

4th UKRAINE REALITY CHECK

February 8, 2016

*Kyiv, Ukraine, Embassy of Lithuania
21 Buslivska Street*

PROGRAMME

The Eastern Partnership Reality Check is a policy review process aiming to gather insights from top domestic and international analysts, practitioners, diplomats and policy-makers covering Eastern Partnership countries in order to discuss these behind closed doors. It has the ambition to satisfy demand for a more in-depth policy in this area. Under the aegis of Lithuania's EU Presidency (July-December 2013) the first such a review was the Belarus Reality Check (BRC) enacted in Vilnius, Lithuania October 2012.

The first two Ukraine Reality Checks were held in Kyiv (June 2013 and October 2014), while the third one took place in Riga under the aegis of Latvia's EU presidency (April 2015). With the support of the European Endowment for Democracy, the Lithuanian and Latvian Ministries of Foreign Affairs and Pact the 4th Ukraine Reality Check is returning to Kyiv. The meeting will provide evidence- and ground-based analysis and a balanced policy advice with the help of top Ukrainian and international experts and practitioners. Speakers are asked for short inputs but active participation is expected from all invited participants. The meeting will result in a non-paper which will be fact-checked and peer-reviewed before widely distributed.

09.00 – 09.30 Registration & Welcome Coffee

09.30 – 09.45 **Opening and Welcome Remarks**

Marius Janukonis, Lithuanian Ambassador to Ukraine

Juris Poikāns, Latvian Ambassador to Ukraine

Balázs Jarábik, Visiting Scholar, Carnegie Endowment for International Peace & Associate Fellow, Central European Policy Institute

09.45 – 11.15 **UKRAINE'S POLITICS: A MESSY 2016?**

Two years after EuroMaidan, Ukraine is still in many ways defined by political impunity, competing oligarchs' interests, weak central authority and a disillusioned society – but despite all odds, it has been able to hold together. The country is facing yet another turbulent year as the ruling coalition seems to be operating more and more on an ad hoc basis and with little assistance from the opposition. Corruption accusations have been eating up society's

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trust and credit not just of the government but also the Maidan forces, prompting renewed speculations about early elections and an emergence of new political actors and blocs.

This session will cover key political (f)actors both inside and outside the government and the parliament and their potential interaction in 2016. Public opinion, lessons from the local elections for main political actors, their calculations about the potential early elections as well as the oligarchs' influence on the political process will be discussed.

Moderator: Emmet Tuohy, Senior Research Fellow, Estonian Center for Eastern Partnership

Polling update: **Natalya Kharchenko**, Executive Director, Kyiv International Institute of Sociology (KIIS)

Political update: **Mikhail Minakov**, Associate Professor, Kyiv-Mohyla Academy

Parliamentary update: **Yehor Soboliev**, Member of the Verkhovna Rada of Ukraine, Samopomich

Prognosis for 2016: **Yuriy Romanenko**, Editor-in-Chief, Hvylya website, Ukraine

11.15 – 11.30 Coffee Break

11.30 – 13.00 **SECURITY: FROZEN MINSK**

Sporadic ceasefire violations, painfully slow implementation of both the military clauses and political dimensions make the Minsk Agreements essentially unfulfilled. While Russia is unlikely to let the rebel republics down and Kyiv seems (politically) unwilling and financially incapable of reintegrating the Donbas, the West, having few direct ways of pressuring Moscow, is slowly increasing the pressure on Ukraine to comply. What can 2016 bring for the Donbas conflict and what will be the likely impact of other domestic and foreign policy issues Ukraine's foreign partners will have to deal with this year on the prospects for a peaceful settlement?

This session will provide a thorough update on the security, political and humanitarian aspects of the conflict and discuss prospects for moving the Minsk Agreements forward in 2016.

