

## **When Business and Politics Mix:**

### **Local Networks and Socio-Political Transformations in Ukraine**

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This paper investigates whether and how patronage networks affect the progress of socio-political reforms at the local level in Ukraine. It contributes in three ways to the study of networks and transitions of socio-political orders: first, it provides rich empirical study using primary (interview) and secondary data; second, it focuses on the local rather than national level and analyses three understudied cases of networks (Kharkiv, Mykolaiv, and Ivano-Frankivsk); third, theoretically it relates the studies of patronage networks in post-communist setting to a broader framework of limited access orders. Our findings show that although multiplicity of networks might be a necessary condition for the opening of access to political and economic resources, it is not a sufficient one. Also, the presence of multiple networks is not necessary for high level of citizen satisfaction with public goods provision—a single dominant network might achieve a relatively high level of citizen satisfaction too.

Keywords: local networks; Ukraine; patronage; limited access orders; satisfaction with public goods provision

## **1. Introduction**

Social networks are ubiquitous in social, economic, and political life (Collier 2016, 10). Like institutions, they represent stable or recurring patterns of behavioural interactions that constrain or enable individual or organizational access to information, social influence, resources, and social capital. In contrast to institutions however, networks are mostly informal and capture a set of (interconnected) relationships between individuals, groups or organizations (Ansell 2008, 75-77). Network theory, applications of which have grown considerably in recent years, is rather broad and theorizes “processes and mechanisms that relate network properties to outcomes of interest” (Borgatti and Lopez-Kidwell 2011, 40).

In highly developed democracies, policy networks have been found to improve the interface between government and economic and civil society, as well as facilitate consultation and policy implementation (Börzel 1998). Networks, however, often play a very different role in non-democratic political contexts and restricted economic settings where they serve to control access to resources, information and ultimately, rents. The role of networks in controlling access to information and resources has been explored in the context of studies of post-communist patrimonial regimes, where they play a central role (e.g. Gel'man 2016).

We place the insights from these studies in a broader framework of socio-political orders (North et al. 2009). In this framework, patron-client networks are a common feature of limited access orders (LAOs). The main proposition of North et al. (2009), whose work provides political and economic analysis of social and political orders since recorded history, is that most states limit access to resources and institutions and are therefore defined as LAOs. In contrast, in open access orders (OAOs) access to institutions and resources is near universal and not based on personal networks. In LAOs, dominant elites, connected via patron-client networks, structure the creation and distribution of rents, control violence and determine

various payoffs for their members (North et al. 2009, 36-37). Individual patron-client networks can serve as a channel for upward mobility, an interface with other patronage networks or a mechanism of control via the existing dominant coalition. Studying patron-client networks is therefore an important element of understanding LAOs, of which post-communist patrimonial states are an example.

In this paper, we investigate whether and how patronage networks and their characteristics affect the progress of socio-political reforms – or lack of it – at the regional and local level in one post-communist state, Ukraine. Ukraine has been viewed as an archetypical example of a neo-patrimonial regime in which networks of oligarchs and politicians connected to the presidency have dominated the economy and political life (Konończuk 2015; Pleines 2016; Puglisi 2003).

Specifically, we study the possible influence of network structure<sup>1</sup> on the potential for political and economic opening at the local level in Ukraine. Through an in-depth analysis of the shape of networks in three regions, we investigate whether the structure of networks can promote or inhibit progress towards political opening and economic diversification, and ultimately, transition towards an OAO. To do so, we establish what the relevant network features are in three cities: Kharkiv, Mykolaiv, and Ivano-Frankivsk. Specifically, in our case-studies we identify 1) to what extent there are close relations or overlap between political and economic actors and other key stakeholders; 2) what kinds of relationships and ultimately networks exist between the local political and economic elites; 3) to what extent existing networks are centralized or fragmented; and 4) how local actors are linked to the central government in Kyiv. We also look at the quality of public service provision as a possible mediating variable of the impact of networks on opening.

The paper starts with the conceptualization of networks and critical discussion of their role in maintaining limited and open access orders. We also discuss the link between networks and provision of public goods in combination with the findings from studies of post-communist patrimonial regimes. Drawing on these different insights, we formulate expectations regarding the effects of different kinds of networks on the opening of LAOs. First and foremost, we seek to find out whether centralized networks are less conducive to openness and universal access to organizations, services and the market. Linked to this, we aim to establish whether the presence of a dense single-pyramid network in a city, comprising entrepreneurs and politicians, is detrimental for political and economic opening. Third, we explore the relationship between local and national elites and investigate their connection with central government and regional and national networks. Fourth, we examine whether there is a relationship between the shape of the network representing the dominant coalition, on the one hand, and citizen satisfaction with the provision of public goods, on the other. Our rich empirical analysis grounded in a novel framework offers a valuable contribution to the study of effects of networks on the transformation of socio-political orders.

