

The politics of regionalism and decentralisation in Ukraine

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>>> The Russian and Western press has long portrayed Ukraine as a deeply divided country with a pro-European ‘West’ and a Russia-oriented ‘East’. Although this neat division along the Dnieper river ignores the country’s far more nuanced regional mosaic, both sociological data and electoral geography show that the East-West divide has been an enduring feature of Ukrainian politics since the early 1990s. Historical, cultural, linguistic and socioeconomic differences between Ukrainian regions explain much of why Ukraine is pulled in two opposing directions by Russia and the European Union (EU).

Decentralisation is now espoused as an important means of smoothing regional divisions in the country. It has come to be high on the public and political agenda over the last eight months. Ending the centralisation of state power, a legacy of the Soviet era, and strengthening accountability of local and regional authorities to citizens are two important intertwined goals of the Euromaidan protesters. The current government holds that transferring more power from the centre to the periphery will be an essential ingredient to settling down anti-Kyiv sentiments in Donbas and dovetail future calls for regional autonomy and secession. Meanwhile the tragedy of MH17 has put Ukraine and its Russian-supported separatist revolt in Donbas in the limelight. With the world watching, Ukraine’s new government should lead by example by not only seeking a solution to the conflict but also by initiating long-term reform through decentralisation.

HIGHLIGHTS

- Although public support for regional autonomy or secession has been marginal, local elites in Ukraine have long used the notion of regionalism to bargain for power and resources with Kyiv.
- All major political parties promised decentralisation in the past but failed to deliver; the Euromaidan protests and the crisis in Donbas have created a new sense of urgency to reform.
- Decentralisation will not halt the separatist insurgency in Donbas, but if eventually implemented it should help to strengthen democracy in Ukraine.

»»»»» This policy brief examines the politics of regionalism and centre-periphery relations in Ukraine. It argues that, notwithstanding the regional differences in the country, regionalism has been exploited by local elites to gain control over state power and resources. Management of centre-periphery relations has been rather a political strategy to maintain power than a policy for effective territorial governance and economic development. While the explosion of violent separatism in Ukraine has been largely instigated and sustained by Russia, the comprehensive decentralisation planned by the Ukrainian government should help to address some of the grievances in Donbas and to build a stronger and more democratic state.

REGIONALISM, AUTONOMY AND SEPARATISM IN UKRAINE

The Russian factor in Ukraine's identity, including attitudes towards history, language, culture and foreign policy preferences has divided the country. Over the last decade, this division has had a significant influence on Ukrainian politics. The overwhelming majority of Ukrainian citizens living in the Western and Central regions have preferred Ukraine to align with the EU, while the population in the East and the South have been largely in favour of Russian-led integration projects.

This dividing line has also been evident in all national elections since the early 1990s: political parties and candidates representing the pro-European Western and Central regions competed with those whose main electoral base was in the Russian-oriented East and South. Slight shifts in popular support usually ensured a slim victory for one of the camps. However, the presidential elections in May 2014 were a major exception to this trend. Lacking any serious candidates representing the Eastern regions - and without Crimea and parts of Donbas voting - Petro Poroshenko won in all regions of Ukraine.

Since Russia occupied Crimea and became involved in the war in Donbas, the Russian factor

in Ukraine's politics is in decline. According to opinion polls carried out by the Razumov Centre, Ukrainian society as a whole has become increasingly united around the idea of European integration (rising from 46 per cent in December 2013 to 60 per cent in June 2014); as well as favouring a unitary state (up from 69 per cent in March 2014 to 78 per cent in June 2014) with one state language (up from 56 per cent in March 2014 to 68 per cent in June 2014). Meanwhile public support for joining the Moscow-sponsored Eurasian Customs Union decreased significantly from 35 per cent in December 2013 to 22 per cent in June 2014. In other words, the East-West divide has moved eastwards closer to the Russia border. Moreover, when sociologists unpack the Eastern regions, only Donbas appears to have large numbers taking the opposite stance to the majority of Ukrainians on the main identity-related and governance issues.

Despite these regional differences, even before Russian military involvement and support, Ukrainians have been consistent in their preference for a strong unitary state. A drive for regional autonomy or federalisation of the country has never enjoyed any significant public support, neither in the East or West. Moreover, Ukrainian sociologists have shown that the rise of pro-autonomy tendencies is transitory, and mainly a defensive reaction to how Kyiv deals with identity-related issues. In general, if the central government is dominated by members from eastern Ukraine, then pro-autonomy tendencies come to the fore in western Ukraine and the opposite also holds.

For example, research by the Institute of Sociology at the National Academy of Sciences of Ukraine over the last decade shows that during the presidency of the Orange revolution leader Victor Yushchenko (2005-2010), public support for regional autonomy was highest in the Southern and, particularly, Eastern regions. It was supposedly linked to Yushchenko's policy of 'Ukrainianisation' of education, media and culture, and a foreign policy prioritising ties with the West.

