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FROM GEORGIA WITH LOVE:

A STUDY OF POLICY TRANSFER FROM GEORGIA TO UKRAINE'S ODESSA REGION

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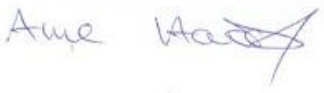
Signature: 

Abstract

Despite the Revolution of Dignity in 2013/14, one of Ukraine's most powerful internal enemies prohibiting a smooth functioning economy remains corruption. Praised for far-reaching reforms in this area, former Georgian President Mikhail Saakashvili was made Governor of Odessa oblast on May 30, 2015. Odessa is one of Ukraine's key regions due to its economic importance, its strongly russified population and its proximity to Russian-controlled territory. Over the course of 1.5 years, Saakashvili and his mainly Georgian team fought for implementing neoliberal anti-corruption concepts developed during the reforms in their home country. The team resigned on November 7th, 2016 leaving most of them unrealised.

Employing Dolowitz's and Marsh's framework for analysing policy transfer processes, this thesis assesses the process of policy transfer from Georgia's national to Odessa's regional level with a focus on problems leading to its failure. Not only can this study contribute to broadening the spectrum of the policy transfer literature which mainly focuses on positive and horizontal cases at national level and Western borrowers and lenders. It also sheds light on recent events in the war-torn country.

Findings show that the process was one of neoliberal projectification. An interlinked set of problems led to its failure including the dubiety of overall policy objectives, resistance at national and local level, a lack of available instruments at regional level and of trained administrative and implementing personnel for the mission, the foreign reformers' knowledge gaps on the oblast and Russia's strong influence in the region.

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Abbreviations

CEE	Central and Eastern Europe
CS	Civil Society
D&M	Dolowitz and Marsh
EUEAS	European Union External Action Service
IRF	International Renaissance Foundation
IRFK	International Renaissance Foundation Kyiv
IRFO	International Renaissance Foundation Odessa
PM	Prime Minister
PSC	Public Service Centre
PSS	Post-Soviet space
PT	Policy Transfer

1. Introduction

Despite the Revolution of Dignity in 2013/14, one of Ukraine's most powerful internal enemies preventing a smooth functioning economy remains corruption. While the country ranked 142th out of a 175 in the Transparency International 2014 Corruption Perceptions Index, it still came 131th out of 176 in 2016 (Transparency International 2015;2017).

Blamed for this devastating situation are the country's oligarchs who have been viewed as the most powerful actors for the last ten years (Pleines 2017:5). Profiting from the intransparent economic and political system, their business model is not based on competition and free markets but on draining the state through opaque deals with political actors. Moreover, oligarchs control many companies located in the banking and energy sector relevant to the functioning of the Ukrainian system. Regarding public service delivery, additional income is generated from the current system through small- and large-scale bribery (Pleines 2017:6). The sectors most affected are the State Auto Inspection, courts, police, the Prosecutor General's Office and healthcare system, followed by the public administration (Kyiv International Institute for Sociology 2015).

Reflecting on the state of transparency and rule of law, corruption is perceived as a problem equal to the Crimea-annexation and the military conflict in the Eastern parts (Zacharow 2016:6). Despite the government proclaiming a policy of de-oligarcisation, the situation has not changed after Euromaidan (Kyiv International Institute for Sociology 2015). The pace of reform introduced by President Petro Poroshenko and his government is at best unsatisfactory to most Ukrainians (see annex 1).

One successful example of reforms under the flagship of anti-corruption is Georgia. There, the United National Movement under its leader Mikhail Saakashvili is credited for having conducted drastic reforms between 2004 and 2013. These ranged from dismissing former officials to the introduction of neoliberal concepts that strongly complicated and prevented corruption (see e.g. Coffey 2015). While Saakashvili faces lawsuits on multiple criminal charges in his home country, on May 30th 2015 he was appointed Governor of the oblast Odessa[1]. Odessa oblast is one of Ukraine's economically and strategically paramount regions with the country's biggest port being located in Odessa city and due to its proximity to Russian-controlled Crimea. The province's population is ethnically diverse and strongly russified;

[1] Administrative divisions similar to provinces (see annex 2)

Odessa carries a symbolic role in the concept of the Russian World. Despite Odessa constituting a relatively wealthy oblast, it is known as one of the most corrupted in Ukraine.

After Saakashvili's appointment, a team of foreign technocrats, mostly Georgians, came to Odessa to implement reforms based on the Georgian experience. Over the course of 1.5 years they fought for deregulation and the destruction of structures allowing for corruption and bribery. While at least initially, Odessa was often described as a pilot project for the whole of Ukraine, many projects could not be realised or remained strongly restricted resulting in Saakashvili's resignation on November 7, 2016.

The reforms in Ukraine based on Georgian experience are an example of non-horizontal international policy transfer (PT). While Ukraine is not the only country Georgian knowledge is transferred to, it provides an opportunity to study the process of PT between Eastern European countries, PT at non-national level and to "explore the [AH: under-researched] relationship between transfer and policy success or failure (Dolowitz and Marsh 2000: 5)". Findings can serve to improve other cases of PT in Eastern Europe and beyond.

This thesis is divided as following. First, a closer look is taken at Dolowitz's and Marsh's (D&M) framework for assessing the process of PT (1996 and revised in 2000), at categorisations of obstacles and relevant case studies (chapter 2). The framework is then employed to analyse the process of PT from Georgia to Odessa oblast, followed by an examination of the problems encountered (chapter 3). The main findings are summarised in the conclusion which also outlines areas for further research (chapter 4).

2. Policy Transfer and Methodology

With enhanced contact through globalisation, the alignment of policies becomes increasingly frequent. The concept of PT, crucial mechanisms and constraints are examined in the next sections as a foundation for the subsequent analysis.

2.1. The Concept of PT

This chapter introduces the concept of PT and suggests a framework for analysing respective processes. Furthermore, it investigates possible obstacles and categories of PT-failure to, lastly, summarise existing research on PT in Central and Eastern Europe (CEE) and the post-Soviet space (PSS).

2.1.1 PT

D&M define PT as a process by which "knowledge about how policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political setting (2000: 5)." The field emerged from the area of policy diffusion studies (Evans 2010:244). Policy diffusion discloses little about the process of transfer except from identifying diffusion mechanisms through its focus on patterns, processes, conditions and resource conformity of innovation diffusion (Evans 2010:244, Stone 2004:547). Contrarily, PT literature exposes contents and political dynamics internal to the investigated system and the role of agency. By including altering dynamics of political interests and polities' socio-cultural composition it acknowledges that solely the adaptation of a policy in one context does not lead to its adaptation in another (Stone 2004:547). Evans summarises this in his criterion of intentionality. Cognition and redefinition of interests based on fresh knowledge and altering central ideas behind policy approaches are needed as the deliberation of public policy is situated within a wider system of ideas understood and fostered by the policy-making community (Evans 2010:251 after Hall 1993). This system specifies the most salient issues to be addressed, the policy goals and instruments to do so.

To comparably examine these processes, respective frameworks are needed. In their attempt to develop a comprehensive theory of PT, D&M (1996, revised in 2000) put together a wider conceptual framework "classifying all possible occurrences of transfer, voluntary and coercive, temporal and spatial (Evans 2010:254)". To do so, the authors built on existing literature in the field, especially Rose (1991, 1993) and Bennett (1991, 1992b). Within the framework, PT is

understood as an "iterative process, involving the adoption of policies across a number of different nations, and subsequent adaptations within individual nations" (D&M 2000: 6). The model is more inclusive than foregoing ones, as the wide definition of PT allows for the inclusion of both voluntary and coercive intra-and inter-state processes and transfers. Explaining causes and outcomes of PT processes, PT simultaneously constitutes the dependent and independent variable (Evans 2010:254). To structure this work much of the analysis at hand is based on D&M's PT-framework (see annex 3).

Criticism particularly highlights two different characteristics: The broadness of the PT-definition, as it makes a separation of transfer from other forms of policy-making difficult, and the insufficient explanation of policy change (James and Lodge 2003:181f.). Moreover, borders between coercive and voluntary transfers remain spongy as governments also feel pressure to learn during lesson-drawing (Holzinger and Knill 2005:779).

2.1.2. The Framework

The suggested framework centres on six questions summarised in two classes:

1. *The transfer's characteristics*: What is being transferred? Where are lessons drawn from? What is the degree of transfer?
2. *The reasons for transferring*: Who are the key actors involved in the process? Why? What are restrictions or facilitations of the process in terms of the transfer's success or failure?

These are subdivided into five categories: *'actors and authors of PT', 'origins or levels of idea generation', 'the degree of PT', 'underlying motivations'* and *problems leading to the failure of PT*. They are explained in the following section.

Regarding actors and authors, PT requires the so-called 'agents of change', whether that change is voluntary or coercive (Evans 2010:244). The degree of PT and the engagement of a country depend on them (D&M 2000:8). Agents can be the lending state/institution/actor, the borrowing state/institution/actor, both or a third party promoting the transfer (Evans 2010:244). Different types of agents work simultaneously and agents' roles - borrower or lender - can change over time. After all, PT remains a dynamic bargaining process of interdependent and interacting agents.

Officials rather focus on 'hard transfers' of policy practices and instruments through formal decision-making, legislation and regulation (Stone 2004:556). Contrary to this, third parties mostly work through non-state mechanisms and are important facilitators for convergence and learning. As part of transnational advocacy networks they engage in 'soft transfers', i.e. diffuse ideas, behaviours, perceptions and discourses among officials and the broader public and, thus, considerably influence state agenda-setting (Stone 2004:550, 555). Scientists or individuals, non-bureaucrats, non-politicians and non-government experts from any profession or discipline with the authority to claim disposition of policy relevant knowledge are nested in a variety of national, transnational and international organisations forming epistemic communities (Stone 2004:549). These include interest groups and NGOs, think tanks, consultant firms, law firms, banks and social movements. However, non-state actors remain dependent on governments or international organisations for successful PT.

D&M summarise transfer agents in nine categories: "elected officials, political parties, bureaucrats/civil servants, pressure groups, policy entrepreneurs and experts, transnational corporations, think tanks, supra-national governmental and nongovernmental institutions and consultants (D&M 2000:8)."

Secondly, a large share of the PT-literature outlines three different motivational streams: Voluntary transfer/lesson-drawing, negotiated transfer and direct coercive transfer (Evans 2010:245). D&M broaden the spectrum to six stages (see figure 1).