## **2. Networks in limited and open access orders**

### ***2.1 Networks and limited access orders***

Are multiple networks better for democratization than a single one? The intuitive answer seems to be affirmative, but the theoretical framework that we use here to analyse political and social orders provides a more nuanced answer. Using a historical perspective, North et al. (2009) show the evolution of the state as a growth of both organizational forms and the power of dominant elite coalitions. As states become more mature, dominant elites form personal relationships through which they extend their control (North et al. 2013, 254-255). While opening of access can occur when dominant elite coalitions diversify, a multitude of networks can also exist in a mature natural state supporting a LAO in equilibrium. Therefore, a

multitude of elite networks is not, as such, the defining feature of a transition from LAO to OAO. Neither is the shape of these networks, for two reasons. Firstly, in large states with many different networks, these networks interlock through interactions between small powerful groups of elite individuals. Secondly, elite hierarchies can be highly centralized into a pyramid structure that descends vertically from a powerful ruler, or, alternatively they can be much flatter, comprising horizontally-linked elites (North et al. 2013, 36). Nevertheless, since competition in the political and economic sphere is a feature of OAOs, one might expect that the emergence of a multiplicity of networks may become a facilitating factor of the transition towards OAO. Specifically, the presence of multiple networks competing with each other might facilitate the evolution of rules which guarantee impersonal access to institutions, regardless of one's access to power.

Another key distinction between open and limited access orders guides our analysis: in OAOs the networks in political and economic life are mostly separate as economic organizations do not, generally, need to participate in politics to protect and maintain their rights (North et al. 2009, 112). In OAOs large economic organizations are not indifferent to politics, but instead only “tangentially involved”. Yet in LAOs, the connections between political and economic actors are much more visible and direct (North et al. 2013, 269). Therefore, we seek to capture such visible and direct connections between elite political and economic networks in the empirical part of this paper. To capture networks comprising of members of political and economic elites would provide evidence of the existence of a LAO.

Last but not least, we consider the relationship between networks and public goods and services provision. Public goods, such as security, protected property rights, stable legal environment, transport and digital infrastructures ensure that people have the opportunities to start and run businesses and participate in economic life more broadly. Public services, such

as education, healthcare and welfare, ensure that people have the knowledge, dignity, and motivation to participate in political life. The structure and characteristics of elite networks might influence the quality and perceived satisfaction with the provision of public services. We can hypothesize that when there is no dominant politico-economic network, competing elites holding positions of political power will have the incentives to provide quality public services in order to get the support of the people on their side. When there is a single dominant network or when multiple competing networks have stable demarcated spheres of influence, the provision of public goods and services will suffer, as the elites have no interest in pleasing the public while having incentives to capture the resources for public service delivery for their own profit.

Based on the above, we expect the existence of deeply interwoven networks between political and economic elites to be evidence of a LAO. With some caveats, we expect multiple networks to be more conducive to opening than single ones. Competing networks would also theoretically be better at providing public goods.

## ***2.2 Networks in the post-communist context***

The collapse of the communist state was one of the most important aspects of the end of the communist system. After the first few years of transition, little was left from an all-powerful, all-encompassing state that had been the source of jobs, planning, re-distribution, and social control. One major consequence of the state weakness, which was characteristic of all post-communist states in the early transition, was the increased importance of networks that served to perform some of the functions of institutions. In an environment very low on trust, existing social relations based on family or friendships forged in the neighborhood, at school or at the workplace became a source of network ties that extended into all domains of social life, including the economy and politics.

Not surprisingly, the importance of networks in the post-communist context attracted the attention of scholars. In the literature on post-Soviet republics, three major approaches to the study of networks have been identified, examining 1) the reconstitution of Soviet-style formations and the exchange of favours; 2) the effect of the intertwining of business and political elites on economic development; and 3) the ability of cliques or clans to usurp the state (Clossen 2009, 762-763).

