of cautious liberalization under President Medvedev, Russia's transformation has deteriorated with each successive BTI. Landing at rank 67 globally for the BTI 2006, the country only managed 86th place in the BTI 2014.

This ongoing regression can be blamed above all on the growing constraints placed on political rights and the failure to guarantee civil rights and equality before the law.



Population: 143.5 mn

Life expectancy: 69 years

GDP p.c. PPP: \$23,501

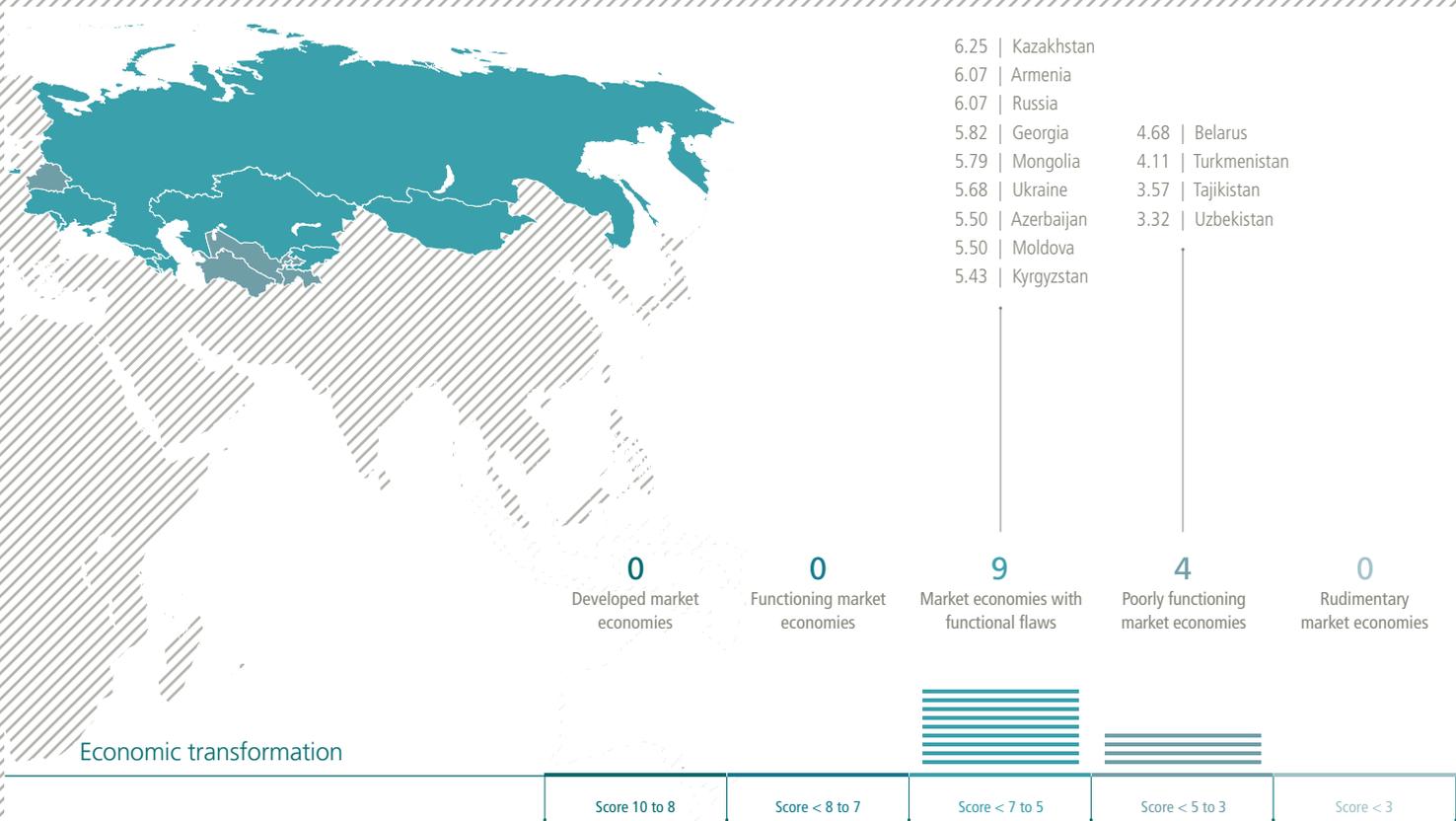


Political transformation BTI 2006 – BTI 2014

In many of the other autocratically governed countries in the region, the political climate during the review period was characterized by growing repression of political opponents, civil society and the media. Many governments throughout the region responded to political protest with increased monitoring, legal harassment and harsh countermeasures. In addition to Russia, this is particularly true of Azerbaijan, Belarus, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan. The growing nervousness of governments should be viewed against growing domestic pressure – socioeconomic in nature – as well as the revolutionary events in several countries of the Arab world. However, co-opting or eliminating potential threats to the power monopolies of the ruling elite has been a standard feature of governance in the region for years. As was the case for the previous BTI, only the Middle East and North Africa region received lower average scores than post-Soviet Eurasia for most political transformation indicators. Starting from an already low base, the most dramatic deterioration since the BTI 2006 has been observed in the indicators of freedom of assembly and association (–0.54 points), protection of civil rights and equality before the law (–0.46) as well as the prosecution of office abuse (–0.23).

The Putin system temporarily in crisis

Russia's political order appeared stable on the eve of the 2011 parliamentary elections. Power was concentrated in the office and person of the president, who controlled the fate of the country with a high degree of popular approval, and who before the global financial crisis had provided for a steady improvement in living standards in comparison to the 1990s. In return, the population seemed to accept almost apathetically the fact that their political participation was not a part of this arrangement. In elections that favored the governing party, the deeply divided opposition had little to counter the entrenched state apparatus with. The outcome of the elections seemed preordained, even in the absence of systematic manipulation. By December 2011, things had changed. The poll numbers for President Medvedev, Prime Minister Putin and the United Russia government party declined dramatically before the elections, with particular dissatisfaction expressed by a young, well-educated urban population disappointed by Medvedev's failure to deliver on his economic and social promises. Putin's announcement that he would run again for the presidency in early 2012 was met by many without the anticipated applause. The leadership appeared to grow nervous and sought to manufacture stable majorities through the reinforcements of electoral fraud. Following the vote, and in the largest protests taking place across the country since the 1990s, Russians called for new elections, criticizing the arrest of demonstration participants. Although protests subsided after Putin's re-election, clashes between protesters and police at a rally on the eve of his May 6, 2012 inauguration led to more arrests. The waves