When Victor Yanukovych came to power in 2010, polls showed a rise in pro-autonomy attitudes in the Western regions: the share of those in favour of autonomy grew in these areas from 5.4 per cent in 2009 to 16.8 per cent in 2013. Meanwhile, in the Eastern regions support for regional autonomy fell from 33.9 per cent to 21.8 per cent. In the South (minus Crimea which already had autonomy) and centre of Ukraine no statistically significant changes were observed (about 11 per cent and 5 per cent opted for regional autonomy respectively). Meanwhile, the share of citizens supporting the unitary state of Ukraine went up in the East and South of the country in 2013. This illustrates that citizens in Eastern and Southern regions were content with power resting largely in Kyiv once politicians from their region were in government.

Political decentralisation was one of the key demands of Euromaidan

Support for separatism or pro-Russian irredentism in Ukraine has been even more limited than that for regional autonomy. A poll conducted by the Razumkov Centre in December 2013

showed that a mere 13 per cent of the population in the South of Ukraine, including Crimea, and 8 per cent in the East wanted their region to secede from Ukraine and join another country. According to a poll conducted by the Kyiv International Institute of Sociology (KIIS) in April-May 2014, support for separatism was still modest even after the installation a pro-Western government at the end of February 2014. The only exception to this was Donbas while Crimea was not included in the survey. A mere 2.7 per cent of population in the South and 5.3 per cent in the East (without Donbas) supported secession of their region from Ukraine. In Donbas, 29 per cent supported secession, 23 per cent were in favour of greater autonomy in a federal Ukraine and 35 per cent preferred to remain in the current unitary system.

Unlike in other European countries with distinct regions (such as Catalonia in Spain or Scotland in

the United Kingdom), a cry for autonomy has been less an expression of popular self-determination for Ukraine's regions, and more a way for regional elites to gain power and influence in the centralised state. A notorious example of such power games was a threat to establish the South-East Ukrainian Republic expressed by some members of the Party of Regions from the Eastern and Southern regions after Victor Yanukovych's electoral defeat in 2004. After the fall of the Yanukovych administration in February 2014, some politicians from his party also tried to use the revolts in the East to improve their position *vis-a-vis* the new government until violence erupted and they lost control over events.

THE POLITICS OF STATE-PERIPHERY RELATIONS IN UKRAINE

The current system of state-periphery relations was established in Ukraine's 1996 Constitution. The institutional structure at regional (*oblast*) and sub-regional (*rayon*) level include directly elected assemblies. But this structure foremost includes regional and sub-regional state administrations which serve as both the executive committees of the locally-elected assemblies and as representatives of the central government in Kyiv. The heads of the *oblast* and *rayon* state administrations are appointed and dismissed by the president upon a proposal of the cabinet of ministers. About 80 per cent of all national revenue goes to the state budget, and the state administrations even distribute resources within the *oblasts* and *rayons*. Local authorities lack adequate resources to be able to provide basic services and are inherently weak as a result. This system encourages regional elites to compete fiercely for control over the central government and the position of the president.

The heads of *oblast* state administrations (known as governors) have often performed the function of electoral campaign chiefs in their regions to ensure victory for 'the ruling party' in the national elections through the exploitation of administrative resources. In return, the president



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»»»»» would often promote regional elites to the central government to ensure their continued support. The constitutional reform of 2004, which curbed the power of the president while boosting that of the parliament and the government, had little impact on state-periphery relations. The regional and sub-regional state administrations became accountable to both the president and the cabinet of ministers. Although local government reform was a stated aim during Viktor Yushchenko's presidency, it was never carried out.

Over the last decade, all the key parties competing for power in Ukraine espoused decentralisation. Yulia Tymoshenko's Fatherland Party consistently pledged to reform local government structures and in 2006 it even vowed to establish elections for regional governors. When in opposition 2005-2006, Yanukovich's Party of Regions campaigned for a federal Ukraine. It largely abandoned this aim once in office and during the 2007 and 2012 parliamentary election campaigns, promising merely to enhance local government power and minor budget decentralisation reforms.

Prior to 2010, both President Yushchenko and the then opposition leader Yanukovich proposed constitutional amendments to introduce decentralisation. Nothing came of this however as Yushchenko lost the elections, while Yanukovich's reform plans, when in power, were short-lived. With the reversal of the 2004 constitutional amendments in October 2010, Yanukovich centralised power in the presidency. This made for the dominance of one party and representatives from one region (Donetsk) in Ukraine's system of government. Centralisation was also brazenly exploited by the Yanukovich administration for personal enrichment.

In all but two *oblast*, governors were members of the Party of Regions. This was even the case in regions where the assemblies were dominated by opposition parties. Representatives of Yanukovich's home region of Donetsk not only occupied ministries in Kyiv, but also state administrations in other Ukrainian regions. This included the Prime

Minister of Crimea, the only region to enjoy constitutional autonomy: he had come from the Donetsk *oblast*. Centralised control over the state budget allowed generous financing for Yanukovich's home region and businesses owned by members of his party. In 2013, Donetsk received UAH13 billion (Ukrainian Hryvnia), which is equivalent to approximately €1.2 billion, from the state budget – three times its contribution to state finances. However, the ordinary residents of Donetsk scarcely benefitted from this generous fiscal transfer as the bulk of the money was pocketed by Yanukovich and his entourage.