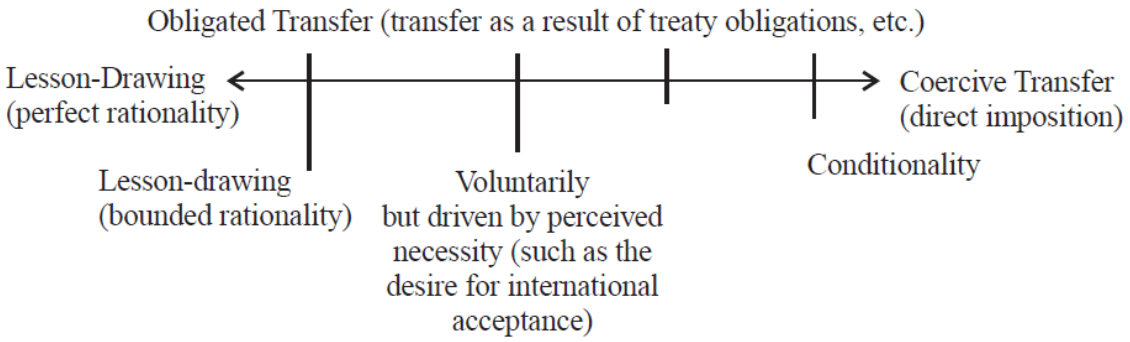

Figure 1: From Lesson-Drawing to Coercive Transfer (D&M:2000)

'Lesson drawing' under perfect rationality connotes the voluntary, rational and 'cheap' response to dissatisfaction with the existing status quo, new agendas after changes in government or public management or political managers attempting to promote political allies and nullify enemies (see also Evans 2010).

Other stages range from *lesson-drawing with bounded rationality* to *voluntary transfers driven by perceived necessity* e.g. to gain international acceptance. Competitiveness with neighbouring countries can be a motivator for the voluntary discontinuation of policies in this context. As Weyland highlights, the diffusion of policies is often geographically clustered (Meseguer and Gilardi 2009:535 after Weyland 2007). *Obligated transfer* e.g. stemming from treaty obligations and *conditionality* constitute two more motivational stages. Influential donor countries and international (financial) institutions can exert pressure for change through incentives like grants, loans or other forms of investment tied to conditionality. Lastly *coercive transfer* refers to the direct imposition of policies against a people's will.

According to Evans, a degree of coerciveness is typical for so-called developing countries due to their dependence on external funds while so-called developed countries rather employ lesson-drawing (2010:245). Self-contained and government-controlled programmes independent of external supporters are more likely to be voluntary than the ones dependent on external actors and especially international organisations. These mostly add a coercive component (D&M 2000:16). In periods of stability and wealth, PT is more likely to be voluntary. Contrarily, in times of crisis coercive elements increase.

Regarding the transferred contents, D&M, identify four degrees of convergence. Firstly, c*opying* refers to a direct transfer without modification. Secondly, e*mulation* means accepting an idea, policy, programme or institution as the best standard for developing one in the own context. Thirdly, ideas are often taken from various jurisdictions and the own intervention emerges as a *mixture* or hybridisation of multiple policies and inspirations adapted to local needs through selective borrowing (D&M 2000: 13, Stone 2004:549). Lastly, an idea causing actors to look at issues from a different perspective facilitating change is called *inspiration*. Consequently, a policy or programme can inspire change without the final outcome drawing on the original measure.

Ultimately, different key actors' motivations and the timing of PT-introduction are decisive variables for the type of transfer, thus, policy chosen. Identifying key actors while taking into account the particular programme helps to position transferred policies on the motivational continuum. The continuum also allows tracking motivational changes over time and helps to categorise empirical work, hence, simplifying the otherwise strongly complex study of PT.

Finally, D&M separate three *levels of governance* ideas and lessons can be transferred from: international, national and local units and systems. Horizontal transfer occurs between nation states but also between sub-national units. Vertical transfer works in both directions between

the national and local level, i.e. regional or local policies can be adapted to the country level and vice versa. Most studies of PT still investigate horizontal transfers between national levels and positive cases. However, perfect rationality and information are rare; actors are biased and can be influenced. Agents often make decisions based on wrong assumptions about the consequences of a policy in new circumstances as well as about the economic, social and political differences between the lending and borrowing system (D&M 2000: 14). Identifying the factors leading to a transfer's success or failure is, therefore, pivotal for successful PT (D&M 2000: 17). Focusing on constraints leading to PT-failure, these factors are examined in the following section.

2.1.3. Constraints and Failure of PT

To circumvent analytical limitations posed by unclarity about the terms "success" and "failure", D&M suggest to instead focus on the "extent to which PT achieves the aims set by a government when they engaged in transfer, or is perceived as a success by the key actors involved in the policy area (D&M 2000:17)".

Firstly, lesson-drawing is expected to be successful as the policy has been successful in another setting. However, PT-agents still face a set of constraints such as the complexity of a policy, path-dependency, and other structural and institutional obstacles affecting feasibility. Lastly, ideology, cultural proximity, technology, economic and bureaucratic features and language constraints can hinder PT-success. These mechanisms work simultaneously: even if ideological goals are shared present policies and practices still place constraints (Bache and Taylor 2016:282). The more power is given to past influences regarding future developments the less the adaption of external lessons becomes likely (Rose, 2001: 4).

Looking at the cognitive dimension of PT, Stone further suggests that PT is more effective where learning has taken place (2004:546). Three sets of constraints regarding policy-oriented learning from the lender's or implementer's perspective are identified by Evans (2010:246f.):

Cognitive obstacles, i.e. the course in which policy issues are recognised and determined in the pre-decision phase of policy development, the energy devoted to the search for alternatives, existing structures' and policy actors' receptivity and the complexity of deciding on a policy. The greatest cognitive barriers usually arise from the organizational culture in place and the need for alternatives' effective cultural assimilation.

Environmental obstacles arise in the absence of effective elite and cognitive mobilisation scenarios, a lack of cohesive PT-networks prohibiting efficacious learning, other institutional, political, economic or social structural constraints and ordinary technical obstacles of

implementation. These include clear objectives, rules and hierarchies, required skills for implementation or financial resources' allocation.

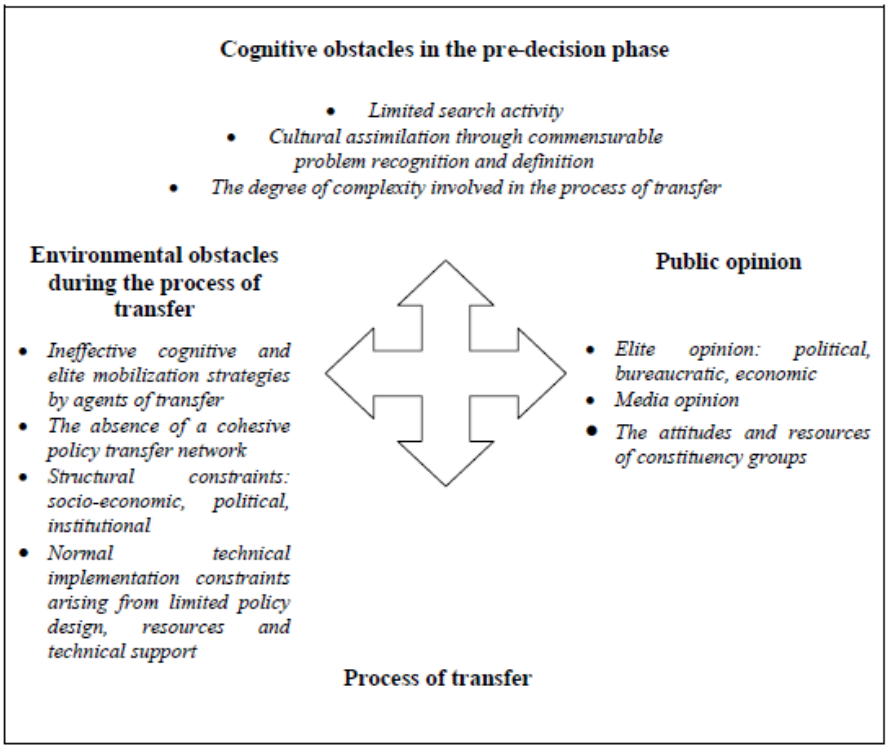

Figure 2. Potential Obstacles to Processes of PT (Evans:2010)

While not explicitly mentioned but reflecting Hall's public policy deliberation, figure 2 proposes *public opinion* as the third obstacle. This includes political, bureaucratic and economic elites', the media's opinion and constituency groups' attitudes and resources.

As Berry and Berry highlight, some bureaucratic segments are more open towards PT than others (1999:179). Reasons can be the presence or lack of an international professional or epistemic community, resource and time constraints during a policy's development, political sensitivities and individual or collective aversion towards external inspiration (Stone 2004:550).

D&M summarise these findings in three categories of PT-failure:

1. *Uniformed transfer*: the borrowing country may not have sufficient information about the transferred policy or programme and its modus operandi in the originating country.
2. *Incomplete transfer*: Elements leading to the success of the respective policy in the lending country can be left out.
3. *Inappropriate transfer*: the role of economic, social, political and ideological contexts in both countries can be insufficiently evaluated or ignored (2000:17).

Focusing on CEE and the PSS, the next chapter turns towards examining PT in practice.

2.1.4 PT in Practice

Regarding PT from the EU to CEE, many studies have highlighted that policies' success depends on national and regional institutions' capacity to design healthy strategies, the effective allocation of resources and efficient administration of EU funds (see Bachtler & Gorzelak 2007; Cappelen et al. 2003; Milio 2007). Moreover, feeble coordination, lack of skills, high staff turnover and continuous institutional modifications disturb planning and implementation (see e.g. Bachtler & McMaster 2008). Summarising most of these factors as costs of PT, according to Lavenex's and Schimmelfennig's power model (2009), these combined with external incentives are located at the fulcrum of Europeanising transfers' turnout: Where costs of adaptation are lower, democratic and aquis-conditionality more credible, transfers are more likely to succeed. However, external incentives are expected to lead to a rather formal adoption of policies while social learning and lesson-drawing through epistemic communities initiate behavioural adoption and compliance. Generally, policies transferred via these two latter streams face fewer domestic resistance in the borrowing polity and trigger more efficient implementation in the absence of continuous monitoring and impending sanctions (Schimmelpfenng and Sedelmeier 2004:674).

While Noutcheva and Aydin-Düzgit's research (2011) on fluctuations in the rule-of-law standards in EU accession countries, namely Croatia, Turkey and Albania, acknowledges that adequate state capacity and an EU accession perspective are necessary, they rather see differential empowerment, i.e. "the genuine, partial or non-alignment of the ruling elites' domestic incentives with the EU incentives (2011:59)", as decisive mechanism. Only when changes served the political interests of the ruling elites domestic structures were altered through the EU's provision of material benefits to and external legitimacy of the incumbent elites.

Moving one step further, Börzel and Pamuk (2011) show that differential empowerment even leads to policy adaptation in least likely cases. The Caucasian region, an area comprised of post-Soviet states, is one of the most corrupted worldwide. Despite facing high adaptation costs, low levels of democracy and the lack of a membership perspective, Armenia, Azerbaijan and Georgia implemented Europeanising institutional changes with a predetermined focus on anti-corruption measures within the European Neighbourhood Policy-Framework. Borrowers did not remain passive recipients: own survival strategies and the EU's demands for domestic change were aligned with the regimes in charge selectively implementing anti-corruption measures and stripping them of their normative dimensions. Consequently, instead of fostering

good governance, these helped to advance internal interests, bolster and reinforce political power of authoritarian and corrupt elites.

