



ONE YEAR OF ZELENSKY'S PRESIDENCY

One Step Forward, One Step Back

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Abstract

The election of Volodymyr Zelensky as president of Ukraine created very high expectations in the society. He built his campaign narrative around three central messages: peace in Donbas, the curtailment of corruption and the end of poverty. The hope that he could deliver on his promises was strengthened with the victory of his party (Servant of the People) in the snap parliamentary elections in summer 2019. It is the first time in the history of independent Ukraine that a single party has a majority in parliament. Therefore, President Zelensky enjoys unprecedented conditions, and, while he still has four years in office, the one-year anniversary is the right moment to make the first assessment.

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Introduction

No president has an easy job. That of Ukraine's president is a very particular challenge. After an election that looked like a captivating television show and where the main actor seemed to be the most surprised by his incredible success, it has been a year since President Volodymyr Zelensky discovered that the many difficulties facing his country do not have simple and quick solutions.

First, there is the socio-political heritage from different eras. Even though Ukraine got rid of Lenin's statues and Soviet city and street names in the wake of the Maidan revolution, the population retains highly paternalist expectations of the state. The legacy of the 1990s reinforced the corruption and nepotism, the seeds of which were already present in the USSR; an oligarchic system was built on this basis. In 2019, the Transparency International index still ranks Ukraine at 126 out of 180 countries by public sector corruption. President Zelensky has nevertheless managed to move forward by adapting important laws on the removal of parliamentary immunity, on the procedure for impeaching the president, and by reinstating criminal liability for the illicit enrichment of civil servants. At the same time, in dealing with Covid-19, he relied on Ukrainian oligarchs to help deal with regions and social groups in distress. Despite the establishment of the High Anti-Corruption Court in September 2019, deputies linked to the oligarch Igor Kolomoiski are actively working certain laws in Ukraine's parliament, the Verkhovna Rada.

Next, the economy is struggling to take off. The Covid-19 crisis obviously has not helped; in the spring, the president even mentioned a possible default without international funding; in particular, credits from the International Monetary Fund (IMF), the European Bank for Reconstruction and Development (EBRD) and the EU. According to IMF forecasts, Ukraine's gross domestic product may contract by 7.7% in 2020, while the public deficit is widening. Unemployment is increasing, as is inflation, although the latter has been somewhat contained. Ukraine has also been deprived of the income of its many migrant workers in EU countries (according the World Bank, Ukrainian migrants' financial

transfers amounted to \$11 billion in 2019 or more that 10% of the GDP),¹ as they risk not finding work during the current crisis. The global economy, along with the business climate, is not enabling the influx of investments that the country needs. However, two laws were adopted in spring 2020 to, on the one hand, facilitate relations with investors and, on the other, meet IMF requirements: a land law that authorizes the sale of agricultural land² and a banking law that makes it impossible to return nationalized banks to their former owners (a so-called “anti-Kolomoiski” law, it aims in particular to prevent the return of Privatbank, nationalized in 2016, to its initial owner, the oligarch Igor Kolomoiski). Among the successes, we can note a program of financial state support for micro and small business, “Affordable Loans at 5-7-9%”, and a new gas transit contract with Russia concluded for five years, with the possibility of extending for another 10 years.

Finally, there is the legacy of 2014, with the annexation of Crimea by Russia and the war in eastern Ukraine, the consequences of which will probably persist for many years despite the sanctions and mediation efforts deployed in the framework of the Minsk and Normandy format agreements. Between the desire of public opinion to see peace return to this region without losing territory or population, the intransigence of the Kremlin concerning the order of execution of the stages of the Minsk agreements, and the pressures of the Western partners for whom the Donbas issue is less and less a priority, the Ukrainian president's room for maneuver is narrow. We have seen this in March 2020 with the creation of the Consultative Council with the leaders of the separatist republics, which has led to domestic accusations that Zelensky has legitimized them and finally to the *de facto* abandon of this initiative by Kyiv in last June. It has nevertheless recorded some humanitarian successes, with the return of 135 prisoners and the development of crossing points on the contact line. Escalation in this region is still possible, and political negotiations have little prospect of respecting the territorial integrity and sovereignty of Ukraine while satisfying the Kremlin. Meanwhile, relations with the United States have been made more tumultuous by the scandal involving the son of Democratic Party candidate Joe Biden and his business in Ukraine.

Ukraine's great asset is its civil society: dynamic, ready to take to the streets to fire faulty leaders, believing in European values more than many

1. World Bank, 22 April 2020, www.worldbank.org.

2. That is a crucial but controversial law legislation. If it is welcomed by investors and the president Zelensky qualified it “vital to support [Ukraine's] economy today”, the bill has sparked controversy and protests in Ukraine. Critics fear that opening up the land market will lead to a takeover by foreign owners or giant holdings.

Europeans themselves, and sometimes taking the place of the failing state, as in providing aid to displaced persons from Donbas. But this is an asset that must be preserved: more and more Ukrainians are choosing the routes of emigration, which have become more difficult because of Covid-19. It is not for nothing that Zelensky in his inaugural address called on Ukrainians from the diaspora to return to the country. He also suffers from a lack of executives who are at the same time loyal, experienced and not stuck in the swamps of corruption and nepotism. This probably explains certain criticized appointments (of show-business colleagues or of the head of the Presidential Office, Andriy Bohdan, former lawyer for the oligarch Kolomoiski, or, on another level, the nomination of Saakashvili as the head of the executive committee of Ukraine's National Reform Council) and the instability of the ruling teams (dismissal of the Honcharuk government in spring 2020).

A year after his election, one observes the declining trend in the president's popularity (although he remains the politician whom Ukrainians trust the most), and the loss of a majority in parliament. The honeymoon between the "apprentice president" and Ukrainian society is certainly over. However, if the successes are few, resounding failures have also been avoided. The question arises of the strategy for the future. New challenges await the president, such as the autumn local elections in the regions, several of which have displayed tensions with the central government during the Covid-19 crisis. It is obviously too early to draw the final conclusions on the activity of an atypical Ukrainian president, but a nuanced analysis can and must be made of this first year of Zelensky in office: this is what is proposed in this report by two acute Ukrainian political analysts, Leonid Litra and Alyona Getmanchuk.

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An Overview of Reforms Under Zelensky: From Turbo-Mode to Low-Gear

Zelensky's public perception and his political agenda

For the last five years, Ukraine has been in an active phase of legislating and institution-building around key reforms: fighting corruption, reforming the energy sector, decentralizing, and so on. Now the proof has to be in the pudding: these institutions and laws will have to deliver results, and the new president, backed by the Verkhovna Rada (Ukrainian parliament), has an important role to play.