of protests seem for the moment to have dried up, and Putin's position again seems undisputed. Numerous legislative changes have further restricted the country's assembly and media freedoms. For example, fines for participating in unauthorized demonstrations have been dramatically increased, slander has again been made illegal, and a blacklist of websites that can be blocked even in the absence of a judicial order has been created. In addition, non-governmental organizations that engage in political activities and receive financing from abroad must register as "foreign agents." Under pressure from the Russian government, the U.S. Agency for International Development (USAID) and UNICEF have discontinued their activities in the country.



Russia sets the pace

As in previous years, no state in the region has achieved the status of a developed or functioning market economy as measured by Transformation Index criteria. While most countries were relatively well-shielded from the effects of the global economic and financial crisis, the euro crisis did create difficulties for many economies. The region's eastward orientation – partly toward China, but primarily in the form of a Russia-driven regional integration – gained traction.

The regional average for the state of economic transformation has remained almost unchanged (+0.06 as compared to the BTI 2012), although the score of 5.21 points is somewhat under the level reached in pre-crisis years, as reflected in the BTI 2008. By 2011, the effects of the global economic and financial crisis appeared to have been overcome, particularly because Russia, the region's economic anchor, used sovereign-fund resources saved during the boom years to cushion the impact. Moreover, the region's oil- and gas-producing countries benefited from the rapid recovery of prices on the global market in these areas. However, the decline in demand from major euro-zone trading partners triggered by the debt crisis, which in turn resulted in declining raw material prices and weakened econo-

mies in Russia and China, had a negative impact on many of the region's countries in 2012.

At the country level, movement has been relatively minimal. Georgia, Kyrgyzstan and Mongolia, each among the region's smallest economies, registered the biggest gains in terms of economic transformation. Mongolia (+0.46) benefited further from its expected resources boom, which has led to record-high levels of foreign direct investment, the rapid development of the country's banking sector and increased economic efficiency. Heated domestic debates have focused on how the population might better participate in the fruits of this new resource-derived wealth. While the government has increased efforts to develop the social security system, these services must

ultimately be given a more fiscally sustainable structure. In 2012, a new investment law came into force that allows foreign investors a maximum ownership stake of 49 percent in strategic sectors, such as mining, banking and telecommunications. In Georgia and Kyrgyzstan, a stable domestic political situation enabled a halt to the downward trend of recent years, and a number of important reforms were implemented. While Ukraine was able to slow the decline in its economic transformation status, the country's strong international integration left it susceptible to the effects of the financial crisis and the euro crisis, and its economy has consequently stagnated. Indeed, since the BTI 2006, when it was the regional leader in terms of market economy status, Ukraine's score has declined by a full 1.14 points.

