

Name: Alert ID: TMML2024033335725 Volodymyr Zelensky's inauguration as Ukraine's sixth president on May 20, 2019 was as unorthodox as his profile as a presidential candidate. A political novice, he had made his name and his fortune as a comedian, actor and television personality. And for his debut as chief executive, he decided to infuse some drama and a little slapstick into politics. Zelensky walked to the parliament building to take the oath of office, saluting and high-fiving his fans along the way, even taking selfies with them. He had a broad smile on his face; his body language exuded elation. At one point he jumped up to kiss the bald head of an old friend from his comedy troupe. "My election proves that our citizens are tired of the experienced, pompous machine politicians who over the 28 years [of independence], have created a country of opportunities – the opportunities to bribe, steal and pluck the resources," Zelensky said in his inaugural address. "We will build a country of other opportunities – one where all are equal before the law and where all the rules are honest and transparent, the same for everyone," he said. And then, to the utter shock of onlookers inside the Verkhovna Rada, and awe of the crowds outside and watching on television, Zelensky dismissed the parliament and announced new elections. Zelensky's presidential campaign was a string of performances by his comedy troupe. In outlining his vision, his political program read somewhat like a television script. "I will tell you about the Ukraine of my dreams. It's the Ukraine where the only shots are fireworks at weddings and birthday parties. It's a Ukraine where it only takes an hour to start a business, it takes 15 minutes to get a passport and it takes a second to vote in elections, via the Internet. [...] Where doctors and teachers receive real salaries – and corrupt officials real jail time; where it is the Carpathian forests that are untouchable, not members of parliament," the program stated. He could not have wished for a better result in the ensuing July 21 legislative elections. Zelensky's new and haphazardly minted party, Servant of the People – named for his television show, in which he plays a reformist president – secured 254 seats in the 423-seat Verkhovna Rada, creating a single party majority for the first time in Ukraine's history. In its very first session, the parliament appointed a 35-year-old technocrat, Oleksiy Honcharuk, as prime minister. At that point, Zelensky enjoyed a 70 percent approval rating and Ukraine had the youngest president in its history (41-years-old), the youngest parliament (average age of 41), the youngest prime minister (35) and the youngest cabinet in Europe (average age of 39). The new cabinet was also quickly dubbed "the most liberal" in Ukraine's history, and government leaders pledged 40 percent GDP growth over five years. Oksana Markarova, the finance minister, said at the time that she felt Ukraine was "either on the verge of an epic breakthrough or an epic failure." Zelensky generally received plaudits for his first 100 days in office. But now, just over a year into his presidency, it is becoming painfully clear for many that the breakthrough scenario is not playing out. The Kolomoisky challenge One of the biggest questions about Zelensky has been his connection with Igor Kolomoisky, a prominent oligarch currently worth about \$1 billion. Kolomoisky controls multiple assets across various sectors in Ukraine, including heavy industry, oil and gas, media, ferrous metals and chemicals, agriculture and air transport. In the years prior to Zelensky's presidency, Kolomoisky feared prosecution in Ukraine and resided in Switzerland and Israel. Kolomoisky's media empire supported Zelensky during the election and the two have had a close business and personal connection since 2012, when Zelensky's company, Kvartal 95, signed a contract with Kolomoisky's media holding, 1+1, for the production of sitcoms and films, most notably a comedy show also called Kvartal 95. Kolomoisky has publicly acknowledged that he has continued to talk via telephone with Zelensky since his election, albeit "rarely." During a televised debate two days before the vote, Zelensky vowed Kolomoisky would not get any preferential treatment during his presidency: "If Kolomoisky breaks the law, he will go to jail," he said. Kolomoisky's luck seemed to turn in 2019 following Zelensky's election. He returned home from exile and started winning a series of court cases related to the nationalization of PrivatBank, which he owned until 2016. There are more than 400 suits and countersuits related to PrivatBank in multiple jurisdictions, including Ukraine, the UK, Israel, the U.S. and Switzerland, where the bank's new management is trying to prove large-scale fraud and obtain compensation from the oligarch and his multiple companies. In turn, Kolomoisky is claiming \$2 billion from Ukraine for what he considers an unlawful nationalization, or to grant him shares in a new, recapitalized bank. The National Bank has spent \$5.5 billion propping up PrivatBank. Meanwhile, Valeriya Gontareva, a former governor of the National Bank who is widely credited for cleaning up the sector, has experienced a string of traumatic episodes, including a strange hit-and-run traffic incident in London, arson attacks against her country