The first 100 days in office for Volodymyr Zelensky showed huge optimism and public belief in support of reforms. Zelensky had 70% approval in Ukrainian society,³ a parliament fully controlled by his party Servant of the People, and a cabinet tailored to the agenda of the president. On the one hand, the monopolization of power is posing a threat to the checks and balances. On the other hand, it is a chance for quick reforms to take place. At the start of his presidency, President Zelensky was perceived by 66% of the population as the main promoter of reforms. In the first months of his presidency, at his initiative, the parliament adopted a series of reforms that were positively assessed by Ukrainian society and the international community. The laws were adopted at a very high speed— a process that was coined as “turbo-mode reforms”.

However, one year later, the perception of Zelensky's work has started to change. Society is divided: 46% consider the president as successful, while 45% do not.⁴ Nevertheless, he would still win elections by a landslide, which proves that, despite his lowering support, he is currently an undeniable leader and a “PR guru” able to win the hearts and minds of Ukrainians.

3. “100 dniv prezydenta Volodymyra Zelenskogo: opytuvannya ekspertiv” [100 days of President Volodymyr Zelensky: experts survey], Democratic Initiatives Foundation, DIF, August 2019, available at: <https://dif.org.ua>.

4. “Rik prezydenta Zelenskogo...” [Year of President Zelensky], Kyiv International Institute of Sociology, May 2020, available at: www.kiis.com.ua.

At the same time, one year after Zelensky's election, the turbo-mode transformed into a low-gear regime, which slightly contributed to the erosion of the president's popularity. Along with decreasing popularity, the window of opportunity for passing painful but necessary reforms is closing. That is why President Zelensky prefers often to pursue immediate results rather than long-term goals. This also explains his lack of strategic vision and sometimes unclear nominations. Former Prime Minister Oleksiy Honcharuk, once a close person in the president's entourage, said that currently Zelensky was in "informational quarantine", meaning that he is not informed properly about ongoing developments in the country. The reason for the "informational quarantine" is said to be the alleged inability of president Zelensky to receive bad news and thus, he is not properly informed about negative developments in the country. In addition, Honcharuk depicts three groups of people around Zelensky. First, the group of people who pursued real reforms which also significantly shrank. Second, those who use Zelensky for growing their own political capital and avoid unpopular topics. The president is in search of talented managers who often offer themselves to various state positions. Once appointed, some of these people show modest results, but often take care of their public perception; and, quite often, they do not hold office for a long time, which explains why there is such a high turnover of top officials. The third group gathers people who seek not to create problems for the president and support and push his leadership; these are mostly his close and most trusted associates.⁵

The first group almost disappeared, because usually these are professionals for whom professionalism comes first and loyalty to the president comes second. These were people such as former Prosecutor-General Ruslan Ryaboshapka and former Customs Service head Max Nefyodov. The second group has limited influence. The most important is the third group, which is the most influential and loyal to the president. It is made up of Zelensky's close associates such as Sergiy Shefir, first aide of the president; Ivan Bakanov, head of the Security Service of Ukraine (SBU), and Andriy Yermak, head of the President's Office. In the third group, over 30 government positions were filled by Zelensky's associates, who had previously worked for his comedy programs. The fact that the president mainly hires his associates from the production company "Kvartal-95" he founded is increasingly becoming a problem for his public perception.

5. "Goncharuk: Zelenskogo pomistyly v informatsiyniy karantyn" [Goncharuk: Zelensky was placed in informational quarantine], *Ukrayins'ka Pravda*, 14 May 2020, available at: www.pravda.com.ua.

The appointment of former Georgian president Mikheil Saakashvili as head of the Executive Reform Committee of Ukraine, although is not related to any of the above three groups, is a significant development. At the moment, Saakashvili's appointment is expected to create more challenges than benefits for Ukraine, both internally and externally. Internally, memories of Saakashvili's previous experience as an official in the Ukrainian government suggests that some internal conflicts and distracting noise could arise, rather than successful reforms. Externally, his appointment will hardly help Ukraine to improve its cooperation with its international partners. Georgia, at least, clearly showed its disappointment with the Saakashvili assignment. This concern is shared by some of Ukraine's Western partners, especially those who warned former Ukrainian president Petro Poroshenko back in 2015 not to appoint Saakashvili as Odessa governor, due to his reputation and unpredictability. The problem with Saakashvili is that he is not loyal (something which for Zelensky is very important) and does not always take to working in a team. But Zelensky has an affinity with Saakashvili, who also likes radical and prompt moves aimed at quickly delivering results. This is one of the reasons why Zelensky appointed Saakashvili and even considered him for Deputy Prime Minister for Reforms. At the same time, the very fact of initially proposing Saakashvili for the latter position indicates poor understanding of the reform process itself. Ukraine's reform agenda is a broad and comprehensive undertaking that necessarily involves every ministry and cannot, by definition, be the responsibility of one person.

The perception of Zelensky could be complicated even more by the ongoing alleged political prosecution of former president Poroshenko, which some believe is orchestrated personally by the president,⁶ which Zelensky denies.⁷ Although the vote for Zelensky was widely prompted by disappointment and negative feelings towards Poroshenko, his destiny is not the main problem in Ukrainian society. Voices in the EU and the US have already criticized the prosecutor general for focusing on prosecuting Poroshenko and suggested that this may seriously damage the image of Ukraine abroad.

The weakening of Zelensky's popular support also affects his party, Servant of the People, which faces internal conflicts along the lines of settlement strategy in Donbas, fight against corruption and the faction is increasingly influenced by the oligarchs—although Zelensky has denied

6. V. Makszimov, "Poroshenko Called In for Questioning Ahead of Court Date", *EURACTIV*, 26 June 2020, available at: www.euractiv.com.

7. "Zelensky: I Don't Do Political Persecution, Poroshenko Just Playing Victim", *Interfax-Ukraine*, 23 June 2020, available at: en.interfax.com.ua.

this as well. This has led to the erosion of party unity, which also affected the ability of the mono-majority to adopt laws. For instance, out of 25 laws adopted in March 2020, only seven were passed with sufficient votes from Servant of the People.⁸

The main achievement of the president's first year is his contribution to the adoption of the law on land reform as well as the law on insolvent nationalized assets. The adoption of the land law removes the moratorium on agricultural land sales. Although the law was adopted in a truncated version, it opens the way for agricultural land circulation and thus capitalization of an asset that was out of the market. The major concern with the current law is actually the requirement regarding a referendum included in the law, which could open the way for reversing the reform given the low level of awareness of the population regarding the benefits of removing the moratorium on agricultural land sales. The foreigners are still banned from purchasing agricultural land in Ukraine. These may be allowed to purchase land only upon if it is approved by a national referendum.