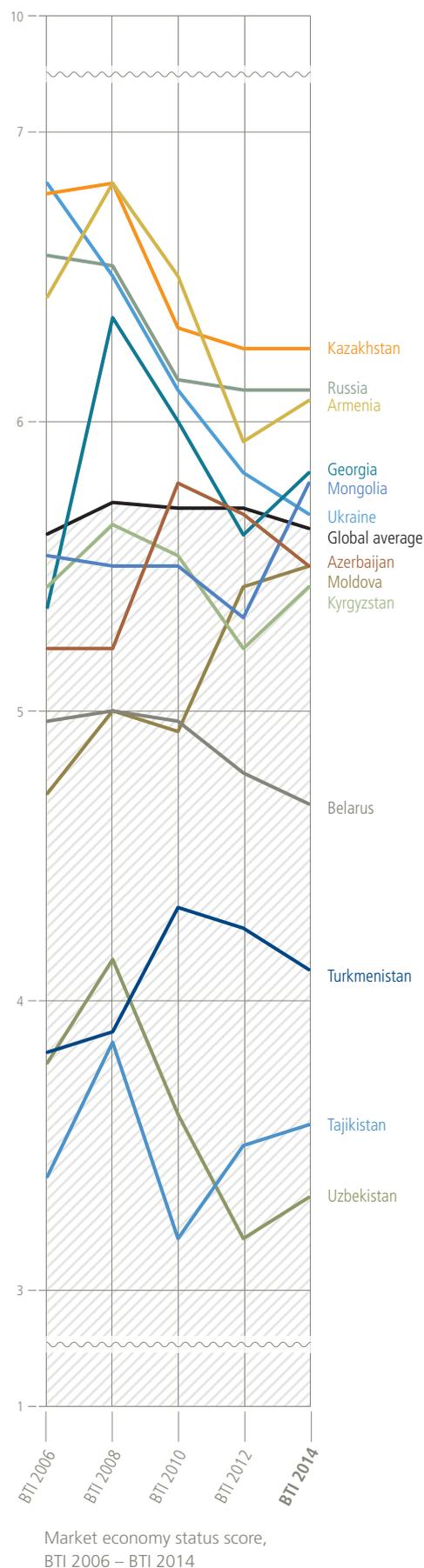
The region's large commodity exporters – Azerbaijan, Kazakhstan, Russia and Turkmenistan – saw their economic development status falter to varying degrees and for different reasons. Stagnant or sinking commodity prices, a largely weak global economy, the effects of the euro crisis and homemade structural problems were all to blame. With a decline of 0.18 points, Azerbaijan suffered the region's most significant losses relative to the BTI 2012. The double-digit growth figures of recent years proved unrepeatable, while oil production fell continuously and the country's development of natural-gas resources will not produce income for several more years. As in most other commodity-dependent economies, economic diversification has not been pursued forcefully enough, and the government has thus far done little to halt the non-transparent and unsustainable transfer of resources from the oil fund, which kept the economy afloat during the financial crisis. Indeed, a third of this fund's assets continue to flow into the state budget each year. The Kazakh government continues to struggle to stabilize that country's banking sector, which has a toxic-loan share of over 30 percent, the world's highest such ratio. For the coming years, President Nazarbayev has announced a stronger focus on socio-economic and regional development, as well as on social inclusion. This is in all likelihood a reaction to the months-long strike by oil workers in the country's western region of Zhanaozen, which escalated into violence with police in December 2011. Though the availability of official data is limited, Turkmenistan was able to maintain its growth rates, in large part thanks to the Central Asian state's increasing reliance on China and Iran as export markets.