The authors also take a critical look at the '*Wunderkind*' Georgia. Due to its greater dependence on EU- and foreign funds and its better democratic quality, the country experienced a paramount decrease in corruption levels and an increase in statehood since 2003, i.e. since Saakashvili came to power. However, successes in anti-corruption also helped to consolidate Saakashvili's political power through remunerating allies and ousting rivals. This was publicly accepted because of the high levels of salience and the strong public visibility of the fight against corruption. International criticism was averted and foreign assistance and investments attracted. Key modifications included strengthening the country's statehood through ameliorating institutional capacity allowing to enforce public policies and promote economic expansion. Learning can, thus, be of a rather tactical nature making political will and leadership the crucial factors of any kind of PT; functioning administrations and institutions solely facilitate the process (Noutcheva and Aydin-Düzgit 2011:75). Therefore, differential empowerment of incumbent elites plays a key role in enabling PT (Börzel and Pamuk 2011:93). Moreover, as Bache and Taylor (2003) show in their study of PT in higher education from the UK to Kosovo after 2001, it is not only elites' alignment of interests that is crucial for successful transfers. Policy resistance as a strategy of responding negatively to pressures from actors exogenous to a social group can be successful even when lenders dispose of more political, legal, financial, organisational and informational key resources. In situations of asymmetrical interdependence even the most 'subordinate' actors dispose of tactics and resources deployable against policy changes (2003:283). Techniques are influenced by the historical context. In Pristina, resistance techniques had been shaped by authoritarian and subordinate experiences from Communist and Serbian domination times after 1989, were low-level, subtle and often sold as cooperation via hidden transcripts. Despite verbal acceptance practice did not change. Instead irrevocable change was avoided, actors were careful not to empower other local actors. Emulation only took place in areas where no policy had been in place prior to the transfer, thus, making a defence of the status quo impossible and in areas deemed less important (Bache and Taylor 2003:297).

Regarding policy resistance and probably also valid to the concept of differential empowerment, the United Nations Mission in Kosovo observed: "The social realm does not remain idle, waiting for the international community to allocate attention and resources. Any vacuum of authority is filled by domestic actors (2002: 3)." Therefore, a broad consensus

among government and societal actors on the positive contribution of the policy lessons investigated is a prerequisite for sustainable and effective policy coordination or implementation (Stone 2004:548).

Looking at how policies were transferred during the transformation of Eastern Europe and the PSS, Swain (2007) claims that it largely worked through governmental projects of technical assistance or projects undertaken by companies and organisations, i.e. 'projectification'. Technical assistance projects are initiated and maintained by government or non-government organisations and aim at restructuring state institutions, processes and policy formation. As means of economic diplomacy they carry a geopolitical and instrumental role. Generally, three parties are involved in technical assistance projects: The donor designing and sponsoring the intervention, the contractor, often being a consulting company implementing the project and the beneficiary, i.e. the municipality or company. Projects in the PSS varied with international donors' priorities. They ranged from national-scale projects focused on specific sectors to supporting single institutions or territorially- and multi-territorially-based projects often including comparative or competitive aspects.

According to Dornisch, the lack of institutional, professional and financial resources in post-Soviet countries gave projects a strongly provisional and transitional character and made them part of a broader development path (2002:309) following the logic of what Peck and Tickell call 'neoliberalisation'. Neoliberalism, in their view, aims at the extension of markets and competitiveness and avoids Keynesian or collective strategies (2002: 381). WHO, furthermore, identifies four main pillars: Capital account, trade and domestic liberalisation and privatisation (2004). Neoliberalisation, i.e. the process of institutionalising this neoliberal ideology "is . . . contradictory, it tends to provoke counter-tendencies, and it exists in historically and geographically contingent forms (Peck and Tickell 2002: 383)". Projectification then depends on the design, management and implementation of projects but also on networks contributing fundamental expertise, reputation and legitimisation resources (Grabher 2004:104).

In the 'projectification' of the CEE and PSS, neoliberal policy narratives were institutionalised and legitimised by policy advisory groups, research organisations, foreign aid communities and consulting companies through plausible explanations for the current perceived situation and suggestions of appropriate solutions (Swain 2007:164 after Woodruff 2000). Fast knowledge transfer from West to East was legitimised through linking reform narratives to particular places, fields or institutions (2007:161).

As a result of projectification, the organisational architecture of the state and the content of public policy were modified. However, in many cases, inherent imitations of the Soviet system created legitimacy and functionality issues (Cooley 2000: 43). Due to donors' inability to sufficiently understand the informal modus operandi of state institutions, designs increasing budget constraints for intergovernmental budgetary institutions in Ukraine e.g. caused opposite effects (Swain 2007:164 after Way 2002). And, despite the (formal) high degree of centralisation, projects could also work bottom-up from local settings to derange higher structures. By going beyond local regulations in place and changing institutions' functions, they often caused destabilisation via the shift of people, resources and whole departments to other bodies or through muddling inter- and intra-institutional hierarchies (Swain 2007:164).

Several expectations can be derived from these observations. First, the PT process to Odessa is expected to be one of copying due to similar legacies from the Soviet system, anti-corruption at the centre of reforms and the same core agents of change in Georgia and Ukraine. Secondly, in line with previous approaches to reforming the CEE and PSS, the process of PT is expected to be one of neoliberalising projectification creating a broad network of actors from various levels of governance. Thirdly, the effects of multi-level governance in strongly centralised Ukraine need to be considered. As the incumbent government appointed Saakashvili and his team, relations between the national and Odessa's regional level are expected to be supportive. Lastly, when looking at the obstacles for change, the existing literature such as Evan's environmental obstacle and Ukraine being a strongly centralized state, suggest that PT has only been successful where it was in line with the broader incumbent political elite's preferences or enabled differential empowerment. In line with Evan's public opinion-obstacle, a broad consensus among societal actors on the positive contribution of the policy is needed to prevent domestic resistance. This would situate PT-failure in Odessa in D&M's categories of inappropriate or incomplete transfers.

2.2. Methodological Issues

In the following, the research question and its contribution are discussed. A closer look is taken at PT and the identification of dependent and independent variables. The chapter finishes by answering questions regarding this thesis's methodology.

2.2.1. Research Question and Hypotheses

For both, diffusion and transfer, the main body of work is still oriented towards voluntary and horizontal adoptions between nation-states, mostly between so-called developed countries or transfers from West to East (Evans 2010:244). Literature on transnational PT and networks is growing, however, transfers between so-called developing or non-Western countries and vertical transfers between states and international organisations, transnational non-state actors or domestic state levels remain underexplored.

Contributing to the closure of this gap, this thesis traces the projection of the Georgian experience on Ukraine's Odessa region. Giving credit to the cognitive dimension's role and narratives within, the research questions investigated are: How were policies transferred from Georgia's national level to Ukraine's regions? And, secondly, which main problems did the agents of change encounter?

Constituting one of the main points of criticism of PT-approaches, many analyses of PT remain unclear in their identification of dependent and independent variables due to their inductive character (Evans 2010:255). In this thesis, the outcome of PT - being either a change in structures or ideology in the case of success or, in case of failure, the continuation of ibidem - represents the dependent variable. However, in line with D&M's suggestions, PT as an explanatory variable relies on explaining the process of transfer (2000:8). The categories outlined in previous sections, i.e. motivations, agents involved and lesson-lending and borrowing entities all constitute relevant mechanisms interacting with each other and leading to a transfer's success or failure. Therefore, to explain PT-outcomes including their causes, the process of transfer itself needs to be treated as dependent and simultaneously independent variable and is analysed with the help of D&M's developed framework.

Generally, this research can not only help to fill the gap resulting from the analysis of so far mainly voluntary, positive and Western cases of transfer, but due to the regional character of PT it can also help to understand processes, challenges and opportunities in multi-governance-systems. Political and contradicting dynamics and stances at different interacting levels can be exposed. Moreover, from a practical and policy benefitting point of view, it sheds light on the

reform developments in Ukraine, the efforts and constraints faced in the country and provinces, a topic that, to the author's knowledge, has not yet been academically researched.

2.2.2. Methodology

This thesis employs a mixed qualitative methodology combining content analysis of secondary literature and the gathering of primary information through interviews. The theoretical background on PT and the main thematical body on Ukraine build on existing literature in the field. However, academic work on the case study is rare, resulting in the extensive use of newspaper articles and websites. This development was intensified due to the author's non-familiarity with the Russian or Ukrainian language.

To compensate for the lack of scholarly material, field research has been conducted between May 23 and 30, 2016 and over the course of May 2017. Organisation names and persons of interest were acquired through literature sources, contacts via Central European University and the snowball system. Nine semi-structured interviews including one group interview with four people were conducted in English - six of them in 2016 and three in 2017. Based on a few core questions, the interview guide was adapted to suit interviewees' fields of expertise and the author's need for specification. The interviewees wished to stay anonymous.

Cities visited in 2016 were Kyiv and Odessa. Kyiv was selected due to the density of international and national organisations and institutions, to get a better overview of the reforms conducted at national level and an assessment of the Odessan reforms from an external viewpoint. Participants of the group interview worked in the field of anti-corruption at national level at the European Union External Action Service (EUEAS). The second interview was with a former member of the City Council in Odessa now employed at the International Renaissance Foundation in Kyiv (IRFK). A third interview was conducted with one of the founders of the Kakha Bendukidze Think Tank, which also developed projects in cooperation with the Saakashvili administration.

Secondly, Odessa city as the administrative centre of Odessa oblast helped to gather first-hand information about the situation on the ground. One interview was conducted with a member of Odessa's local IRF branch (IRFO), which also allowed for the identification of different standpoints within the organisation itself. Furthermore, two Georgian representatives from the regional administration working under Saakashvili could be interviewed. One of them oversaw the newly established Public Service Centre in Odessa city and the other one the Customs Bureau reforms. A contact could be established with one of Saakashvili's advisors in Odessa and another with Georgian formerly working on the PSC in Odessa and now preparing the

opening of centres in Kharkiv and Mariupol. Both were interviewed in May 2017 and a second interview was conducted with the contact from the PSC in Odessa, all three via Skype.

While the use of interviews enabled gathering insight and direct information from actors involved in the reforms and external experts on the topic constituting an advantage, it also introduced the dimension of narratives into the equation. Given the nature of politics including hidden agendas versus public deliberation, information was sometimes contradictory or incomplete. Therefore, whenever possible during the content analysis, statements were triangulated between the different interviews and existing secondary sources. The next chapter provides a detailed assessment of the PT-process followed by an analysis of the factors leading to its failure. The process's analysis is structured according to D&M's PT-framework. Obstacles are classified based on previous case studies' findings and categories identified by Evans and D&M.

3. PT to Ukraine's Odessa Oblast

Investigating the PT-process and problems leading to its failure, this chapter firstly looks at the process providing a detailed timeline. Questions regarding the ideological foundation, the design and degree of transfer and agents involved are answered. A closer look at obstacles leading to the process's failure and their categorisation is taken in the second part.