The second achievement is the so-called "anti-Kolomoiski" law, a banking law that forbids the return of insolvent and nationalized banks to their former owners.⁹ It is interesting that both laws have been driven by the International Monetary Fund (IMF) agenda in order to conclude a new loan agreement, which proves that financial conditionality remains one of the key driver of reforms.

Despite Zelensky's declared intention to become more independent from the oligarchs (e.g. Kolomoiski), it remains unclear whether his willingness was truly genuine or whether he was merely forced to adopt the law, which would complicate his relations with the oligarchs even more. It is widely believed that the primary driver for the adoption of the law was not the desire to distance himself from Kolomoiski, but the difficult economic situation and the urgent need for a new IMF loan. In March 2020, Zelensky even admitted that Ukraine was on the verge of default.¹⁰ Therefore, as a result of the adoption of the laws, in May 2020 the IMF concluded a new program with Ukraine worth \$5 billion, which

8. C. Gherasimov and I. Solonenko, "Rule of Law Reform after Zelenskyi's First Year: A Return to Business as Usual in Ukraine", *DGAP Analysis*, No. 4, German Council on Foreign Relations, 26 May 2020.

9. Igor Kolomoiski was one of the main shareholders of Privatbank, which was nationalized by Ukraine in 2016 under Poroshenko's presidency.

10. "Zelenskij zaiavil, chto Ukraine ugrozhaet defolt" [Zelensky has declared that Ukraine is on the verge of default], *Gordon.ua*, 29 May 2020, available at: <https://gordonua.com>.

also opened the way for the EU to disburse the next tranche of macro-financial assistance, worth €500 million (loan).

The IMF program and other important financial support is of paramount importance for Ukraine given the negative effects of the corona crisis. The Covid-19 pandemic in Ukraine seems to be widely under control, although there are some regions where the virus has affected a greater proportion of the population. President Zelensky saw an opportunity to raise his profile while managing Ukraine's response to the virus (introducing tests, devices for artificial respiration, etc.) and broadcasting an address to the nation, explaining Ukraine's strategy and next steps. His communication campaign bore fruit; the polls suggest that 51% of people consider Zelensky successful in managing Ukraine's response to the virus.¹¹

At the same time, the pandemic altered the perception of various external actors. One of the main beneficiaries appears to be China, which to some extent has strengthened its soft power in Ukraine during the Covid-19 pandemic. According to one opinion poll, 34% of Ukrainians believe that China can help Ukraine most effectively in the fight against the pandemic, while only 10% chose the EU and 9% the United States.¹² The public perception may disappoint Ukraine's main partners, given that the EU, UN and US were the biggest supporters of Kyiv in fighting Covid-19.¹³ Even more disappointing was that some high-ranking officials praised illiberal approaches to combat the virus, in a clear allusion to the Chinese measures. Beijing will try to use the momentum to deepen cooperation with Ukraine. However, another opinion poll showed that 26.1% of Ukrainians think that China is responsible for the creation and spread of the virus on purpose, followed by 10.9% the US and 4% Russia.¹⁴

One has also to highlight the role of Antonov planes in delivering medical supplies from China to NATO member countries as part of the fight against the pandemic, which shows that Ukraine can contribute meaningfully to Euro-Atlantic security. The program is supported by NATO through its Strategic Airlift International Solution (SALIS) of which nine NATO allies are part of (Belgium, Czech Republic, France, Germany,

11. "Rik prezydenta Zelenskogo...", *op. cit.*

12. "Otsinka uspishnosti vlady ta reaktsia suspil'stva na podiivi, pov'yazani z epidemiyeyu koronavirusu" [Evaluation of government success and society's response to events related to the coronavirus epidemic], Kyiv International Institute of Sociology, March 2020, available at: www.kiis.com.ua.

13. "Coronavirus Diplomacy. How International Partners Are Helping Ukraine to Fight COVID-19?", New Europe Center, 5 May 2020, available at: <http://neweurope.org.ua>.

14. Dumki i pogljady naseleennja Ukrainy shodo pohodzhennja koronavirusu I jogo poshirennya v sviti: traven-cherven 2020 roku [Opinions and views of the population of Ukraine on the origin of coronavirus and its spread in the world: May-June 2020], Kyiv International Institute of Sociology, June 2020, available at: <http://kiis.com.ua>.

Hungary, Norway, Poland, Slovakia and Slovenia). In addition, Antonov delivered medical cargo to other NATO countries such as Romania, Greece, Ireland, Spain, Portugal, Canada and the US. Very few other non-NATO member countries have made such striking contributions to NATO operations in recent years. It also serves to counter claims from opponents of Euro-Atlantic integration that Ukraine has nothing to offer the Western world and can only engage on the basis of charity.

Economy: modest results and imminent risks

One of the central messages of President Zelensky related to improving the economy and attracting investment. The appointment of reform-minded Oleksiy Honcharuk as prime minister brought mixed results. The slowdown in gross domestic product (GDP) growth (from 4.1% in Q3 2019 and 4.6% in Q2 2019 to 1.5% in Q4 2019),¹⁵ the contraction of industrial production and the inability to meet tax-collection targets were one of the key reasons why Zelensky opted for a government reshuffle in which Honcharuk was sacked and Denys Shmygal was appointed as prime minister—although the opponents of Zelensky claimed that the reshuffle was mainly motivated by the failing ratings of the president.¹⁶

In the first months of the new Rada session (2nd semester 2019), several key legal acts essential for the implementation of the Association Agreement (AA) with the EU and its Deep and Comprehensive Free Trade Area (DCFTA) were adopted. In many cases, the drafts were prepared earlier, but these were pending in the Verkhovna Rada for a long time. Among these, one has to note a set of legal acts related to the technical barriers to trade reform that are needed to launch the negotiations on the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) with the EU, an important milestone in relations between Kyiv and Brussels. The positive trend continued with the long-awaited reform related to the customs area, including the law on authorized economic operators, the customs transit convention, etc.

The financial area also saw positive developments, with the adoption of the “Split Law” directed at rearranging financial market regulation. There are also several important achievements by the National Bank of

15. “Ukraine’s GDP Growth Slows to 1.5% in q4 2019—Statistics”, *Interfax-Ukraine*, 14 February 2020, available at: <https://en.interfax.com.ua>.

16. T. Prince, “Zelenskiy’s Big Move: Will ‘New Brains and New Hearts’ Revive the Same Old Problems in Ukraine?”, *Radio Free Europe/Radio Liberty*, 6 March 2020, available at: www.rferl.org.