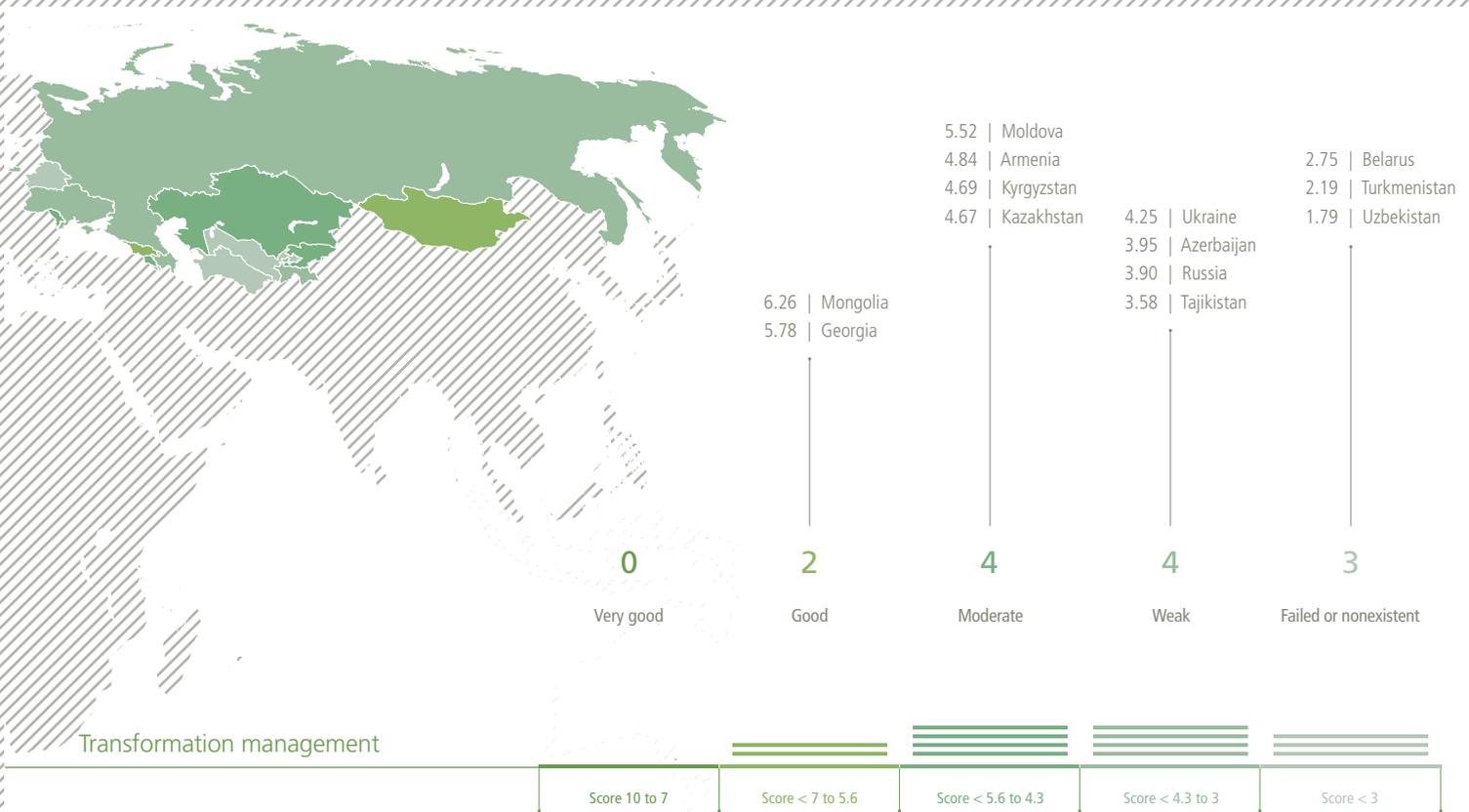
Russia was able to emerge from the severe effects of the financial crisis, and it returned to a path of growth in 2011. In the course of 2012, however, the region's anchor country began to weaken. This slackening was driven by lower levels of European demand as a result of the euro crisis, as well as by long-familiar structural problems. Despite leaders' pledges to pursue diversi-

fication, the economy's deep dependence on raw materials remains unchanged, while the domestic economy weakened, public spending rose and household debt as a share of GDP has remained high. The country will also be unable to absorb declines in global prices of raw materials as readily as it did in the 2008–2009 period because its sovereign wealth funds have been somewhat depleted.