3.1. The Process

In the summer of 2014, reforms in Ukraine were still stagnating under the newly elected Poroshenko-government, corruption flourished, the economy continued to shrink and no common stance could be established within the government on the response to the Russian threat. With growing public dissatisfaction, positive signs were needed to contain a further deterioration of the status quo (Anteleva 2015:NP). Consequently, Poroshenko asked Saakashvili, both connected via a close friendship from university times, to join his team in Kyiv. At that time, Saakashvili resided in Brooklyn after criminal proceedings had been launched against him for alleged misappropriation of state funds and abuse of power in his home country Georgia (Antaleva 2015:NP).

Some sources state that initially Saakashvili was offered a position as First Deputy Prime Minister which he declined with the rationale of wanting to keep his Georgian citizenship due to his long-term plans of returning to Georgia[2]. In February 2015, a position as Chairman of the International Advisory Council on Reforms in Ukraine emerged as a compromise and Poroshenko appointed Saakashvili (Socor 2015c:NP).

On May 30, the Governor (officially Chairman) of Odessa oblast since 2014, Igor Palytsia, was dismissed and Saakashvili appointed by Poroshenko after the Cabinet of Ministers under Prime Minister (PM) Arseniy Yatsenyuk endorsed the choice. Saakshvili simultaneously kept his advisory post. Originally from Volyn oblast, Palytsi had owed the position to billionaire Igor Kolomoisky whose oil and petrochemical firms he managed and who himself had served as Chairman of the Dnipropetrovsk Province State Administration with connections to Kyiv including Poroshenko's Bloc (Socor 2015a:NP). While Kolomoisky had already been let go in March 2015, both where de-cruited in the framework of Poroshenko's de-oligarisation efforts started the same month (Socor 2015a:NP).

[2] While many Ukrainian, especially government officials own more than one country's passport dual citizenship is interdicted under Ukrainian law (Mefford 2015:NP)

Saakashvili's appointment was surrounded by various rumours questioning why he accepted a position as Governor, a less senior post than Ukrainian Deputy PM. Saakashvili switching to the Ukrainian citizenship on either May 28th or 29th after initially refusing to do so adds to the confusion (Anteleva 2015:NP; Burridge 2015:NP; Mefford 2015a:NP). On the one hand, sources state that Saakashvili himself asked Poroshenko for the gubernatorial post as he thought it easier to facilitate change at local level and as he wanted the region to become Ukraine's showcase (Anteleva 2015:NP). According to others, Poroshenko asked Saakashvili to take the post. At this time, Poroshenko publicly supported the mission and anticipated a repetition of Georgian successes in Odessa under the former president. He called Saakashvili "a man who can turn the impossible into the possible (Socor 2015b:NP)". Several foreigners including Georgian ministers serving under Saakashvili were already occupying governmental positions in Ukraine (Coffey 2015:NP). For instance, on February 16th, David Sakvarelidze, former Deputy Chief Prosecutor of Georgia from 2008 to 2012 and one of Saakashvili's key allies had been made Deputy General Prosecutor of Ukraine.

At the beginning of his term, Saakashvili outlined similarities between pre-2004 Georgia and the current state of Odessa oblast. These included official corruption synchronised with criminal structures, unorganised and incompetent administrations, clans and power brokers uncontrolled by the state, a poor infrastructural state in a generally backward region and the resulting lack of incentives for foreign investment (Socor 2015d:NP).

Hence, when Saakashvili revealed his broader agenda for the oblast in the beginning of June it became clear that reforms in Odessa would employ the Georgian formula, i.e. be based on liberal ideas fostering deregulation to enable competition and shed bottlenecks used for corruption (Interview with advisor). For example, by disabling direct contact between officials and beneficiaries, officials loose bribing opportunities. Deregulation would foster investment which would only be restricted by consumer protection measures. As done in Georgia, corrupt actors were to be sent to prison, the money paid for bail outs invested in infrastructure while sending a signal that corruption was coming to an end. According to the advisory interviewee, this would have led to a change of the entire Ukrainian leadership as many politicians still hold ties with the 'underworld'. As in Georgia, ideationally affiliated, young people who had never worked in the old system were to be put into leading positions guaranteeing the restructuring of the state apparatus. Reforms were designed as projects mostly funded by the US-government and foundations such as the Swiss Confederation and the US Republican Party Foundation

(Interview with advisor). The Deutsche Gesellschaft für Internationale Zusammenarbeit, the German government, the EU and the East Europe Foundation also provided funding.

Main reforms included cutting down the gubernatorial staff from 800 to 50 servants and replacing some positions with recruited talents. New heads were to be appointed to all 26 rayons in Odessa via an already initiated process of open competition. Bureaucrats with ties to the old system were described as "useless", any trace of nepotism would lead to candidates' elimination (Socor 2015d:NP). Moreover, after Kyiv, Odessa city was to be the second city to deploy the new police patrol by August 2015. The new model was designed by First Deputy Interior Minister Ekaterine Zguladze in Kyiv based on the model she had previously employed in the same position in Georgia (Socor 2015c:NP). The highly-corrupted Tax Administration and Customs Service, both not subordinated to the Governor but Kyiv were to be reorganised. To foster foreign direct investment and revive the economy public and private sector business extortion, raiding and monopolies were to be fought. Furthermore, a Public Service Centre based on the Georgian model, offering a range of services (one-stop-shop-concept) was to be opened in Odessa until the end of the year. The model allowed for shared resources and timely provisions through its business-like arrangement while separating clients and executing bureaucrats and, thus, preventing opportunities for bribing (Interview at PSC, 2016) (see annex 4). The ruptured Odessa-Reni motorway connecting Ukraine with Romania and, hence, EU-territory was to be repaired, air travel de-monopolised through the preparation of a tender for constructing a modern international airport in Odessa. Moreover, the privatisation of the state-owned Odessa Port Plant, Ukraine's largest chemical enterprise was to be started and Yuzhne and Illichivsk ports were to be prepared for possible privatisation via open tenders and with the international community's and civil society's (CS) involvement (Socor 2015d:NP). Crucial for modernisation and the fight against corruption was the Memorandum on Implementation of the E-Governance for Accountability and Participation Program (EGAP) signed in Kyiv on June 3rd by the State Agency for E-Governance of Ukraine and the Swiss Confederation (Swiss Confederation 2015:NP). Odessa was one of four selected partner regions for implementation. E-governance and -democracy were thought to enhance good governance, modern public service delivery and social innovation through enabling trust-building and cooperation between local authorities and citizens, increase efficiency, inclusive decision-making and transparency (Swiss Confederation 2015:NP).

On June 12th, Saakashvili was made Chairman of the newly created Council for the Oversight of State-Owned Enterprises by Ukraine's Economic Development Minister Aivaras

Abromavicius. The Lithuanian liberal economist who recently had been naturalized in Ukraine strongly supported the Georgian team's privatization and deregulation stance. The international Council aims at improving the management of Ukrainian state enterprises, such as the Odessa Port Plant, through competitive appointments and at fostering credible auditing for possible privatisation. On the same day, former Georgian Police General and Deputy Minister of Internal Affairs under Saakashvili, Gia Lortkipanidze, was appointed Chief of Police (officially Head of the Ukrainian Ministry of Interior's Main Directorate) in Odessa oblast. The appointment was made on Saakashvili's recommendation by Internal Affairs Minister Arsen Avakov with Poroshenko's consent (Socor 2015c:NP).

On June 14th, a strategic planning session on regional reforms was held in partnership with the civic movement Nova Kraina ("The New Country"). More than 700 CS-activists, experts, entrepreneurs, artists and representatives of local government joined from across the country for this unprecedented event to discuss ten areas of reform: Anticorruption, urban economy and infrastructure, transport and logistics, tourism, agro-industries, small business, the culture and creative cluster, education and science, investments and quality of life (Smagliy 2015:NP). A second meeting with CSOs organised by the IRF took place during which the organisation and Saakashvili signed a partnership programme guaranteeing the joint monitoring of local tenders, investigating corruption cases and auditing local budgets with CS (Smagliy 2015:NP).

In July 2015, the appointment of Maria Gaidar, former Russian activist, at the regional administration as advisor for social reforms caused three days of citizens' protest (Antaleva 2015:NP). The move had been attempted to demonstrate Ukraine's openness, democratic character and enthusiasm for employing liberal neighbours (Antaleva 2015:NP; Smagliy 2015:NP). The situation was resolved peacefully after Saakashvili agreed to meet the protestants and Gaidar stayed in office. Moreover, popular Euromaidan-civic activist, Yulia Marushevska, was made Head of the new Odessa Investment Agency and started tackling illegal land-grabs and shady distribution of beach plots (Smagly 2015:NP). She soon entered disputes with State Fiscal Service Head Roman Nasirov accusing him of hampering reforms.

50 days after his appointment, supporters praised Saakashvili and his team with "succeed[ing] in breaking the old rules, [..] establish[ing] unprecedented standards of transparent administrative management, demonstrat[ing] openness to the needs of residents, and propos[ing] innovative ideas for eliminating endemic corruption" (Smagliy 2015:NP). By then, an independent and international expert commission had already interviewed 2,700 applicants for regional administrative positions and shortlisted thirty for possible appointments as Head of

one of the local district administrations (Smagly 2015:NP). On various occasions, Saakashvili had claimed disposing of evidence for corruption, tax evasion and money laundering, e.g. against dismissed port-chief Yuri Crook or oligarch Kolomoiskyi (Antaleva 2015:NP; Smagliy 2015:NP).

In August 2015, work on the Odessa Reform Package started under Alexander "Sasha" Borovik's lead. The package was a set of liberal reforms to be adapted at national level to allow for successful reform in Odessa and elsewhere. Borovik planned for the package's adoption in November and its implementation at the beginning of 2016. At a time when a second 'Maidan' and early elections were broadly discussed he called for pressuring Poroshenko for reformist action, for "a new government and Prime Minister and push[ing] through the most liberal ideas [.] [he] can (Champion 2015:NP)".

One month later, Saakashvili announced Borovik's candidacy in Odessa city's mayoral elections. On September 3rd and 4th a verbal war burst out between Governor Saakashvili and PM Yatsenyuk when the former accused Kyiv-officials of sabotaging his regional and slowing down national reforms on Ukraine's Channel 5 network. Saakashvili accused Yatsenyuk of bypassing ministers and of creating a "shadow cabinet" representing vested business interests (Tucker 2015:NP). Yatsenyuk responded at a cabinet meeting on September 4th by calling the accusations "deceitful" and further frustrating reforms (RadioFreeEurope/RadioLiberty 2015:NP). As a result, Saakashvili started a petition at the President's office collecting more than 31,000 signatures to make himself PM (Champion 2015:NP). 30,000 were needed for consideration. Moreover, an opinion poll conducted between September 7 and 21 revealed that Saakashvili was the most popular politician in Ukraine (International Republican Institute 2015:NP). On the one hand, Saakashvili highlighted that the position of PM had never been his objective and that he would not join any party still connected to the oligarchic business elite (Tucker 2015:NP). On the other hand, speculations whether the then-Governor had always secretly aimed at this position or whether it was a joint plan with Poroshenko emerged (Champion 2015:NP). At national level tensions between Yatsenyuk and Poroshenko and other fighters of the former regime deepened.