Ukraine (NBU), such as low inflation and a sound banking system amid the crisis. However, these achievements are not really attributable to Zelensky. Sometimes there is a feeling that the continued independence of the NBU is preserved just because cooperation with the IMF is needed. The resignation of NBU head Yakiv Smoliy, citing political pressure, illustrates the complexity of the situation: ensuring political priorities while fulfilling IMF conditions.¹⁷ The appointment of a new head who is equally distant from the IMF and from Ukrainian politics was a relatively good exit strategy.

The major failures are related not so much to economic policy as to institutions and the rule of law. The counterproductive moves in these spheres ruin the economic policy fundamentals. This refers to the change in the public service law allowing faster hiring/firing of public servants, which was adopted in 2019. In 2020, with Covid-19, the deterioration in the system intensified, with a collapse in the system of transparent competition. There are significant problems in healthcare reform, including both the proper launch of the second-tier reform and the chaos in drug procurement. There are also increasing threats to public procurement reform, including to the public e-procurement system Pro-Zorro, which was one of successes of Poroshenko's presidency. The customs, tax and other reforms are also at risk after changes in top management.¹⁸ These developments might well put at risk the reform progress achieved in recent years.

Energy: an optimistic sector development

Unlike other sectors, the energy sector has developed and reformed constantly since the 2014 Revolution of Dignity, including during the last year. Among the achievements are the conclusion of the gas transit deal with Gazprom based on the EU Third Package legislation, preceded by the completion of the Naftogaz unbundling. The positive trend with the EU-inspired reforms in the gas sector continued with the opening of the gas market for households.

The current favorable situation with the oil prices on the market provides an excellent opportunity for Ukraine to create its own oil reserves, which is a commitment under the Association Agreement with the EU.

17. "Ukrainian Central Bank Chief Resigns, Citing Political Pressure", *Radio Free Europe/Radio Liberty*, 1st July 2020, available at: www.rferl.org.

18. V. Tregubov, "Zelensky's Spring 2020 Purge Targets Reformers", Atlantic Council, 12 May 2020, available at: www.atlanticcouncil.org.

At the same time, the electricity market is plunging into a serious crisis, given the imbalance in the prices of energy produced from conventional sources and renewables, which makes necessary an increase in electricity prices. President Zelensky has given the impression that he is not willing to back any price increase,¹⁹ which indicates that he is afraid of losing popular support – which is inconsistent with his previous statements that he does not care about his political rating.

The Russian-led Nord Stream II (NSII) project, aimed at increasing Gazprom prominence and German role in the EU energy supplies, as well as the threat of further Russian aggression in Ukraine and weaken Kyiv economically, since the latter will not be needed for Russia to transport gas to the EU, merit special attention. Stopping the NSII became a top political priority in Ukraine. While the NSII problems increased significantly in the last year, Zelensky can not be held responsible for this. NSII has contradictions with EU legislation and thus it should not receive special conditions. At the same time, the existing and potential future US sanctions make the project even more problematic. On top of that, the reputation of the project is widely negative, and the message of Ukrainian stakeholders for the European companies involved is that the longer they stay in the project, the bigger the losses will be.

Rule of law and anti-corruption: a top priority for reform of Ukraine

President Zelensky started his mandate with some significant progress in the area of rule of law and anti-corruption. Above all, he appointed a reform-minded prosecutor-general, Ruslan Ryaboshapka, whose work was positively assessed by both Ukrainian society and Western partners. Ryaboshapka started to reform in depth the Office of the Prosecutor-General, which is currently seen as one of the most under-reformed law-enforcement institutions in Ukraine and has been used for years as a tool for political repression and business control, as well as a source of high-level corruption.²⁰ The efforts of Ryaboshapka were not welcomed by part of the elite, who pushed for his dismissal. In March 2020, the parliament dismissed Ryaboshapka, and Zelensky tacitly supported this, which showed that for him it was more important to get a loyal prosecutor than a reformist one. The dismissal of Ryaboshapka and appointment of

19. "Veto dlia Ahmetova. Zelenskij otklonil memorandum s 'zelenym' biznesom: dva stsenariia" [Veto for Akhmetov. Zelensky declined memorandum with "green" business: two scenarios], *Liga Business*, 26 May 2020, available at: <https://biz.liga.net>.

20. V. Makszimov, "Ukraine Prosecutor Gets Sacked, Raising European Concerns", *EURACTIV.ua*, 6 March 2020, available at: www.euractiv.com.

Venediktova in his place marked the end of reform of the prosecutor's office. Venediktova, who is considered to be very loyal to the president, often looks after dossiers that are considered politically charged. One of them is the prosecution of former president Poroshenko, and another the potential case of the Burisma company, which could become a pretext for an investigation that would damage the reputation of US Democratic candidate Joe Biden, whose son was affiliated with this company.²¹ In fact, the refusal of Ryaboshapka to prosecute Poroshenko is said to be one of the main reasons for his sacking by Zelensky.²²

Instead, President Zelensky played a positive role in pushing certain reforms that had been delayed or reversed by the previous leadership. The foundation of the High Anti-Corruption Court (HAC) and the adoption of a law clarifying the jurisdiction of the HAC was an important step to finalize the creation of the full cycle of anti-corruption bodies. The law on HAC jurisdiction helps to prevent the court from having to deal with thousands of small cases that would block its work and make the investigation into high-level corruption unfeasible.²³ The president also supported the adoption of a new law on illicit enrichment, which was declared unconstitutional at the end of Poroshenko's term. On top of this, Zelensky supported the reshuffle of the National Agency for Corruption Prevention, which has been ineffective over recent years.²⁴ A very important step was the involvement of international experts in the selections of the High Qualification Commission of Judges. However, Zelensky faces the same problem as Poroshenko: no "big fish" are being put behind bars despite a lot of investigations taking place. For Zelensky, the main action that would demonstrate a fight against corruption among high-ranking officials and revenge on the previous leadership would be the conviction of Poroshenko, which is now in the pipeline. In this way, Zelensky would increase his popularity among the population, which currently is not satisfied with his results in fighting corruption. According to a recent poll, 73% of Ukrainians think that Zelensky is not successful in encouraging the prosecution for corruption of representatives of the previous government (against 16% who

21. P. Ivanova, V. Tsvetkova, I. Zhegulev and L. Baker, "What Hunter Biden Did on the Board of Ukrainian Energy Company Burisma", *Reuters*, 18 October 2019, available at: www.reuters.com.

22. B. Ben, "Bohdan Ben: Ukraine Moves One Step Closer to Jailing Poroshenko", *Kyiv Post*, 13 June 2020, available at: www.kyivpost.com.