home outside Kyiv and her daughter-in-law's car in Kyiv, and a sudden search of her apartment by unidentified masked law enforcers in Kyiv. She has blamed Kolomoisky for her woes, but he has denied any involvement. Unresolved issues surrounding PrivatBank clouded relations between Ukraine and the International Monetary Fund, whose financial assistance Kyiv badly needs. The fund preliminarily agreed to extend a fresh aid package in December 2019 but conditioned the money on Ukraine's passage of legislation that would prevent former bank owners from challenging nationalizations and receiving compensation. It was swiftly dubbed the "anti-Kolomoisky law" in Ukraine. Zelensky dragged his feet on the bill, and eventually had to make deals with other oligarchs, including his predecessor Petro Poroshenko and Ukraine's richest man Rinat Akhmetov to see it passed in parliament with their help because part of his own faction, particularly the MPs with ties to Kolomoisky, tried to sabotage the bill. One of their tactics included filing more than 16,000 amendments to the bill, which would take more than half a year to debate if regular parliamentary procedure was applied. "Zelensky sold himself as a fighter of oligarchs. He only had to take on one oligarch, but he had to align himself with others," Tim Ash, a London-based emerging markets strategist from BlueBay Asset Management, said at an online conference on May 6. The IMF ultimately approved a \$5 billion assistance package for Ukraine earlier this month. Backsliding reforms Zelensky's ties to Kolomoisky seem to be just part of the challenge. The widespread public enthusiasm that accompanied Zelensky's election is dissipating and reforms on multiple fronts are stalling. While the COVID-19 pandemic has certainly upended plans, old patterns can also be seen in recent developments. In early March, just before the pandemic started dominating news, Zelensky and his parliamentary majority drastically overhauled the cabinet. The nation's youngest and most liberal government in history was replaced by more seasoned officials, some of whom had held senior jobs before, but failed to implement reforms. "The cabinet reshuffle was a disaster, there is no other way to describe it," said Ash. More disasters followed as the government struggled to deal with the pandemic. Initially, the government was unable to start national-level procurement of tests, ventilators and protective gear because the new health minister, Ilya Yemets, refused to sign off on the purchases until the national company set up specially for the purpose, Medical Procurement of Ukraine, appointed his recommended candidate as deputy director. The candidate, it turned out, had a criminal record for several instances of shoplifting, in which he was accused of stealing candy bars, canned cod liver, cheese, red caviar, cured meat, and a pot lid from a supermarket. Yemets was replaced after only 26 days in his post, along with a colleague from the Finance Ministry, for ineffectiveness. His successor, Maksym Stepanov, also made missteps, sabotaging the first competitive tender to buy protective suits for medical workers. Instead of buying suits at \$9 apiece from a Ukrainian producer, he signed off on a non-competitive bid for similar Chinese suits at twice the price, imported through a Ukrainian intermediary company. The scheme that was widely condemned as corrupt and parliament's anti-corruption committee ordered an audit of the Health Ministry. The Poroshenko administration had taken steps to reform the medical procurement process, but as the COVID-related procurement debacles underscored, those measures were not entirely effective in altering influential officials' behavior. On May 4, Zelensky criticized healthcare reform as well, and Ukrainian media reported that he was preparing to reverse stage two of the reform process, which had launched on April 1. Stage-two reforms had been designed to channel funding to specialized clinics based on new metrics measuring quality of care and popularity among patients, rather than simpler criteria that had governed the process, such as number of beds and doctors. Elsewhere, Economy and Agriculture Minister Ihor Petrashko said that the national e-procurement system ProZorro was "weird" because it did