By October 2015, half of Odessa's regional staff had been dismissed forcing the reformist team to largely rely on activists and volunteers (Antaleva 2015:NP). Marushevska was appointed as Head of Odessa Customs. Progress regarding customs and the PSCs was made: The customs system was automated and electrised, it was expected to fasten shipping processes to Western standards (Burridge 2015:NP). Moreover, on October 16th, Poroshenko and Saakashvili opened

the new PSC and an adjacent complaints centre in Odessa. Poroshenko referred to it as "a symbol of change in the state's attitude towards its citizens" while Saakashvili promised for the partly US-funded PSC also using an electronic system to fasten and facilitate almost 60 types of administrative services (Burridge 2015:NP). However, the range of services offered remained limited.

The fair weather ended after the mayoral election-proxy war on October 25th when Kolomoisky-backed candidate and incumbent mayor Hennady Trukhanov won against Borovik and his Solidarity Party by 53 to 26 percent (Mefford 2015b:NP). A deal is said to have been made between Trukhanov's and Saakashvili's team agreeing to peacefully coexist as long as no party stole the elections. Despite this deal observers reported carousel voting, multiple voting lists, exit poll workers agitating for candidates and a suspiciously slow vote count (Mefford 2015b:NP). Caught by surprise, Saakashvili's team accused Trukhanov of election fraud and of being a "bandit" (Mefford 2015b:NP). They worked the courts to order a recount. Counterdemonstrations by both votaries accompanied the cruise. Probably Kolomoisky's support by one of Odessa's most feared criminal actors and Trukhanov's business partner, Aleksandr "the Angel" Angert additionally pressured the judges (Mefford 2015b:NP). The court ruled against the Georgian-led team. Moreover, Borovik attending Trukhanov's inauguration ceremony at the City Council to be sworn in as city deputy gave rise to conspiracy theories regarding Borovik's true intentions and role in Trukhanov's re-election and to doubts about Saakashvili's abilities for controlling partners in his region and Kyiv (Mefford 2015b:NP). The event was widely perceived as a victory of oligarchs and a defeat for reformists and might have been the starting point of the deterioration of Saakashvili's and Poroshenko's relationship (Odessa Review 2017:NP).

Over the course of continued open attacks on statesmen, a public spat escalated on December 14th at a meeting of the National Reform Council, when Saakashvili accused Avakov of corruption (Walker 2015:NP). The meeting ended after the latter threw a glass of water after the Governor. Additionally, the feud with Yatsenyuk over accusations of corruption continued with growing tensions and gave further rise to speculations about Saakashvili aiming at the position of PM and Poroshenko using him as his 'attack dog' against Yatsenyuk (Walker 2015:NP). In late December 2015, a new anti-corruption initiative was set up by the Georgian team focusing on naming and shaming of corruptors (Interview with advisor).

On April 14th, 2016, Yatsenyuk was replaced by Volodymyr Hroysman. Saakashvili claimed that despite the change in government, corruption was allowed to continue (Reuters 2016:NP).

By then, Marushevska had already received three reprimands from Nasirov whose removal she asked for in a letter to Poroshenko and the newly appointed PM (Holmov 2016:NP). On Facebook she posted about daily battles mainly with Nasirov and his institution, especially mid-level officials (Holmov 2016:NP). Saakashvili also jumped on the bandwagon telling the visiting PM that Nasirov should be in prison for corruption and blocking reforms calling him an 'absolute villain' (CentralEuropeanFinancialObeserver.eu 2015:NP). Hroysman, who had given Nasirov an ultimatum of three months to set up a risk management system, eliminate corrupt schemes, re-equip customs checkpoints, and introduce a single-window system at the customs service responded by complimenting Marushevska and highlighting that the reprimands were no longer in force (CentralEuropeanFinancialObeserver.eu 2015:NP). Nasirov responded by suing Saakashvili for insult. Legal proceedings were opened on April 27th, 2016 and the lawsuit over a compensation of one million Hryvnias started in June 2016 (CentralEuropeanFinancialObeserver.eu 2015:NP).

The Georgian-led team's odyssey ended with Saakashvili's unexpected resignation on November 7, 2016. He accused Poroshenko of supporting two clans in Odessa region and the government for blocking reforms and restraining the work of new reformist appointees. The President described the claims as an attempt to hide the Governor's own failures (Reuters 2016:NP). Saakashvili referred to Marushevska who, in his view, had been prevented from implementing reforms reducing officers' powers to determine the level of duties and recruit new anti-corrupt servants (Reuters 2016:NP). Marushevska and the former Georgian minister and then police chief Lortkipanidze went out of office the same day. It is not clear whether they resigned or were let go after Saakashvili's resignation (see e.g. Reuters 2016:NP). Saakashvili claimed that the reprimands against Marushevska had been a revenge for supporting Poroshenko's coalition, that his two deputies had been dismissed on phony grounds and that street protests had been manufactured to discredit him (Reuters 2016:NP).

On November 11th 2016, Saakashvili announced the start of the Rukh Novykh Syl party (New Forces Movement), a new, 'clean' political movement, which he registered in February 2017. He called for early elections claiming that he had once refused Poroshenko's offer of making him PM (Miller 2016:NP). In Odessa, USAID, stating that Odessa had seen some early successes and had received positive feedback from business and regional actors, declared the customs reform project as failed and ended funding as "there was no clear way forward for continuing our [USAID's] partnership with Odessa Customs" (Reuters 2016:NP). The institution was still in the process of reclaiming the computers provided for a new customs

terminal to distribute them to other USAID projects and partners in Ukraine. According to Marushevska they had never been used due to officials blocking her reforms (Reuters 2016:NP). Moreover, Nasirov launched an investigation into Marushevska for undervaluing cargo (Reuters 2016:NP). The former Head of Customs denied all charges declaring that lower revenues derived from corrupt businesses avoiding Odessa because of her reforms.

Marushevska, some local business men and the current Odessa Governor Solomiia Bobrovska all mentioned that corruption had grown again after her resignation (Polityuk and Williams 2016:NP). While the public German News programme Tagesschau.de announced that Odessa's PSC had been closed on November 4th due to persisting sabotage from the mayor's side, the interviewee previously working at the PSC stated in 2017 that it continues its limited operations despite ongoing pressure and negative propaganda. He was not aware of any progress made in customs. As for the Regional Administration, it was the interviewee's understanding that several decisions made under Saakashvili that had been praised by international partners for being innovative and progressive had been reversed after his departure. The next chapter takes a closer look at the problems encountered during the PT-process.

3.2. Trouble Child Odessa

Despite the similarities between the Ukrainian and the pre-Saakashvili Georgian situation, the PT-team encountered numerous problems in the Ukrainian context eventually keeping them from achieving their goals, i.e. leading to their mission's failure. The problems faced are analysed in this section.

3.2.1. Central Level Support and the Gubernatorial Position

As Ukraine is still a highly-centralised system, PT from Georgia to Odessa cannot be considered solely as a transfer from a country to a region (Interview at PSC, 2016). While governance traditions and customs may be regionalised or clustered, the whole system of policy- and decision-making is carried out at national level by the Verkhovna Rada (unicameral parliament of Ukraine). 90 percent of resources and career opportunities at senior grades such as the appointment of oblast and rayon state administrations including oblast Governors are done by the central state government. The Head of Regional Administration is directly appointed by the President upon agreement from the cabinet. The appointment is the outlet of the executive power in the region and state administration, the departments in the regional state administration are closely connected to the respective ministry. Ministers perform and report back through this chain (Interview at PSC, 2016). The government, therefore, decides on funding priorities and

allocations through state authorities at oblast or rayon level. Consequently, this process creates financial and administrative dependencies, prevents accountability and monitoring at local level (Aston Centre for Europe 2011:10) (see annex 5). The decentralisation reform is currently on hold as there is no political will to approve it at central level (see annex 6).

Contrary to the Georgian situation and hinting towards incomplete PT, instruments available to the Georgian team were limited by the regional nature of Saakashvili's post. The result was a dependency on the parliament passing additional legislation to e.g. introduce a flat tax system and large-scale privatisation. Furthermore, governors cannot expel, appoint or hand down tasks in the provincial areas of customs, tax, transportation, regulatory agencies' officials or prosecutors. These are coordinated by numerous agencies and ministries at central level (Socor 2015c:NP). Moreover, to carry fruits, reforms needed to be implemented nationwide.

As noted by Saakashvili's former advisor, steps necessary to guarantee the success of the transfer in this centralised context were missed right at the beginning of the process. The fundamental policy objectives, whether the goal was to change the system through fighting endemic corruption or just improving people's lives within the status quo had never been openly discussed between the central government and the Odessa team. Therefore, the foreign technocrats went on to tackle corrupted and mafia-structures through drastic change while Kyiv preferred incremental changes within the system (Champion 2015:NP). In line with Evan's environmental obstacle including unclear objectives, this divergence in policy goals also explains Poroshenko's initial support for the mission and Saakashvili's appointment and it's fading over time.

One interviewee from the Bendukidze Think Tank noted that over the gubernatorial term's course, it became increasingly clear that the PM did not support the radical reforms suggested e.g. in the Odessa Reform Package. The Odessa Reform Package was never taken into consideration by the President or parliament (Interview with advisor). Consequently, due to policy actors and existing structure's unreceptivity (Evan's cognitive obstacle) and the absence of effective elite mobilisation (environmental obstacle) concepts such as the package could not be depicted as unified approach and finally could not be realised.

Saakashvili did not want to tolerate the PM's stance and began to openly criticise Yatsenyuk and affiliated actors. However, Saakashvili's often adversarial relationship with the state administration, government and holders of powerful positions like Nasirov, Avakov and Yatsenyuk prevented financial and political support. Moreover, Poroshenko himself was increasingly perceived as having turned against the team and as discretely siding with the

'underworld' on several occasions such as the mayoral elections and in the fight against corruption in general (Interview with advisor). Borovik started to openly criticise Poroshenko after the mayoral elections. This initiated the falling apart of the Georgian team. In May 2016 Borovik left as he had become more of a liability (Interview with advisor).

Three times during his gubernatorial term gossips reached the team that Saakashvili was to be dismissed (Interview with advisor). These threats always seemed plausible and increased pressure on the reformers heightening the possibility for mistakes from their side. According to his former advisor, prior to Saakashvili's resignation more talk about his possible dismissal reached Odessa. Left without his team, a political agenda, sabotaged and limited projects and damaged integrity, Saakashvili resigned to start his oppositional party and openly turned against Poroshenko (Interview with advisor). All in all, the governance-system and the huge number of officials being interested in keeping the corrupted system strengthened resistance to changes in Ukraine and position PT to Odessa as incomplete and inappropriate.