23. "Joint Statement of the Nabu and the Sapu Regarding Amendments to the Law on the High Anti-Corruption Court of Ukraine", National Anti-Corruption Bureau of Ukraine, 17 July 2019, available at: <https://nabu.gov.ua>.

24. "Zelensky Signs Law Ensuring Efficient Work of National Agency for Corruption Prevention", *Ukrinform*, 17 October 2019, available at: www.ukrinform.net.

think he is successful) and 66% think he is not successful in reducing the level of corruption among officials (against 26% who think he is).²⁵

However, the victories of Zelensky were shadowed by several reforms that are still pending, like the reform of the Security Service of Ukraine (SBU). The SBU has a great deal of power in many areas, including in financial violations, which basically represent a threat for the business climate in the country. The SBU submitted a draft law that paved the way for reform but it was criticized by many experts in the area, who claim that it is mostly cosmetic.

The second serious issue is the position of Minister of Internal Affairs Arsen Avakov, who survived Poroshenko and kept his position under Zelensky. The current president needs Avakov for “his links to the dark side of the Ukrainian deep state, against which the President’s young reformers are often powerless”.²⁶ The “state within the state” created by Avakov allows him to use the police for his political agenda; so far, Zelensky has not challenged him in any of his actions.

More defense means more security?

The defense and security sector became of crucial importance after the 2014 Russian aggression. During the tenure of President Poroshenko, the sector was revived and expanded with a multi-billion budget. However, the corruption scandals that involved close associates of Poroshenko turned public opinion against him.

President Zelensky capitalized on corruption scandals in the defense sector and announced huge reform of the Ukroboronprom (an association of multi-product enterprises in the military-industrial complex) and the wider sector. There have also been serious attempts to push for the creation of a specialized ministry, which would deal with the defense industry and define the policy on armament production, which is considered a controversial idea. Such a ministry could effectively manage the defense corporations, but it would entail considerable expense, and could lead to a conflict with the reform of Ukroboronprom. For now, an important positive development is the adoption of a law on state defense procurement, which regulates the roles of stakeholders. But most importantly, the defense procurement procedure will be transparent and competitive, while the state will no longer regulate prices. The market would have to fix them instead.

25. “Rik prezidenta Zelenskogo...”, *op. cit.*

26. K. Skorkin, “Last Man Standing: How Avakov Survived in Ukraine”, Carnegie Moscow Center, 12 February 2020, available at: <https://carnegie.ru>.

Despite the public opposition to his predecessor, Zelensky ensured the continuity of many processes. For instance, the defense budget continued to have systemic support, and increased in the last year to \$5 billion (5.45% of GDP), which is the biggest defense budget in Ukraine's history. The same applies to the implementation of NATO standards, to which Ukraine committed with Poroshenko and which is currently on the agenda under Zelensky. In this respect, it is worth mentioning that important changes were implemented in the management of the defense sector in line with NATO standards, which separate the logistic and policy functions within the sector.

Despite the positive developments in the defense sector, certain processes are lagging behind; notably, the adoption of the new National Defense Strategy was delayed, while there is lack of agreement on a series of documents relating to it.

Decentralization: the most successful reform?

Decentralization is considered one of the most successful reforms since the Revolution of Dignity in Ukraine. Ukraine inherited a rather centralized system after the collapse of the Soviet Union, when the government retained control over a wide range of competences. As a result of the reform, new “amalgamated communities” (*ob'ednannja teritorial'nih gromad*) have more opportunities to enlarge local budgets and to acquire more tools to develop themselves. Out of 1,300 amalgamated communities projected by the reform, 1,029 were already created as of June 2020. Of the communities not yet created, 110 are experiencing serious conflicts and disagreements.²⁷ The government thus decided to move from a voluntary to a mandatory process of amalgamation. The issue of the finalization of the reform is even more pressing because of the local elections that are supposed to take place in October 2020.²⁸ To conduct local elections in line with the original plan, the process of amalgamation has to be finalized and changes in the Ukrainian constitution need to be adopted, which would also provide a clear division of various levels of subordination. The changes to the constitution were proposed in December 2019 but were severely criticized by local elites and international partners, since they deviated from the spirit of decentralization; on the contrary, they reinforced a top-

27. “Shmygal rozpoviv yak prosuvaet'sa reforma dezentralizatsii” [Shmygal informed about the decentralization reform], *ZN.ua*, 25 May 2020, available at: <https://dt.ua>

28. S. Solodkyy, T. Levoniuk, *et al.*, “The Link between Decentralization and EU Integration”, New Europe Center and Centre for East European and International Studies, 2020, available at: <http://neweurope.org.ua>.

down system, under the label of prefects. If the changes do not happen, Ukraine will find itself in the strange position of conducting local elections in amalgamated communities according to the decentralization reform and according to the old system.²⁹ The government made the first step by adopting the decision to reduce the number of “rayons” from 490 to 138, which was voted by the parliament.³⁰ Decentralization remains one of the most successful reforms, but risks collapsing if the process is not finalized this year.

Do oligarchs rule in Ukraine?

Zelensky admits that oligarchs have a strong influence on Ukrainian political life but denies they have any influence on him.³¹ Judging by his statements, he does not want to destroy the oligarchic system, but rather wants to compromise with the oligarchs as he understands it would be hardly possible to go through a de-oligarchization process and survive politically.³² This is especially important in the context of Zelensky's recent statement that he is considering a second term—although he promised he was being elected for just one term. He tried to balance relations with oligarchs and big business in March 2020 when he gathered at the presidential office 15 representatives of big business, including Rinat Akhmetov, Viktor Pinchuk and Igor Kolomoiski, reminding them that “Ukraine has fed them for a long time, now it's time to help the country”³³ and asking them to create a fund of \$500 million to help fight Covid-19.³⁴ As a result, Akhmetov, Kolomoiski, Igor Palytsya, Pinchuk, Andriy Verevsky, Yuri Kosyuk, Andriy Stavnitser and Olexandr Yaroslavsky divided up the regions of Ukraine for which they are responsible.³⁵ In terms of reducing the influence of oligarchs, it appears that President Zelensky,

29. “V Ofisi prezidenta zvyuvachuyut' miszevu vladu v zatyaguvanni prozesu formuvannya OTG” [The Office of President is accusing local authorities of procrastination over LAC formations], *ZN.ua*, 14 May 2020, available at: <https://dt.ua>.

30. “Rada umen'shila kolitchestvo rajonov v Ukraine s 490 do 138” [Rada has reduced the number of regions in Ukraine from 490 to 138], *Delo.ua*, 17 July 2020, available at: www.delo.ua.