However, the project of regional economic integration in post-Soviet Eurasia – which many observers initially regarded as a paper tiger after lengthy and largely unsuccessful efforts in the 1990s and the early 2000s – has in many respects demonstrated a remarkable new vigor. Here too, Russia was and remains the driving force, with the impetus toward more regional integration triggered in large part by the global financial crisis. As a first step, the 2010 customs union between Belarus, Kazakhstan and Russia was transformed at the beginning of 2012 into a common economic area. Plans call for further development and deepening of integration beginning in 2015 with the launch of the Eurasian Economic Union, which envisions the free exchange of labor, capital and services, as well as the coordination of economic policy. Thus far, the economic benefits to the individual countries cannot be clearly estimated, but there are also political interests behind the integration. For Russia, a successful deepening and widening of this economic integration would mean the securing of its influence within post-Soviet Eurasia – relative to both its EU neighbors to the west and powers farther east. China's significance for the region's economic development is also steadily increasing, particularly in Central Asia.

Market economic transformation decelerates in most countries





No cause for euphoria

Conditions for reforms aimed at democracy and a market economy remain difficult across the region. In many countries, already weak civil society structures have suffered under increasing levels of government repression and paternalism. While the last edition of the Transformation Index still saw some of the world's largest gains take place in post-Soviet Eurasia, this momentum has now waned. However, in countries such as Moldova and Kyrgyzstan, this could imply stability rather than stagnation.

Overall, the regional average for transformation management remains largely unchanged (+0.02 points) in comparison to the BTI 2012. Nor have there been any significant improvements or deteriorations in any of the individual criteria. Efforts by post-Soviet Eurasian governments to steer change aimed at democracy and a market economy thus remain rated only marginally better than in the Middle East and North Africa region. Nevertheless, Mongolia and now Georgia have achieved the level of good management. With respective gains of 0.34 and 0.40 points, the two countries have also shown the region's most significant gains in the Management Index, compensating for the previous period's steps backward. The Mongolian government has demonstrated increasing success in terms of prioritiza-

tion and policy implementation, focusing more strongly on long-term goals such as poverty reduction and a more socially inclusive distribution of resource revenues. The increased involvement of civil society in the political process following Georgia's change in government is deemed a particularly positive development. Along with the pragmatic efforts of the new leadership to normalize relations with Russia, this has helped improve the country's reputation and credibility with respect to international cooperation. However, at 5.78 points, the country's leadership recorded governance scores 0.58 point lower than in the BTI 2008. At that time, during Mikhail Saakashvili's first term of office, the Caucasian state was still the regional leader and achieved 23rd place worldwide.

Ukraine experienced a category shift, too, although in the opposite direction, with its governance now classified only as weak. With a loss of 0.38 points since the BTI 2012, the country has experienced its third and most significant devaluation since the BTI 2008 (-0.96 points in total), again showing significant losses in the criteria of steering capability and international cooperation. After achieving its best Management Index placing in the BTI 2008 (rank 55), it is now ranked in just 87th place worldwide. According to the survey's findings, President Yanukovich's government focused almost exclusively on building and expanding its own power, and it proved particularly vexing to its European neighbors through the legal persecution of its political opponents.

Viewed as a regional average, international cooperation remains by some distance the best-assessed governance criterion (with an average value of 5.67). However, this is also true for the other world regions, and it should not obscure the fact that this criterion's average score is lower than in any other BTI region. The fault for this lies primarily with two indicators, international credibility and regional cooperation, on each of which the post-Soviet Eurasia region scored more than 0.30 points lower than the next-worst region. However, a long-term comparison of individual indicator developments since the BTI 2006 reveals quite contradictory trends. While government credibility and the use of international support for democratic and market-economic reforms have respectively fallen by an average of 0.54 and 0.31 points, the value for regional cooperation has climbed by 0.69 points. Fighting corruption continues to pose a key challenge to each of the region's 13 states. At 3.54 points, the regional average for anti-corruption policy is

the lowest among all BTI regions. Within the region, this indicator received the lowest value of any single governance indicator. Evaluations in this regard are rather uniform, with Georgia's six points serving as the region's highest score in this area.