3.2.2. Local level: Corruption and the 'Paradigm on Self-Interest'

Contrarily to Ukraine's strongly centralised political competencies, due to the size of the country the network of corruption is more decentralised than in Georgia, hinting again towards inappropriate PT. Odessa is widely known as controlled by local, Russian and international mafia who informally divide the local grounds among themselves and build structures parallel to formal state bodies (Socor 2015c:NP). The dividing party- and clan-lines pervade the wider administrative system leading to corrupt networks within the customs service, tax authority, port authorities and the judicial enforcement system. Drug trafficking, money laundering and traders used the city's port as transit point for tax evasion (Smagliy 2015:NP). The last two decades' incumbent central governments abstained from fighting local corruption and investigating against those involved at the Odessa Border Control Directorate or the Odessa Regional Customs Office (Smagliy 2015:NP).

Traditionally Odessa city has always held more power than the regional administration. Members of the mayor's office and the Provincial Council are mostly affiliated with the Party of Regions which collapsed in 2014 and with interest groups perceived as corrupt and opposing reforms (Socor 2015c:NP). They stayed influential in the elected Provincial Council despite Poroshenko's convincing win in the October 2014 parliamentary elections in Odessa (42 percent of votes) (Socor 2015a:NP). As regional statesman, Saakashvili did not control entities like the Odessa Border Control Directorate or the Odessa Regional Customs Office directly and had no control over elective institutions. Consequently, the Georgian team negotiated from a

position of weakness making the PT incomplete. For any reform to be implemented talks had to be opened with the central government and corrupt networks on the ground (Interview with advisor).

One example is the incumbent Odessa mayor and former Party of the Regions-member Trukhanov. Accusations were voiced of a private deal between Kolomoisky and Poroshenko ensuring Trukhanov's position as Odessa mayor (Mefford 2015:b). The mayor and former could secure his allies' financial interests while the new Governor would fight for reforms (Mefford 2015:b). The mayoral elections, at the latest, exposed Trukhanov's ties with Kolomoisky (Socor 2015c:NP). Practical problems also resulted from Saakashvili openly criticising oligarchs in the region. For instance, he accused Kolomoisky of smuggling at Odessa's ports and refused to fly with his airline. This complicated Saakashvili's frequent trips to Kyiv where he met Poroshenko and lobbied for legislative changes (Antaleva 2015:NP).

Thus, conflicting interests and constitutional and legislative powers from multiple decision centres further impeded reforms, placing the transfers in D&M's category of inappropriate and incomplete transfers and recalling Evan's cognitive and environmental obstacles (Socor 2015b:NP). Elites' resistance was facilitated by overlapping and contradicting Ukrainian laws stemming from different sources and leaving the legislative choice to the applying actor.

Several interviewees mentioned that the 'paradigm of self-interest' exploited by corrupted elites also transcended the individual system. This lead to a 'circle of social irresponsibility' based on citizens' distrust in governmental institutions fostering small-scale but systemic corruption: Usually people solve problems individually without considering effects on the wider community (e.g. official employment versus non-taxed shadow economy) or remain passive waiting for the pathologic state to enable local solutions (UNDP 2008: 29f.). Bribes are understood as the necessary evil to get what they need from official bodies. This cycle of endemic corruption was meant to be cut by concepts such as the PSC separating receiving and providing actors (Interview at PSC,2016).

As the interviews at Odessa PSC and customs showed, the problems faced were interlinked: When the PSC-project was started in 2015, all administrative services were controlled by the city. However, through cooperating inter alia with the Ministry of Justice, the President and other MPs and through the international community's support competition in the service sector was enabled as authorised entities were then allowed to provide the same services while keeping 60% of extra revenues. The Ministry of Justice remained the controlling entity regarding legal requirements but in financial and economic terms centres like the PSC became independent.

Despite these successes, due to elite's resistance the services offered remained limited and similar concepts failed in many areas, e.g. the provision of drivers' licenses and license plates, one of the most corrupted. In comparison, the implementation of PSCs in Georgia was much faster and more successful due to the huge political support with the initiative from the government. The interviewee stated that, supported by the international partners, they had to convince the government while the city was not interested in keeping the centre and fought against its opening, again recalling D&Ms category of inappropriate transfers and Evan's first and second obstacle.

Regarding the customs sector and in line with Marushevska's claims, several interviewees in Kyiv and Odessa mentioned in 2016 that, as goods can be tariffed at their destination point, importers try to avoid Odessa region and move on to regions where corruption is still flourishing. Nation-wide reform would have been required to prevent these developments and resistance from the old system at regional, local but also national level was given as the main reason for policy-failure in the customs reform. One interviewee noted that resistance was stronger than for the PSC as higher cash flows were involved (Interview at PSC,2016). Both examples hint towards differential empowerment: While generally reforms were met with resistance they were only implemented in areas deemed less important for keeping the corrupt status quo.

3.2.3. Resources

While projects were funded by international donors or with state money coming from the international level, systematic problems arose when applying for funding. This led to a lack of sufficient resources for project implementation (Interview with advisor). In the EU-budgeting cycle it can take up to two years to receive the money as the budget is always set for one year. If an idea emerges during the course of the year it cannot be funded directly. Thus, applying for money could take longer than the technocrats were on Odessan grounds.

On the other hand, Ukraine has a very low absorption rate, i.e. even if money is made available by foreign institutions, it is hard to find implementers on Ukrainian soil to carry out the projects (Interview with advisor). By the time a team could be assembled another fiscal year had started and projects had to be postponed until the following year. Due to these chicken and egg-incompatibilities, many opportunities were missed, many projects remained unimplemented. The advisory interviewee also mentioned that political reasons prevented Western institutions from financing as they abstained from siding against the central government.

The lack of resources was heightened by Odessa's reputation as a place where the successful realisation of projects was simply impossible. As the advisory interviewee mentioned, during a meeting with the Head of the World Bank in Kyiv, the latter revealed that he would not provide funding for the region if he did not receive a proof of change. Again, investments would have been needed to create such dynamics. Furthermore, existing funding was not prolonged for new projects when insufficient results were achieved. Thus, resource and time constraints arose from the inappropriateness of the Ukrainian context for internationally supported PT.

3.2.4. Administrative skills, resistance and salaries

According to several interviewees in Odessa, the country requires a complete exchange of its elite to avoid re-employing administrational staff used to the old system, tolerating oligarchs and accepting illegal incomes. In this view, while disposing of bureaucratic tools like quick references to laws, officials working in the administration during the past 20 years derive their experience from a corrupted system and know how to profit from it (Interview at Custom Service). This does not make them drivers of change. The idea was to utilise a top down approach as done in Georgia. As one interviewee noted, if leaders are known to be corrupted, the underlying system refuses to change (Interview at PSC, 2016). In Georgia, a highly-centralised country, this role was carried out by Saakashvili himself.

However, under political actors' reduced receptivity, the political leadership needed to conduct the administrative reforms was missing at Ukrainian national level. Moreover, feasible staff for liberalising reforms and working services was insufficient in the 26 regional administrations. Hinting towards inappropriate transfers and the absence of learning, civil servants lacked Western visions of good governance and new public management. Administrative capacities including knowledge on how to draft and implement laws is very limited within state administrations. A minority of staff has proficiency in English.

Consequently, Saakashvili and his team, as suggested by Evan's environmental obstacle, faced a shortage of people with required skills for implementation (Interview at EUEAS and IRFO). These shortages of anti-corrupt staff pervaded all reforms and often forced the team to cooperate with ambiguous actors, further delayed systematic and comprehensive reforms and created a patchy focus on e.g. customs or a limited panoply of services in the PSC (Interview with advisor). In line with Berry and Berry's observation that some bureaucratic segments are more open towards PT than others, depending on their starting point, the new structures worked more effectively in regions like Izmail or Bilyayivka (Interview at IRFO).

Moreover, in Ukraine, mapping of administrational units is highly insufficient. Several units exist without proper task (Interview at EUEAS). De-bloating the system and electrising correspondence, therefore, made many positions, like those of employees registering incoming letters, redundant. In line with D&M's category of inappropriate PT, this caused internal resistance against the transfer of administrations' business-like organisation for more efficiency and effectiveness. Especially the related 'hiring and firing' facilitations worked against the reforms (Interview at EUEAS). Also some of the local CSOs were dissatisfied with the administrational reform as "he [Saakashvili] fired a lot of people which had the effect that they [the administration] are not very responsive anymore and not as effective as they might have been before" (Interview at EUEAS).

Remaining staff, even in high positions such as the Head of District Administration, remains chronically underpaid with around 100$ per month, increasing the need for bribes and foot-holding the stickiness of the old system (Interview at Customs Service). Again, as Governor, Saakashvili did not dispose of the tools to increase salaries and while a new wage law was passed on May 1, 2016, changes were minimal and only applied to state and not municipal services.

3.2.5. Knowledge Gaps: The Reformist Side

Knowledge shortages were not only attributed to civil servants but also to Saakashvili and his core team members. Again hinting towards inappropriate and incomplete transfers, interviewees denoted them as not knowing the Ukrainian context and the specifics of the region, mostly in the area of law. As Saakashvili's former advisor revealed, after Saakashvili's appointment, the team was put together within less than a month. Consequently, actors came to the region isolated as epistemic community, without a clear plan, did not know the other team members and lacked knowledge on the reality on the ground and trustworthy partners (Interview with advisor). As the advisory interviewee mentioned: "It was destined to fall, they ate us alive."

It was positively perceived by some interviewees that Saakashvili brought a lot of poor legislation to the public attention and highlighted a path forward. However, also this drastic stance was perceived as inappropriate in the Ukrainian context. It was mentioned that more cooperation of external technocrats and local, knowledgeable implementers would have been required for timely successes and understanding (Interview at IRFK).

Several interviewees also connected the failure of reforms with the appointment of young, inexperienced staff in leading positions such as 26-year old Maidan-activist Marushevska as

Head of Customs, perceived as inappropriate. While often criticised by national and international organisations for her lack of knowledge on the topic and the delay this caused in advancing reforms, the Saakashvili administration highlighted her devotion to anti-corruption and the customs as "now clean" (Interview at Custom Service). Her non-familiarity with the former corrupted system was pointed out as an advantage. Interviewees from the Georgian team claimed that there was no evidence that Marushevska, advised by a cabinet including experienced Georgians, failed in one case because of lacking experience. The same reforms of appointing young staff driven by the ideology and vision of liberalisation and anti-corruption also worked in Georgia, where several ministers and ambassadors were in their 20s.

3.2.6. Civil Society-Cooperation

In Georgia, CS was one of the key resources for reforming the country and talent smoothly transitioned into the government (Socor 2015c). It is also seen as a crucial factor on the international donors' side as without local ownership and support outcomes are unlikely to be sustainable (Interview at EUEAS). However, strengthening the lack of a cohesive PT-network (Evan's second obstacle) and further suggesting an inappropriate transfer, resources for ownership in terms of CS-groups are much scarcer in Odessa oblast than they were in Georgia (Socor 2015c). The majority of organisations developed only after Euromaidan. Moreover, contrary to other regions, CS-activists did not assume important administrative positions but were side-lined by officials remaining from the Yanukovych regime preventing significant change (Smagliy 2015:NP).

On the other hand, while Saakashvili described local CS and public opinion writ as his natural reform and anti-corruption partners, one interviewee at IRFO stated that cooperation of the regional administration and CSOs was put on hold after an initial call for projects. Despite Saakashvili's promise for support with funds, mechanisms and information problems arose from administrational and informational barriers. Already in May 2016, projects were again realised outside of state administration systems and cooperation was reduced to a minimum (Interview at IRFO).