31. “Zelenskyj zaiavil chto oligarkhi ne mogut nadavit' na nego” [Zelensky declared that oligarchs are unable to pressure him], *Ukrainskaia Pravda*, 20 May 2020, available at: www.pravda.com.ua.

32. V. Fesenko and S. Gaidai, “Zelenskij: Odin rik na posadi prezidenta” [Zelensky: One year of the presidency], *Radio Free Europe/Radio Liberty*, 20 May 2020, available at: www.youtube.com.

33. “Zelenskyj poprosil u oligarkhov 12 mlrd griven” [Zelensky asked oligarchs for UAH 12 billion], *LB.ua*, 16 March 2020, available at: <https://lb.ua>.

34. “Zelenskyj prosil oligarkhov vzyat' oblasti pod kuratorstvo iz-za Covid-19” [Zelensky asked oligarchs to take over the supervision of regions because of COVID-19], *Ukrayins'ka Pravda*, 23 March 2020, available at: www.pravda.com.ua.

35. “Zelenskyj zaiavil chto oligarkhi ne mogut nadavit' na nego”, *op. cit.*

similarly to his predecessor Poroshenko, adopted the strategy of selective de-oligarchization, with the result that some oligarchs are in trouble, like Poroshenko, while others are doing well.

An Overview of the First Year of Zelensky's Foreign Policy: No Breakthroughs, No Failures

For President Zelensky, foreign policy is not as important as for his predecessor. It is a tool to deliver on his major electoral promises: ending the war in Donbas, getting rid of corruption, and improving the economic situation.

During his presidency, Zelensky has shown a skeptical attitude to diplomacy and diplomats in general. For him, the key to a successful foreign policy is the management of personal relationship with other international leaders. He has also focused on cultivating bilateral relations with EU member states (Germany, France and Italy) rather than with the EU and its institutions, showing his belief that much could be pushed forward with the support of powerful EU member states. Moreover, one could depict from Zelensky's narrative that he wants Ukraine to play a more independent role in international relations; i.e. not to be subordinated or externally governed either by Russia, the EU or the US. To some extent, he has already managed to reduce the role of international partners in shaping Ukraine's foreign policy.

Instead, Zelensky made economic diplomacy the core of his foreign policy, which is widely supported by the population who see the "economization" of foreign policy as the top priority for Ukrainian diplomacy.

Taking stock of the first year of Zelensky's foreign policy, one can say that the president has widely preserved the main foreign policy directions that were taken under his predecessor. He proved his attachment to European and Euro-Atlantic aspirations and close cooperation with the West. At the same time, he has demonstrated a different approach to that of his predecessor. Above all, the question of the Russia-sponsored conflict in Donbas became the main priority for Zelensky's policy, inadvertently making relations with the EU and NATO a secondary priority. The president's choice clearly illustrated his foreign policy agenda during the five-year term. Probably for the first time since the Euromaidan, admission

to the EU is not perceived as a top priority in the presidential office, government and the parliament, but rather as a bureaucratic process.³⁶ With Zelensky, Ukraine's approach to EU integration has involved fewer political statements and more low-profile internalization of the integration. That does not necessarily mean that EU integration has been sidelined; still, the settlement of the conflict in Donbas took the lead.

One must praise Zelensky for his small achievements in the settlement process, without accepting Vladimir Putin's terms. Although he made certain concessions to unlock the dialogue, he could not cross the "red line" imposed by Ukrainians, who want peace but not at any price.

Zelensky's foreign policy has been strongly subordinated to his electoral promise to achieve peace in Donbas. But at this still rather initial stage of peace talks, this has not much affected Ukraine's Euroatlantic choice. There is a concern in Ukraine that, among others, one of Russia's key conditions for advancing the peace talks on Donbas could be the request that Kyiv give up its ambitions to integrate with the EU and NATO. However, the more Ukraine advances in the negotiations with Russia, the more the issue of Ukraine's integration could become part of the agenda. This means that the two priorities—to end the war in Donbas and to integrate with the West—are hardly compatible, at least while Putin stays in place. That is one of the explanations of why Zelensky took clear political leadership on Donbas and why he did not do the same on the EU and NATO.

Zelensky's strategy regarding the peace process complicated Ukraine's positioning in the world. Under Poroshenko, everything was more or less clear: Ukraine is a victim of Russia's aggression, it needs assistance, support, and allies. The world was divided into two camps: the aggressor and its (mostly) marginal associates; Ukraine as a victim and its (mostly) respectable allies. Now the picture is blurrier. The president has made a clear attempt to refocus Ukraine's foreign policy from the search for allies to the search for investors. However, after the first year of his presidency, he did not secure either new powerful allies (new initiatives with Ukraine's allies), or new strategic investors.³⁷ At the same time, certain effects of the changes in Ukraine, such as the law on circulation of agricultural land, could bring investments in the coming years.

36. L. Litra, "Are the EU and NATO Still a Benchmark for Ukraine?", ISPI, 17 April 2020, available at: www.ispionline.it.

37. A. Getmanchuk, "Diplomacy vs Diploymakacy: The First Year of President Zelensky's Foreign Policy", New Europe Center, 13 April 2020, available at: <http://neweurope.org.ua>.

Instead of securing new powerful allies, Zelensky improved Ukraine's relations with its Western neighbors, especially with Poland, a long-term strategic partner, and to a certain degree began normalizing relations with Hungary. The relations with Warsaw and Budapest were, maybe, the most problematic bilateral cases under Poroshenko's presidency because of differences in interpretation of historical issues with Poland, and Ukrainian language and education laws with Hungary.³⁸

So far, Zelensky's mixture of a Donbas-centered and economically driven foreign policy strategy has reaped few results, but he still has time to deliver, or to amend this strategy.

The West and reforms

As noted above, unlike his predecessor, Zelensky publicly appears to be less vulnerable to the recommendations of Western partners. This became particularly evident in the situation with the dismissal of Prosecutor-General Ruslan Ryaboshapka. Ambassadors of the G7 in Ukraine, apparently not considering the specificities of Zelensky's style of adopting decisions, did a disservice to the dismissed prosecutor-general when they decided to petition the president for Ryaboshapka remaining in this position. As a result, there was a risk of G7 toxicity at ambassadorial level for Zelensky, although previously they were among the most effective Western reform drivers at the local level.

Zelensky's presidency also came at a time when certain Western partners were finally beginning to feel their co-ownership over some of the reforms. Under the previous president, such an involvement of Western partners was seen as a serious asset, but, under Zelensky, the external pressure for domestic reforms has slightly weakened, at least at the level of public perception.