Bearing in mind the risk of excessive optimism in view of the enormous challenges, developments in two countries, Moldova and Kyrgyzstan, are noteworthy, even if – or perhaps precisely because – their scores showed little significant change in the period under review. With a total improvement of 2.02 points since the BTI 2006, Moldova has demonstrated the fourth-largest Management Index increase among all countries examined in the BTI. Throughout this period, it has engaged in a process of continuous development that, despite phases of stagnation, has suffered no setbacks. Its current improvements certainly remain marginal in comparison to those noted in the BTI 2012, but the continuation of the government's transformation path, especially the orien-

tation toward the European Union despite significant domestic political fault lines, is worthy of significant esteem. In addition, the election of a new president has resolved a stalemate dating back to 2009, reduced tensions and ensured that transformation policy could again be brought into stronger focus. Kyrgyzstan's development has been rather different in nature and should perhaps be regarded with greater reservations. The Central Asian country oscillated between autocratic and democratizing tendencies almost until the BTI's current two-year review period, a fact reflected in the significant volatility of its ratings. In the BTI 2014, there were no large eruptions for the first time, but instead only a slightly lower rating for strategic prioritization under the newly elected government. It would certainly be premature to rate this as successful consolidation of a transformation path toward parliamentary democracy. However, given the difficult regional environment, it is at least a hopeful sign of stabilization.

Governance mediocre at best



Regional averages in 14 management performance indicators, compared to global averages



Nothing new in the East?

The region shows little movement, and evidence of transformation is apparent only in exceptional cases and often with weakening stability. Since the first edition of the BTI, stagnation seems to be the only signal coming from post-Soviet Eurasia. Yet a look behind the BTI averages exposes this placidity as potentially deceptive, even if the trend often fails to favor democracy and the market economy. Indeed, the fact that populations in some of the region's countries are growing increasingly dissatisfied with the status quo, and that autocratic regimes are beginning to worry, is demonstrated in their increasingly repressive reaction to every form of actual or anticipated popular discontent. And, indeed, the potential for frustration and the reform pressure on regimes is growing in many places, driven by their populations' decreasing opportunities for political and economic participation, as well as dissatisfaction with clientelistic structures, corrupt elites and bureaucracies, social imbalances and the unequal distribution of resources. With increased oversight and censorship measures, protests can be held in check, but this will not address their root causes.

A few developments caution against an overly hasty dismissal of the know-how and policy-learning capabilities of the ruling elites. Nevertheless, in impoverished and resource-poor countries, such as Kyrgyzstan, Georgia and Moldova, governments' scope of action remains limited even though they have made more progress than regional neighbors in the BTI 2014's survey dimensions. Economic dependence on autocratically ruled, influential and stability-

oriented neighbors remains high. Russia is setting the pace, and democratic impulses can hardly be expected from this corner.

At the same time, efforts to secure the Russian sphere of influence within the post-Soviet space have intensified. With the establishment of the customs union between Belarus, Kazakhstan and Russia, as well as the planned creation of the Eurasian Economic Union, regional cooperation has gained momentum at least in the economic realm, even if demonstrable economic benefits remain limited. Moreover, the integration efforts will become politically meaningful only if other countries join in. More so than in the past, this trend appears to imply a fundamental shift in stance toward the European Union. Particularly since Putin's latest return to office, the Russian president has increased pressure on a number of governments, adroitly bringing their dependence on resources or investment into play. These effects were seen in particular after the close of the BTI review period in 2013: Armenia's rejection of an EU association agreement was somewhat surprising, while Belarussian President Lukashenko, driven by the country's economic emergency and enormous debt, had already maneuvered himself wholly into dependence on Russia. The fact that Kyrgyzstan and Tajikistan are already in negotiations to join the Eurasian Economic Union cannot be deemed surprising in view of their current dependence on remittances from Russia. And recently, the Ukrainian government's previous vacillation between an approach to the European Economic Area and a stronger integration with Russia and the rest of post-Soviet Eurasia ap-

pears to have come at least temporarily to an end with the suspension of negotiations on its EU association agreement. In the future, the European Union must work harder to find new ways of structuring cooperation with the countries of the post-Soviet space, while making its offers sufficiently attractive, particularly in the other countries of the Eastern Partnership.

For the more effective decision-makers in the resource-rich autocracies of Azerbaijan, Kazakhstan and Turkmenistan, fundamental questions remain: Do they want to reduce reform pressure by allowing economic political freedoms and by taking serious, effective action against corruption? To what extent? And, even if they do want to, are they able to? To date, the regimes appear not to have found answers to these questions, as trends remain mutually opposed. Civil society organizations, interest groups and the political opposition continue to be denied any space to operate; at the same time, in Kazakhstan, for example, new development strategies at least rhetorically express a new emphasis on socioeconomic development, social and regional balance, and stronger anti-corruption measures. However, it remains to be seen whether genuine reforms will follow such professions of intent. Here and in neighboring Uzbekistan, aging heads of government – Presidents Nazarbayev and Karimov – have ruled for more than 20 years, and the question of succession remains unclear and perpetually postponed. In both cases, but even more so for Uzbekistan, this only increases the likelihood of political upheaval and sustained instability for the region as a whole.