Political decentralisation was one of the key demands of Euromaidan. It was not motivated by an ambition for regional autonomy, but by a desire for democracy and better governance. Throughout most regions in Ukraine, protesters occupied or picketed regional government buildings, demanding the resignation of governors appointed by Yanukovich and greater accountability on the part of the police. The protesters established people's councils – a technique that would subsequently also be employed by separatists in the East.

With the rise of separatism in the Donetsk and Lugansk regions, decentralisation has become a crucial issue in Ukrainian politics. For its part, Russia has demanded that the Ukrainian authorities federalise the state, in the hope of making it weak and unmanageable, thereby boosting Moscow's scope for influence. Meanwhile all the main presidential candidates in the May 2014 election promised decentralisation while preserving a unitary state. The only candidate to promote federalisation was Mykhailo Dobkin from the Party of Regions. He won a mere 5 per cent of the vote.

Public opinion favours decentralisation within the existing unitary state. According to a June poll conducted by the Razumkov Centre, 78 per cent of Ukrainians support a unitary state with decentralised power and increased competences for local authorities, while only 12 per cent favour federalisation. Even in the East a large

majority of Ukrainians are support the concept of a decentralised unitary state (63 per cent).

DECENTRALISATION PLANS

The new Ukrainian government has set out decentralisation and reform of local government as a top priority. The Arseniy Yatseniuk's government had approved of local government reform on 1 April 2014, but most of the legislative changes were not adopted before the presidential elections on 25 May. The incoming President Petro Poroshenko spoke about decentralisation in his inaugural speech, in particular addressing the residents of the turbulent Donetsk and Lugansk regions. He promised to respect regional diversity in Ukraine, so that the rights of local communities to 'distinct historical memory, pantheon of heroes and religious traditions' and the use of regional languages are ensured. Decentralisation, along with early local elections and special status for the Russian language, are part of Poroshenko's peace plan for Donbas. On 3 July, he presented a proposal on constitutional change to Parliament. It included a component designed to reform centre-periphery relations.

Government plans view decentralisation as a means of strengthening the power and institutional capacity of local communities, putting an end to the dominance of state administrations. A basic level of self-government would be concentrated at community level – cities, towns and groups of villages – which would be empowered with their own resources. Local government reform will probably go hand-in-hand with territorial reorganisation. The number of existing local councils and *rayons* is to be reduced by merging them into bigger units. By increasing the size of local communities and the share of revenue that goes to local administrations, the reform seeks to allocate more resources to the community level to improve local authority provision of services.

According to the presidential proposal, instead of the existing regional and sub-regional state

administrations, the *oblast* and *rayon* directly elected assemblies would establish their own executive committees. The President would only appoint his representatives in the regions and *rayons*. The presidential representatives would only be responsible for ensuring that local authorities adhere to the Constitution and laws of Ukraine; that public order, human rights and civic freedoms are respected; and that the activities of territorial branches of the central authorities are coordinated. While the constitutional amendments should empower the elected local, sub-regional and regional assemblies, the introduction of presidential representatives would strengthen presidential influence in the regions at the expense of the government (of which the President is not the head). Unsurprisingly, this has been strongly criticised by Parliament.

In general, decentralisation will transfer a degree of power to local communities and authorities. This should bolster local democracy and improve prospects for local and regional development, provided that adequate mechanisms are established to ensure accountability and transparency. The reform also requires fiscal and budget decentralisation which can be achieved through amendments to the Tax and Budget codes so that local authorities have their own revenues and budget autonomy to better serve local communities.

Whereas the government aims to gain legislative approval for the reform as soon as possible, it is unlikely to make it possible for citizens to elect their new representatives in the local elections scheduled for 2015. The proposed changes of centre-periphery relations are part of a package of amendments to the constitution that also include heavily contested issues such as the balance of power between the president, cabinet of ministers and parliament. Ukraine is heading towards parliamentary elections in October, and only if a new parliament is convened quickly and meets the necessary majorities for a constitutional change on the full package in two necessary readings, will the changes come into effect next year.

»»»»» **CONCLUSION**

Public demand for better local governance expressed during the Euromaidan protests has increased the drive towards decentralisation. The momentum for decentralisation should be maintained and not derailed by upcoming elections and changing political interests as has happened so often in the past. Preparations for implementation – that can also help keep momentum – need to be effective to be able to hit the ground running after approval by a new parliament, hopefully early next year.

Decentralisation reform is however not the short-term answer to resolving the current armed insurgency and pro-Russian separatism in Donbas.

Indeed implementation of decentralisation in Donbas will only be possible if and when the security situation in that region has normalised. But when this is the case, decentralisation will be an essential ingredient of winning trust of Donbas residents. A difficult task as Russia is likely to continue pushing for Ukraine's federalisation. This makes a realistic and nationally agreed decentralisation plan all the more imperative for Ukraine.

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