Over the course of his presidency, Zelensky has demonstrated more and more clearly that the era of co-ownership over Ukrainian reforms is coming to an end. From his perspective, Ukrainian reforms are a domestic and sovereign issue. This causes some disorientation among Kyiv's partners, and, apparently, not every supporter of reform has adapted to the new reality, acting by inertia in some situations. This is especially evident when it comes to individual officials in EU institutions, who have invested a great deal of time and energy on certain reforms and are still trying to see

38. A. Getmanchuk, "How Ukraine Returns Poland", RPR, 11 December 2019, available at: <https://rpr.org.ua>.

progress and, at the same time, maintain their access to the decision-making process.

Complicated relations with the United States

The management of relations with the US has been one of the biggest challenges for Zelensky. It looked like Kyiv's relations with Washington were a diplomatic disaster, and we are still witnessing the consequences of this.

During Zelensky's presidency, Ukraine became a toxic subject in Washington. Managing relations with Ukraine became a punishment not a reward, which may explain why the US did not find a replacement for former US special representative to Ukraine Kurt Volker.

The bilateral agenda is still trapped by the impeachment saga. The perception of the US among Ukrainian decision-makers has deteriorated recently. This was mainly caused by the fact that the White House allegedly requested that Ukraine provide kompromat against the Joe Biden family. The story of kompromat from Ukraine seriously undermined the US image in Kyiv as one of the major reform drivers. Moreover, the upcoming presidential elections in the US give little chance for Zelensky to deepen cooperation with the US even though his approach and positions sometimes resemble those of Trump more than any other world leader. He represents a special blend of skepticism toward traditional diplomacy, a leaning toward the pragmatic dimension of foreign relations, and the bilateral rather than multilateral track, etc.

For the next few months, Zelensky has to avoid Ukrainian involvement in the US presidential campaign and maintain the bipartisan support in the Congress, which represents the major asset of Ukraine in the US.

EU and NATO: focusing on results

The fact that the EU is almost absent from the speeches of high-level officials, except line ministers, is the new norm that characterizes Zelensky's strategy: to manage expectations regarding the EU and potential membership, and not pretend that Ukraine is seeking what is not actually available for Kyiv—i.e. membership. For Zelensky, it is important not to permit any rollback on what has been already achieved, although this happens sometimes. On top of that, the government looks for practical achievements, such as the signing of the “industrial visa-free” (ACAA) agreement, revision of the Association Agreement and the inclusion of

Ukraine in the EU's announced Green Deal. Broadly speaking, it was the right step made under Zelensky's presidency to pragmatize Ukraine's integration into the EU and NATO, to focus on practical achievements rather than loud statements. In the case of NATO, it is more about adaptation of NATO standards and implementation of the Annual National Program (ANP) and, since recently, of the Enhanced Opportunity Partnership (EOP).

In the case of the European Union, there is another serious challenge: the idea that European integration is harmful for the Ukrainian economy is becoming increasingly popular within the president's entourage. The statement of the head of the Servant of the People faction indicating that current conditions in the economic part of the association agreement are insufficiently advantageous for Ukraine is only one example of the increasing skepticism.³⁹ This is a worrying trend that needs to be worked on. Reviewing the Association Agreement could be legitimate if it is based on arguments. At the same time, discrediting European integration by labelling it as harmful does not help in achieving better economic conditions with the EU.

At the same time, Ukraine continues its engagement within the Eastern Partnership program, although Zelensky prefers to build its relations bilaterally than multilaterally. Ukraine remains interested in the EaP, but it wants an ambitious and tailored EaP that would be relevant for Kyiv and would match its aspirations.

Ukraine's road to Asia

The EU and NATO integration remains one of the top priorities of Ukraine's agenda. At the same time, Ukraine has started to look towards Asia as a direction that would complement its European aspirations.

Foreign Minister Dmytro Kuleba leads the development of an Asia strategy⁴⁰ that would help Ukraine to navigate the region and develop mutually beneficial relations. The idea is to show that less Europe in Ukraine does not necessarily mean more Russia. It could also be more China, for example. Looking at China is by no means accidental. In 2019 China became Ukraine's number one trading partner, accounting for 7.2%

39. Y. Vinokurov, "Ukraina peresmotrit assotsiatsiiu s ES, no evropejskij vektor ostanetsia prioritetnym—'Sluga naroda'" [Ukraine will reconsider its association with the EU, but the European vector will remain a priority—"Servant of the people"], *Hromadske*, 23 January 2020, available at: <https://hromadske.ua>.

40. D. Kuleba, "Ukraine's Road to Asia", *The Diplomat*, 30 April 2020, available at: <https://thediplomat.com>.

of all Ukrainian exports. Some other countries are becoming an increasingly important market for Ukraine; for example, India accounts for nearly 7% of Ukraine's total agricultural exports.

However, Ukraine will have to manage its relations with Asian countries carefully, especially when it comes to China; the closer the cooperation with Beijing, the more turbulent could be the partnerships with the US and the EU. The example of aircraft engine manufacturer Motor Sich, which was supposed to be acquired by China, is relevant here. Although the deal was closed in 2017, the ownership has been contested following an investigation by the SBU, suspecting Motor Sich of illegal supplies to Russia, which could be considered as state treason. But the biggest problem is that the US has been determined to block the deal so that China does not get access to the technology of Motor Sich.⁴¹

To a great extent, the first year of Zelensky's presidency was marked by inertia in relations with the West, particularly with the EU and NATO, but also by consideration of new directions, such as Asia. However, Zelensky enters his second year on his own terms—above all, by further prioritizing the settlement in Donbas, by lowering expectations regarding EU membership, and by promoting bilateralism with European countries over EU multilateralism.

41. K. Gorchinskaya, "Ukraine Prepares to Snub China in Aerospace Deal with U.S. Help", *Forbes*, 17 February 2020, www.forbes.com.

Ukraine's Vision and Efforts in Managing the War in Donbas

President Volodymyr Zelensky declared his ambition to achieve peace in Donbas, based on the Minsk Agreements and Normandy Format, by the end of 2020. His rush to achieve progress in the settlement process derives from his electoral promise to achieve peace in Donbas. However, the “Donbasization” of his policy (settlement first) along with the self-imposed deadline to achieve peace by the end of the year could lead to unintended repercussions. What originally appeared to be Zelensky’s strength during his electoral campaign has turned out to be the biggest vulnerability of his presidency, as Russia skillfully seeks to benefit from Zelensky’s promise to deliver results.⁴²

The important difference between Zelensky and Poroshenko is that Poroshenko pursued a “security first” strategy while Zelensky’s approach is “people first”. Zelensky’s strategy was aimed above all at improving the conditions for ordinary people affected by the conflict. By stating that prisoners’ release would be his priority, he put himself in a weak position toward Russia. As a result, Vladimir Putin knew he could demand concessions from Zelensky since the latter has to deliver on his promise to release prisoners. The prisoners’ exchange could be seen as a Zelensky strength in Ukraine, but it made him extremely vulnerable in his talks with Moscow.