This summary is based on the post-Soviet Eurasia regional report by Sabine Donner, available at www.bti-project.org/pse



Full reports for each country in the region available at www.bti-project.org/countryreports/pse

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Interview

“Dignity in Ukraine is violated every day”

Iryna Solonenko and Vasyl Kosiv on the Maidan protests, the role of civil society and the fight for political accountability

In early 2014, the Maidan is still occupied by demonstrators, and protests against President Yanukovich's rule continue seemingly unabated. What are the factors contributing to the opposition's persistence, and what are the chances of success?

Most importantly, Maidan protesters are driven by something more than ideological slogans or the affiliation with a particular political party. The brutal dispersal of demonstrations and beatings of peaceful protesters have been very emotional events. The authorities crossed a red line by responding to peaceful protests with violence. For many Ukrainians, the social contract has been violated, and this has undermined authorities' legitimacy. The notion of “dignity” is raised increasingly in public speeches and private discussions. And human dignity in Ukraine is violated every day by corrupt politicians, judges, the police and tax administration officers. In this sense, the prosecution and imprisonment of activists and the violence against journalists “feed” Maidan with new energy every day. Moreover, there is an awareness that once the protests stop, massive repression against all those involved will take place and political freedoms might be curtailed further.

Continuing the protests therefore seems necessary. Yet, protests alone will not succeed unless they divide political elites and create a majority in parliament eager for change. It is also important to go beyond Maidan and engage more people in opposition to the regime, notably from the eastern and southern regions. Many people have begun to think critically and stand up against injustice back in their hometowns and villages, as well. This is a very positive development and constitutes a major success, yet more has to be done.

From a Western perspective, Ukraine's political polarization is cast in geographical terms – the pro-European opposition demanding more political participation and an improved rule of law versus a Moscow-oriented president and his followers drawing on authoritarian forms of rule. Is this an oversimplification of the state of affairs?

This is definitely an oversimplification. The most important split today is found between active citizens and people advancing a post-Soviet paternalistic mentality. Age is another distinguishing factor: Young people everywhere do not like authoritarianism. However, much of the active citizenry striving for a changed model of governance that is more responsive and accountable is rather well-educated, has traveled abroad and can primarily be found in Kiev, the western regions of Ukraine and some other big cities. So, to some extent, there is a geographical division that is shaped, inter alia, by economic

issues. Business structures in the western regions are flexible, with small- and medium-sized family enterprises. People in the eastern regions are, by contrast, more dependent on big factories and mines owned by the state or oligarchs. Control and fears of oppression are greater in these regions.

The BTI country report states that civil society became more active and vibrant during Yanukovich's rule. How do you explain this trend, given that political participation rights have been restricted in recent years?

Several factors contributed to consolidation trends in civil society in the past years. First, the experience of five disappointing “orange” years demonstrated the need for civil society to keep authorities accountable. Second, the authoritarian trends that emerged after a few months of Yanukovich's presidency generated a backlash among civil society actors who had grown accustomed to a situation in which political freedoms were more or less respected. In that sense, there was strong motivation to protect participation rights. Third, after more than 20 years of independence, civil society in Ukraine underwent a natural process of maturation, driven in part by exposure to the West through travel, contacts and support. Finally, we have a new wave of young leaders who are better-educated and well-equipped with new media and information tools.

Ukraine's scores for the prosecution of office abuse and anti-corruption policy fell in recent years. Why is it so difficult to contain political corruption?

Political corruption feeds the regime and strengthens its power base. Financial resources are needed not only to win elections, but also to sustain clientelistic networks that serve the regime. The national budget constitutes an obvious source of such resources. Businesses that benefit from non-transparent privatization and non-competitive public procurement processes pay with their loyalty to the president, for instance, by ensuring favorable coverage through the media they own.

What makes matters worse is that political amnesia is rampant in Ukraine. Such a thing as reputation is virtually nonexistent. People vote for corrupted politicians again and again. We need changes at all political and personal levels. We also need to establish at least one credible and independent institution – a prosecutor or court – to which one may appeal and that is able to set positive precedents. Although different state agencies currently have a legal mandate to fight corruption, they are insufficiently protected from political interference.