Another reason for this was the Georgian-lead team's distrust in the neutrality of organisations. As the advisory interviewee noted, all groups met pursued someone else's political interest using the NGO format. Initially the Georgian team sided with George Soros' IRFK to organise a meeting and asked for advice. However, IRF did not want to be held responsible for the outcomes as they also did not know the organisations in Odessa showing the weak CS-networks. Consequently, aiming at combining hard transfers i.e. policy practices and

instruments through formal decision-making, legislation and regulation with soft transfers of idea, behaviour, perception and discourse diffusion among officials and the broader public, the reformist team decided to start their own NGOs in cooperation with Soros: The Anti-Corruption Group meant to investigate corruption and later-on the Regional Development Centre, with the goal of fostering investment in the region (Interview with advisor). The projects remained unsuccessful, some employees were later rehired by mafia actors and started criticising the Georgian team leading to further reputational damage. The organisations were also used by the opposition as an example for failure (Interview with advisor).

3.2.7. Public and Media Support and Political Base

Lastly, public opinion became a central obstacle. Odessa with its 2.4 million inhabitants is Ukraine's most ethnically diverse oblast (Socor 2015a:NP). However, many ethnicities, have been russified in terms of language and support for Putin stays strong in the divided region (Socor 2015a:NP; Coffey 2015:NP). Odessa is still viewed as part of the Russian World by separatist leaders in Eastern Ukraine and the Russian Federation itself. Built in the 18th century by Catherine the Great, Odessa city as the former third largest city in the Russian empire carries symbolic meaning for Russia and russified populations (Socor 2015a:NP). It is known as a centre of great literature, from Pushkin's Eugene Onegin to local writers like Isaac Babel.

However, it is also of geopolitical importance. Creating broader security issues, the maritime city was at the centre of Russia's Novorossiya project in 2014[3] aiming at depriving Ukraine from its principal seaport and creating a Russian-controlled territory adjoining Moldova and Romania through a corridor to Transnistria where Russian troops are based (Socor 2015a:NP). Some Western European leaders initially opposed Saakashvili's appointment as Governor, dismissing it as too provocative for Russia (Socor 2015a:NP).

The impact of Ukrainian mass media is weaker than the Russian one. While Saakashvili dominated Georgian television channels as President shaping a favourable public opinion, Russian channels and the popular Ukraine-based channel 1+1 only provided Saakashvili and his team with media presence to ridicule them and, thus, feed adversary stances (Antaleva 2015:NP). For instance, Borovik was defamed as Odessa-hater during his electoral campaign (Interview with advisor).

[3] The project foresaw a hypothetical confederation of nations in south-eastern Ukraine from Kharkov to Odessa. Its abandonment was announced shortly before Saakashvili's appointment, on May 20, 2015.

Saakashvili had not been elected in a democratic bottom-up process, as a newcomer he lacked a local political base and public opinion was split in two equal camps (Socor 2015c:NP). One group was supportive, expecting Saakashvili to successfully fight corruption and one was adversarial problematising his non-locality, feared a lack of knowledge on local people's needs and mentality, depicted him as a criminal based on the charges raised against him in Georgia and, thus made the transfer seem inappropriate (Interview at IRFK).

By showing successes, the team had hoped to gain credibility and support for the mayoral elections, earning them the political mandate for change and the chance to push for reforms without central authorities' approval (Interview with advisor). The interviewee from IRFK hinted towards decreasing support due to the technocrats' focus on central instead of local reforms, the slow pace of reform compared to the initial announcements and the involvement of inexperienced staff. He also identified non-locality as a factor for Borovik losing the mayoral elections. While he described Trukhanov as city-oriented, he saw Borovik's focus as genuinely unknown.

With the lost the elections, the team was left with no power (Interview with advisor). Moreover, after the election Saakashvili did not officially support Borovik's efforts against the President for a few more months as he needed Poroshenko's support for his election campaign in Georgia. A win would have allowed him to return (Interview with advisor). The evening before the Georgian elections on October 8th 2016, Saakashvili was sighted dining with Poroshenko and a known mafia actor. His public image further suffered. Furthermore, despite Saakashvili's declarations of not making use of his function for personal benefits including working for a low Ukrainian salary, living in a modest apartment at the edge of the city and using public transportation some of his events were hosted in Odessa's most expensive hotels (Interview at IRFK). According to the same interviewee, the opposition in Odessa also accused Saakashvili of using funds provided by local businessmen involved in building Odessa airport and blamed him with corruption, further damaging his public image. Public support as suggested by Evan's third obstacle, therefore, constituted another constraint.

4. Conclusions

This thesis has assessed the vertical process of PT from Georgia's national to Ukraine's provincial level in Odessa oblast and arising problems leading to its failure. The process started with Saakashvili's appointment as Odessa-Governor on May 30th, 2015, adjoining his position as Chairman of the International Advisory Council on Reforms in Ukraine. Within one month, a team of agents of change was formed, consisting of former Georgian reformers, known foreign liberals and young Ukrainian reformists. These were supported by supranational governmental and mostly non-governmental institutions and initially by the Ukrainian President.

As in previous cases in the post-Soviet area, reforms were designed as projects and sponsored by international actors. In Odessa, funds mostly came from the US. Even when financed by Ukraine's government the money was said to have taken a detour from the international community through this chain. Consequently, a global network from various levels of governance developed in the process.

Regarding public deliberation, the narrative of anti-corruption, one of the most salient issues since the Revolution of Dignity and Saakashvili's focus during the reforms in Georgia, was employed. To increase pressure on officials and combine hard and soft transfers two NGOs were started. While agents involved mostly called reforms liberal at least three of the four pillars of neoliberal thinking were commonly mentioned as being at the core of Georgian-led reforms: Trade liberalisation, domestic liberalisation and privatisation. In line with previous approaches to reforming the CEE and PSS and with the expectations outlined in 2., the PT-process to Odessa was one of neoliberalising projectification.

As for the degree of transfer, reforms departed from the Georgian formula which had been based on neoliberal ideas. Several interviewees mentioned that the aim had been to replicate the Georgian experience with the flagship of anti-corruption. Initially, official narratives from the president's office supported this assumption. Moreover, when implementing reforms, concepts developed in Georgia were considered as the best standard and, thus, adapted to Ukrainian laws and needs. This was often done by core agents of change from the Georgian reform who themselves had helped to develop them in their home country. Thus, mainly the ideological sphere was copied, the concretisation of PT to Odessa can be categorised as emulation. Therefore, the expectation of a PT-degree of copying can only partly be confirmed. During the process, the agents faced several interlinked obstacles keeping them from reaching their aims, i.e. leading to the failure of PT from Georgia to Ukraine's Odessa oblast after less

than two years. As central Georgian agents of change were included into the process, sufficient information on the transferred policy and its modus operandi in the lending country was available. However, in many instances the failure of PT from Georgia to Odessa could be categorised as D&M's incomplete and inappropriate transfers.

Elements leading to the original policies' success in the lending country, such as the powers bestowed upon Saakashvili in his presidential post, were left out. Especially the difference in economic, social, political and ideological contexts in both countries was underestimated, making PT inappropriate. Central to the developments was an insufficient discussion of the overall policy objectives creating not only a lack of political mobilisation as suggested by Evan's second obstacle but top-down and bottom-up resistance of incumbent powerful political elites in the strongly centralised system. The lack of cohesive networks including CSO-partners, of available contractors for project implementation creating a low absorption rate and a lack of resources and of suitable personnel for administrational reforms and internal resistance to changes introduced further impeded reforms. Moreover, the team suffered from the absence of a local political mandate and ambiguous public support. The team's 'foreignness' remained a point of criticism, the strong russification of the region and cultural differences could be exploited by existing challenged elites.

In the absence of learning, the broad societal consensus on the positive contribution of the policy could not be achieved resulting in domestic resistance. As a result and in line with not only Evan's third obstacle 'public opinion' but also recalling cognitive and environmental obstacles, PT only took place where it was in line with the broader incumbent political elite's preferences or enabled differential empowerment.

Two areas should be investigated more intensively. Firstly, due to the limited scope of this thesis and the chosen focus on PT-failure not much attention could be given to agents' motivation for participation or opposition. This should also happen in the light of the short timeframe between Saakashvili's appointment and the abandonment of Russia's Novorossiya-project. Interviewees hinted towards a mix of personal and cultural interests and professional ambitions. Most of them are still in Ukraine working in international institutions. In line with D&Ms call for longitudinal studies due to the changing motivations involved, further research can look at these motivations more in detail and continue to assess related changes in Ukraine and developments regarding Saakashvili's new political movement. Secondly, a closer look could be taken at the different sectors of reform as the degree of transfer is likely to vary with the similarities between the lending and borrowing nation. Meanwhile Ukraine continues its

struggle towards neoliberalising Europeanisation in other areas. A new step has been taken with the visa-free access to the EU on June 12.

Annex

Annex 1: Anti-Corruption Reforms in Ukraine

Several reforms aiming at transparency and rule of law improvements have been introduced during the past two years (Zacharow 2017). The introduction of the electronic declaration of fortune/ taxes led to the dismissal of a few officials refusing cooperation. Another law mandates the National Agency for the Prevention of Corruption to detect, capture and confiscate criminal property assets. A new agency brings these criminally acquired assets back to their legal owners. Anti-corruption agencies have started their work and the National Anti-Corruption Office established over the course of 2015 can provide first results (Zacharow 2017:7). There is now a special prosecutor's office for the fight against corruption and the National Council for the Fight Against Corruption. The National Anti-Corruption Office is a law enforcement body tasked with investigating, preventing and ending corruption in official bodies, with a focus on state-employees in higher and high service positions. At the beginning of February 2017, it had already identified 50 cases worth around 35 million Euro (Zacharow 2017:7). However, the cleptocratic system fights back. With the National Anti-Corruption Office challenging the monopoly of federal prosecutors court procedures seem to be intentionally retarded by courts, cases are directed towards other investigative authorities and the body faces public discreditation (Zacharow 2017:9. To fight corruption in the public procurement sector causing estimated annual losses of 50UAH billion (2$ billion) the internationally recognised open source e-procurement system ProZorro was developed in close cooperation between the government, the private sector and CS based on reforms in Georgia (Bugay 2016:NP).

Annex 2: Ukraine's Governance Structure

Ukraine's administrative and territorial structure has not significantly changed since the country gained independence in 1991. The system remained overly centralised and semi-colonial (Umland et al. 2017:1). Special divisions mirror top-down political principles from Tsarist and Soviet times through vertical hierarchies from the village Soviets (English: Councils) to the Supreme Soviet alias the Ukrainian parliament called Verkhovna Rada (Maynzyuk and Dzhygyr 2008: 12, Umland et al. 2017:1). In decreasing order, the four levels of sub-national government of the unitary state are:

1. **Oblasts** (24) similar to the concept of European regions,
2. **Rayons**, i.e. approximately 500 medium-sized units of around 50,000 people. Self-government is embodied in rayon councils without a fixed executive structure (UNDP, 2008: 28).
3. **City councils** and
4. **Rural councils** which together with the former exceed 12,000 as smallest governance-units.