Zelensky showed a genuine interest in advancing the conflict settlement during his first year in office. Unlike Poroshenko, he did not hesitate to be the first to make painful concessions to Russia. He accepted the “Steinmeier Formula”⁴³ (which provides for synchronization of elections in the occupied regions, with the entry into force of a special status) and completed the disengagement of Ukrainian troops from several sectors at the border between Ukraine and the so-called “People’s

42. L. Litra, “The Repercussions of Zelensky’s Deadline for Donbas”, IEP, 7 May 2020, available at: <http://iep-berlin.de>.

43. Steinmeier’s formula calls for elections to be held in the separatist-held territories under Ukrainian legislation and the supervision of the OSCE. If the OSCE judges the balloting to be free and fair, a special self-governing status for the territories will be initiated and Ukraine will be returned control of its easternmost border. More at: C. Miller, “Explainer: What Is the Steinmeier Formula—And Did Zelenskiy Just Capitulate to Moscow?”, *Radio Free Europe/Radio Liberty*, 2 October 2019, available at: www.rferl.org.

Republics". Zelensky's concessions were heavily criticized in Ukraine and have triggered protests there. The anger of protesters was sparked by the lack of concessions from the Russian side and thus by the unilateral steps of Ukraine. Furthermore, despite the president's pledge to move forward with the conflict settlement, he is unable to do so due to continued lack of reciprocity from the Russian side.⁴⁴ Zelensky tried to use Steinmeier's Formula to find a compromise on holding elections in the east of Ukraine, but he has run into a stark reality: Moscow and Kyiv's interests remain irreconcilable.⁴⁵

Any concessions from this point onwards that are not matched by the Russian side could further harm the standing of Zelensky, whose popularity is already fading. Additional contested steps could lead to greater polarization and internal conflict in Ukrainian society. The Kremlin has been testing the limits of Zelensky's presidency by pushing for unpopular decisions and has managed to achieve considerable concessions (Steinmeier Formula, disengagement). Zelensky was sharply criticized by members of his own party for taking into consideration the recent "Minsk"-based initiative for the creation of a "consultative council" between Ukraine and the separatist entities. The coming-together of the MPs from his own party with the declared pro-European opposition showed Zelensky that he had limited room for making more commitments in managing the conflict settlement, and that the self-imposed deadline, which is causing him to rush forward, could cost him his political career.

In its quest for achieving peace by the end of the year, the Ukrainian government was even ready to conduct elections in the occupied regions in the fall of 2020. Considering there is no stable ceasefire, the demilitarization of the region is not progressing, and in light of the various administrative obstacles, the results would be highly contested both among Ukraine's wider population and its political class. This shows that any fast-track settlement process that lacks public and political support and severely harms Ukrainian interests could lead to more internal conflicts and to an unsustainable conflict settlement.

For any breakthrough in the Donbas peace talks, two kinds of consensus are needed, at the Rada and within Ukrainian society. Currently, 70% of Ukrainians are not satisfied with the way Zelensky is dealing with the peace talks. Nor is the consensus needed currently available.

There is no doubt that Zelensky is still committed to finding a solution. The first year of his presidency clearly showed that, to end the war, it is not enough to have political will in Kyiv. The major factor here is Putin's understanding that no Ukrainian president will be allowed by

44. L. Litra, "The Repercussions of Zelensky's Deadline for Donbas", *op. cit.*

45. L. Litra and D. Allan, "Zelensky Finds That There Are No Easy Solutions in Donbas", Chatham House, 23 October 2019, available at: www.chathamhouse.org.

Ukrainian society to end the war on Russian terms. Zelensky promised to end the war, but it turned out that Ukrainians don't want him simply to end the war—they want him to win the war, or at least not to lose the war.

Conclusions

President Zelensky had a dynamic first year in office. He did not manage to deliver on any of his key promises, but he did launch an active set of actions that could bring results in the years to come. The quick reshuffle of government and various state positions showed that he was in search of the optimal configuration to be successful and that he cared about results.

Despite the lack of any breakthrough in his first year, there are reasons to praise Zelensky. Above all, he was the driving force behind the law on circulation of agricultural land, something that no president before him had the courage to push for. At the same time, although he tries to manage his relations with the oligarchs and does not pursue active deoligarchization, he proved that he is (mostly) independent of Igor Kolomoiski by pushing the law on return of insolvent and nationalized banks to their former owners.

Zelensky also deserves appreciation for the transformation of the conflict in Donbas. During his first year in office, the human dimension became a top priority for Ukraine and the overall settlement is the number one priority of the country's leadership. The president understood that achieving peace in Donbas is not a matter of one meeting or one year, but managed to bring back prisoners of war and hostages from Russia—a small but important step. He also made concessions to Russia, although without crossing the red line, by accepting the Steinmeier Formula and starting unilateral disengagement at several points at the border, despite heavy criticism. His actions were not matched by Russia, which instead of similar steps put forward new demands. By this, he demonstrated that Ukraine is a source of peace and the responsibility for the deadlock in the settlement process lies with the Kremlin.

The president did not manage to address in a coherent way the reforms aimed at strengthening the rule of law, transformation of the judiciary system and the fight against corruption. Although some intermediary positive developments took place in these areas, considerable efforts, inclusiveness and cooperation are needed to deliver results. The prosecution of Poroshenko is a bad development for the image of Ukraine and for Zelensky. Although his core electorate could perceive Poroshenko's conviction as a victory against corruption, the problems of Ukraine are way more complex and deeper than that. It would also open the way for increased political friction and polarization.

Zelensky also changed Ukraine's approach to foreign policy by making the economy and investment the core priority in dialogue with Kyiv's partners. At the same time, his approach falls short of significant achievement. Moreover, economic growth has slowed down and will get even more problematic due to the coronavirus side-effects.

The president's approach to the EU, NATO and the US has been widely marked by inertia, although certain positive developments, such as the inclusion of Ukraine in NATO's Enhanced Opportunities Partnership Program (EOP), took place. His approach of talking less and doing more is appreciated by many of Ukraine's partners although for Russia this seems insufficient.

Overall, Zelensky enters his second year on his own terms. Dynamic, important and occasionally risky developments can be expected to take place in Ukraine.

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