Moderator: Noah Sneider, correspondent, The Economist

Minsk agreement update: **Alexander Hug**, Principal Deputy Chief Monitor, OSCE Special Monitoring Mission to Ukraine

Donbas: where to go from here?: **Mustafa Nayyem**, Member of the Verkhovna Rada of Ukraine, Petro Poroshenko Block

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Security sector reform: **Anastasiya Leukhina**, Contributor, Carnegie Ukraine Reform Monitor

Lessons learnt and future actions of Ukraine: **Petras Vaitiekūnas**, Advisor to Secretary of the National Security and Defence Council of Ukraine

Perspective from Moscow: **Leonid Ragozin**, independent journalist

13.00 – 14.00 Lunch

14.00 – 15.30 **ECONOMY: LOOKING BETTER FROM FAR AWAY?**

The last quarter of 2015 has brought modestly optimistic results: Ukraine's public finances were stabilised, the National Bank is undergoing an institutional reform, state expenditures were reduced and a new fiscal policy was adopted. An agreement with private creditors has been reached and capital inflows to Ukraine increased by 34.1% (compared to a 40.7% decrease in outflows in 2014). There are some hopeful signs of an eventual recovery: although the third quarter GDP showed a 7% year-on-year contraction, NBU forecasts a 2.4% growth for 2016. But most Ukrainians face a different reality: real wages are down to a quarter of those in 2014 with an average monthly salary now reaching only \$186. The UN estimates that 80% of the Ukrainians live on less than \$5 a day.

This session will outline economic progress and expected developments for Ukraine in 2016, detailing the necessary steps and a direction the government should/could take to further support the economy. It will also discuss the implications of the postponed tax reform and the potential early elections on the country's economy, the reform process and the business environment. The impact of the DCFTA implementation on the economic situation will also be covered, together with a fresh trade security study published by CASE Ukraine.

Moderator: Jana Kobzova, European Endowment for Democracy & Associate Policy Fellow, European Council on Foreign Relations

Reforms, economic vision: **Hlib Vyshlinsky**, Executive Director, Centre for Economic Strategy
Tax reform and key economic challenges in 2016: **Ivan Mikloš**, Advisor to Finance Minister and Minister of Economic Development and Trade of Ukraine

Business environment, privatisation and restructuring of state-owned enterprises: **Juraj Strasser**, Special Advisor, EBRD

Economic connectivity of Ukraine's regions: **Yulia Yesmukhanova**, Researcher, CASE Ukraine

15.30 – 15.45 Coffee Break

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15.45 – 17.15 REFORMS REVIEW

While “reforms” was certainly one of the buzzwords in Ukraine in 2015, how far has the country actually gone? Modest progress has been made on thorny aspects of judicial reform and anti-corruption mechanisms. Capacity and transparency of security-sector institutions have been strengthened, albeit in an uneven and fragmented fashion. The relatively technical aspects of decentralization have advanced, despite the fact that the constitutional amendments are pending adoption. Public sector reform has been launched, strongly advocated by the local civil society and the EU – yet it remains to be seen if it is fully implemented. Meanwhile, corruption clearly remains Ukraine’s biggest obstacle and the sectors prioritised by the society – such as healthcare and education – have not been prominently featured in the reform plans yet. Meanwhile Ukraine events are sliding from the Western attention as particularly Europe has been focusing on growing economic challenges and migration crisis.

This session will outline key reform achievements and failures in 2015 and identify potential scenarios for 2016: what reforms are likely to proceed and which are likely to be blocked? How can the international partners help sustain the reform momentum and provide a more targeted assistance? In what shape will the West be to help Ukraine?

Moderator: Roland Kovats, Chief of Party of the USAID-funded Ukraine National Initiatives to Enhance Reforms (UNITER) project at Pact

Reforms review: **Olena Halushka**, Manager of Foreign Affairs, Reanimation Package of Reforms

Corruption context: **Daria Kaleniuk**, Executive Director, Anticorruption Action Centre

The politics of reform process: **Andrii Dligach**, Co-founder, Nova Kraina

Reforms related polling: **Michael Druckman**, Country Director, IRI Ukraine

EU engagement in Ukraine: **Jan Tombinski**, Head of the EU Delegation to Ukraine

Security and defence sector reform: **Alexander Vinnikov**, Director, NATO Liaison Office in Ukraine

17.15 – 17.30 Closing Remarks

18.00 – 20.00 Dinner at the restaurant “**Bigoli**” situated at 7 Klovskiy uzviz, Pecherskiy district

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