Annex 3: D&Ms Policy Transfer Framework

TABLE 1
A Policy Transfer Framework

Why Transfer? Continuum: Want To…… Have To	Who Is Involved in Transfer?	What Is Transferred?	From Where	Degrees of Transfer	Constraints on Transfer	How To Demonstrate Policy Transfer	How Transfer leads to Policy Failure
Voluntary	Direct Imposition	Policies	Internal	Copying	Policy Complexity	Media	Uniformed Transfer
Mixtures	Elected Officials	Programs	Global	Emulation	Past Policies	Reports	Incomplete Transfer
Coercive	Bureaucrats Civil Servants	(Goals) (content) (instruments)	Past	Mixtures	Structural Institutional	Conferences	Inappropriate Transfer
Lesson Drawing (Perfect Rationality)	Pressure Groups		State Governments	International Organizations	(Newspaper) (Magazine) (TV) (Radio)	(Commissioned) (uncommissioned)	
Lesson Drawing (Bounded Rationality)	Political Parties		Within-a Nation	Regional State Local Governments			
International Pressures	Institutions		City Governments				
(Image) (Consensus) (Perceptions) Externalities	Ideologies		Local Authorities				
Conditionality				Inspiration	Feasibility	Meetings / Visits	
(Loans) (Conditions Attached to Business Activity)					(Ideology) (cultural proximity) (technology) (economic) (bureaucratic)		
Obligations	Policy Entrepreneurs/ Experts	Negative Lessons	Cross-National	Past Relations	Language	Statements (written) (verbal)	
	Attitudes/ Cultural Values						
	Consultants						
	Think Tanks						
	Transnational Corporations						
	Supranational Institutions						

Annex 4: The PSC Concept

In Ukraine, citizens usually have to visit different public institutions to gather the documents needed. At every step public and strongly underpaid agents can ask for a bribe to process the application or process it in time. Time frames for issuing documents are often excessive (e.g. up to 30 days for a simple certificate). On the other hand, shorter time frames are often overstretched. Ukrainian law determines a maximum of seven days for registering public associations. In reality the process can take more than a month (Eurasian Foundation 2015).

The Georgian PSC-concept introduced under the Saakashvili government and transferred to Odessa constituted the most advanced reform project in Ukraine. The PSC creates a division into front and back office. The back office contains work spaces for representatives of different institutions. The front office is responsible for collecting the required documents and issuing a certificate of reception. Through the introduction of an intermediary (the front office), the direct contact between the representative and the customer is cut.

Through the use of modern information communication technologies agreed on in the June 3, 2015-Memorandum, services are electrised, processes of service delivery and good governance become more transparent. The process for administrative services is fastened. In Odessa 60 services were offered. The bureaucracy-reducing one-stop-shop concept, meaning only one stop to take all steps needed for a document or registration, spares applicants the time-consuming way to different institutions. A universal front office, moreover, reduces costs. Public servants work door to door in the back office, use the common electronic database and exchange data, which further speeds up processes and reduces bureaucracy.

The third pillar of the PSC concept is treating citizens as customers and the PSC as a business so that the former make recurring use of the services provided. Incentives and other tools are utilised to motivate or force employees to remain within the exact timeframe needed for providing the respective service. The Odessan government pushed through that if a special service is required, e.g. a certificate has to be issued in a shorter time than the general procedure, a fee has to be paid. 60 percent of the revenues generated can be kept by the institution. This bonus is then used to maintain the centre, reward and invest in employees, increase incomes lowering the need for bribes and attracting applicants. Furthermore, the goal is to add to the public budget through taxes instead of relying on the state's financial support. The Ministry of Justice only controls for legal requirements, the centres stay independent in economic terms. City owned entities are not entitled to keep 60 percent of their revenues. A law change from

mid-May 2016 allowed authorised entities to provide front office services raising competition. These entities later could be transformed into independent legal entities.

When the project was launched in 2015, solely the local government, the city, could introduce PSCs. All administrative services were controlled by the major of the city. Through intense cooperation with the Ministry of Justice, other ministers and MPs, residents, the government and through the support of the international community (the Eastern Europe Foundation supported the project financially and with expertise through EGAP funded by the Swiss Confederation and the USAID Leadership in Economic Governance Program (Eurasia Foundation 2015) the PSC was established.

Annex 5: Problems of Multi-Level Governance in Ukraine

The principles of local self-government as "the right of a territorial community to independently resolve local issues within the limits of the constitution and the law (Aston Centre for Europe 2011:7)" are explained in Chapter XI of the Ukrainian constitution. It can be exercised directly or through respective bodies. In accordance with Ukraine's 1997 Law on Local Self-Government, district and regional councils constitute local self-government institutions and represent the interests of the territorial communities of settlements, villages and towns.

While also Article 140 of the Ukrainian constitution acknowledges their organisational, financial and legal autonomy in accordance with the European Charter of Local Self-Government, these precepts are not always used in practise (Aston Centre for Europe 2011:5). Article 2 of the constitution defines Ukraine as a unitary state, however, laws and regulations fail to clearly set out the consequences of a unitary state system for sub-national governance structures. An ambiguity of local and regional actors' competences stemming from the insufficient divisions between the governance levels and additional legislation is created (Aston Centre for Europe 2011:9f.). This makes local reforms easily preventable via the Constitutional Court, also through the government maintaining a high degree of control over the institution. Unwanted judges can easily be replaced with appointees sharing the same political vision (Aston Centre for Europe 2011:21).

This pattern of politicisation is also visible with regional governance appointees. In accordance with the 1999 Law of Ukraine on Local State Administrations, at regional and local level, executive authority is held by centrally appointed state administrators while locally elected councillors represent the electorate. In most cases, the former are accountable to the central government and not the people. Hence, despite local council deputies being elected, they cannot institute their agenda and are not directly held responsible for the delivery of crucial public services.

Further raising doubts about people's democratic representation, through administrative resources, i.e. mechanisms the central government can use in the vertical command structure, the government can order local politicians and officers to increase the vote for the incumbent party and its agenda. Mechanisms include pressuring state employees and others dependent on government funds such as pensioners, those in state-controlled institutions e.g. prisoners, soldiers or hospital patients to vote in a favourable manner. Manipulation continues through adding 'dead souls', names of recently deceased, to the electoral roll whose votes are taken by government supporters. "This duality of competences" leading to the convergence of local and

national policy agendas "is undemocratic, unresponsive and inefficient (Aston Centre for Europe 2011:10)".

Furthermore, the sheer number of local government structures and rayons prevents effective management and control (European Union 2011:3f.). Units of the same level differ greatly, organisational capacities and responsibilities do not correspond, administrative enclaves, exclaves and overlaps are common between territorial units including other units of the same level of administration. Consequently, effective divisions of tasks and responsibilities and coordination between the various levels and between executive and legislative actors at local level are problematic (Maynzyuk and Dzhygyr 2008: 12).

Lastly, citizens' idea of authorities' workings is tainted by the Soviet legacy where the party took decisions mixing legislative and executive powers. Derived from its strong role, the state and not the community is expected to take care of problems resulting in weak notions of autonomous self-government as a mode of local democracy (Aston Centre for Europe 2011:5). People are used to solving problems on their own without taking the broader community into consideration or passively wait for the pathologic state to support local solutions (UNDP 2008: 29- 30).

As a result, local electoral democracy is highly problematic raising doubts about local self-governments' effectiveness, legitimacy and accountability (Aston Centre for Europe 2011:10). When it comes to the development of rayons and regions, the ineffective working of regional and local self-government bodies mainly derives from their political and administrative powers, financial system and economic resources (UNDP, 2008: 27). Administrations lack the practical authority and resources to design and implement programme documents and strategic solutions (EEO Group 2010: 22). Locally elected oblast and rayon Councils simply approve budgets, the actual power rests with the heads of regional administrations (UNDP, 2008: 28). This strongly hinders the delivery of central public services as well as the development of regional policies (Aston Centre for Europe 2011:9). In fact, most of the regional budgets are used on basic but still substandard services like education or healthcare making it hard to fund programmes stimulating local economic growth (Aston Centre for Europe 2011:15, see also Umland et al. 2017:2). This also raises challenges for PT, e.g. for EU programmes and initiatives and the adoption of EU norms (Aston Centre for Europe 2011:5).

Annex 6: Decentralisation

Reasons for the consolidation and exacerbation controversies of local ownership during budget reforms in 2001 stem from a political environment strongly adverse to the idea of decentralisation. This lead to the dearth of a clear vision and motivation for reform and the political debate focusing on zero sum issues of losing financial and political control. Consequently, the division of responsibilities amid governance levels created much political uncertainty (Schneider 2009).

By the late 2000s, a political consensus in support of decentralisation and the strengthening of regional assemblies had been established. However, only a few attempts have been made until recently, including former-President Yanukovych's introduction of the Council of Regions, an advisory body on the improvement of regional economies and for the preparation of territorial administrative reform.

Decentralisation has been one of the reforms pursued after Maidan and is currently supported by numerous Western states and international organisations, mainly the EU, through various instruments and funding of around 200 million Euro (Umland et al. 2017:5). In fact, one month after the end of the Revolution of Dignity in February 2014, Yatsenyuk's government adopted an altered concept for the Reform of Local Self-Government and Territorial Set-Up of Power. Well-known issues from in previous attempts led to continuous holds.

In 2015 and 2016, local authorities at municipal and communal level received 42 and additional 49 percent more funding amounting to 3.5 and 5 Billion Euro (Umland et al. 2017:2). A new tax formula for businesses provided incentives for proper tax payments and away from salaries in cash and led to an increase in revenues. A new model of competitive distribution of inter-budget transfers aims at promoting the support of poorer regions and economic rivalry among local constituencies (Umland et al. 2017:2). Moreover, the voluntary but financially incentivised process of unification of the more than 12,000 small councils into larger and more powerful subunits, the "amalgamated territorial communities", aimed at raising local authorities' institutional and financial capacities. By the end of 2016, 15 percent had merged into 367 amalgamated communities (Umland et al. 2017:2f.). To increase infrastructure, healthcare and to introduce educational projects these received extra tax revenues and direct government subsidies worth 35 million Euro in 2016 together with new competencies e.g. to direct their expenditures.

The 159 communities formed in 2015 saw a six-fold budget increase in 2016. Additionally, the government envisages to expand the rayons until 2019. The aim of attracting larger investments

has not been met yet and other long-standing reforms such as a crucial constitutional amendment are still not passed in the Verkhovna Rada. This is also because several constitutional changes related to decentralisation were coupled with the Minsk process, i.e. the provision of a special status and more autonomy for the Russia-controlled Donbas region, which is perceived as illogical, unjust and subversive by many MPs (Umland et al. 2017:3f.). Moreover, the idea of President-appointed prefects, regional public officials supposed to legally monitor, suspend or initiate court proceedings on local decisions generated much controversy.

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