not prioritize Ukrainian producers and instead picked tender winners by price. His statement made several anti-corruption watchdogs sound an alarm, fearing that the system, which saves Ukraine an estimated 10 percent of the national procurement budget, might also be meddled with. Zelensky has continued sacking newcomers on the reform scene. Many of those now departing are government officials who came to the civil service from the private sector through competitive procedures and were tasked to clean up their respective institutions, including the prosecutor's office, the tax service and customs. As replacements for these and other senior posts, Zelensky is appointing seasoned politicians with sketchy pasts, including a some who were lustrated in the aftermath of the Euromaidan Revolution in 2014. Yemets, the fleeting minister of health, is a case in point: Prior to his appointment by Zelensky, he had served in the same position in the notoriously

corrupt Yanukovich administration. Reforms of the courts, police and the State Security Service have also stalled – bad news for a country where the justice system is often called the main obstacle for the country's political and economic development. On top of that, Zelensky's new government drained money from local budgets to shore up the national budget. This move poses a risk to a reform initiative that empowers municipal government by decentralizing budgetary spending. The new budget also cut back planned revenues from privatization, suggesting that the large-scale sale of state property, which the previous liberal cabinet pushed, might also get paused. The start of a land reform that would allow for the limited sale of agricultural land and which was one of Zelensky's significant legislative achievements, was postponed until the summer 2021 in part because of compromises that had to be made in parliament before the final vote. In yet another troubling development, Zelensky's new Prosecutor General, Iryna Venediktova, appointed after the government reshuffle in March, amended the composition of a commission that vets prosecutors, throwing out independent and international experts. Civil society activists feared the move would stifle any chances for reform of the prosecutorial system. Investigative journalist Oleksa Shalayskiy said that the first year of Zelensky's presidency could be divided into two distinct eras: the first coinciding with the Honcharuk Cabinet, and the second with the government led by Denys Shmyhal, who took over as premier in March. "Tactical steps did not discourage entrepreneurs, and top-level corruption decreased to an acceptable level. The real disruption happened during the reset of the executive branch," Shalayskiy wrote on his Facebook page in May. Despite numerous policy hiccups, Zelensky retains a relatively strong measure of popularity. According to data gathered by the Kyiv Institute of Sociology in June, about 38 percent of Ukrainians would still vote for Zelensky – a far cry from the support he had a year ago, but still much higher than any other politician in Ukraine. It's worth noting, however, that Zelensky's support stood at 43 percent in April, according to the institute's data. Does popular support mean Zelensky will fight corruption? Zelensky, like most of Ukraine's previous presidents, made the fight to contain corruption a central element of his campaign. And like his predecessors, he is falling short in fulfilling his promises. "His heart is in the right place, he wants to change things. But Zelensky doesn't really understand what is required for systemic reform," said Ash, the economist. Zelensky's reform approach, along with his personnel choices, has seemed haphazard and often driven by polls. Civil society activists contend that such methods are the opposite of what is needed to achieve success in anti-corruption efforts for a country like Ukraine, where graft is wily, endemic and perpetuated by entrenched elites. Some recent moves made by Zelensky and his government might actually serve to stimulate corruption. One new rule, for example, limits state salaries for civil servants and top management of state-owned companies to just \$1,700 per month for the duration of the COVID-19 pandemic. The move has generated widespread criticism for alienating well-intentioned professionals who would like to help clean up the system. In his popular TV series, *Servant of the People*, Zelensky played the role of a president who is spotlessly clean and relentlessly fights corruption. Zelensky's supporters are still hoping to see more of that television character in real life. But given the flagging record of his first year, and with four years left in his term, many are starting to worry that Zelensky's presidency may not have a happy ending in which all the loose ends are tied up.