In 1990s Russia for example, networks played a very important role in shaping new economic realities and dealing with the lack of enforcement by the state. Former Soviet managers and new entrepreneurs made extensive use of networks to enforce mutual obligations. They avoided appealing to third party control – that of state agencies and structures – so as to preserve network cohesion (Volkov 2002). At the end of the 1990s, as Putin set out to rebuild the Russian state from above, state enforcement structures were strengthened. Patron-client networks, however, did not disappear (Baturu and Elkind 2016). They were expanded to include representatives of the security structures (*siloviki*) and the so-called “oligarchs” in the business sector as well as regional political machines (Hale 2010, 35; Kryshтанovskaya and White 2005).

Across Eurasia, patronalism became a central feature of governance in a number of post-Soviet states (Hale 2015). Limited access orders (North et al. 2009) became the default political state equated with highly “patronalistic” societies. Hale (2015, 28-29) stressed that patronalism reproduced itself in Eurasian states and did not discuss the possibility that it might ever transform into an OAO. More relevant for the discussion here, Hale distinguishes between single- and competing-pyramid systems to describe different patronal systems (2010, 35; 2017, 32). In a single-pyramid system, all networks coordinate around a single patron –

usually a president. In a competing-pyramid system, rival networks jockey for position and compete with one another.

Political developments in Russia since 1991 have shown that there can be movements towards and away from single- and competing-pyramid systems and that the breakdown of single-pyramid politics does not guarantee the emergence of a more open access order. The general assumption is that competing pyramids can be more conducive to a democratic opening, but they are not a sufficient condition; they might simply divide the patronal system into competing closed pyramids (Hale 2017, 32-33). Moreover, patron-client networks or patronal politics are not limited to the national level. They can be replicated at a sub-national and regional level as well (Gabdrafikov and Hale 2006, 81-82).

Based on these analyses, we can expect that current economic elites in Ukraine may still be part of long-standing and powerful economic networks created in the last three decades. Moreover, we can assume that economic and political elites, including high level officials – are important for governance of both economic transactions and state resources. In the next section we present existing studies of political and economic ties in Ukraine to put our analysis in context.

### ***2.3 Existing studies of national and regional networks in Ukraine***

The existence and abundance of patronal networks had already proved to be one of the most relevant features of the political landscape in Ukraine before the Orange Revolution in 2004 (Fisun 2012, 94-95; 2016, 113-120; Hale 2010, 40; 2015, 182-190). The Ukrainian state experienced several cycles of movement towards a competing-pyramid system and back to a single-pyramid system since the turn of the century, with the key players being the “patronal presidents and rent-seeking entrepreneurs” (Fisun 2016, 107; Hale 2015, 13). Presidents



Yanukovych and to a lesser degree Kuchma created single-pyramid networks, while in post-Orange Revolution Ukraine a competing-pyramid system emerged with networks around President Yushchenko and Prime Minister Tymoshenko. Following the *Euromaidan* protests, rival networks began to form again around President Poroshenko and Prime Minister Yatsenyuk, but after the latter's dismissal in 2016 a single-pyramid system started consolidating around President Poroshenko (Fisun 2017, 1-25; Minakov 2017).<sup>2</sup>

While existing studies assert that patronage network systems develop around certain individuals in Ukraine, they usually do not include a systematic network analysis of the connections and overlaps between such groupings. The social network analyses by Kostiuchenko conducted at the national level constitute an exception. Her studies look at political, economic, civic, educational, and kinship ties between members of the political elite from the national parliament, the central government, and the presidential administration (Kostiuchenko 2008, 2010), continuity in political elite composition at the national level (Kostiuchenko 2012a), and ties between members of the political elites and large business elite groups (Baum et al. 2008; Kostiuchenko 2012b). They reveal that political network ties and business network ties *within* the political elite do not generally overlap, and that political elite members who shared common economic activity in their past do not always develop business networks together (Kostiuchenko 2010, 80-82). Focusing on the national parliament (*Verkhovna Rada*) for example, many MPs also have affiliations with large business groups *outside* the political elite, with enterprises from the Donbas region traditionally being particularly prominent (Kostiuchenko 2012b: 196, 200).

Studies have documented the rise – and sometimes fall - of regional networks to the national level. In particular, the rise of oligarchs under President Leonid Kuchma saw the Dnipropetrovsk, Donetsk and Kyiv networks build on their local roots to take on national

prominence by the turn of the century (Matuszak 2012, 14-15; Pleines 2016, 116-117). After the Orange revolution in 2004 only the Donetsk network survived as a political force, initially as an opposition group represented by Viktor Yanukovich and the Party of Regions until he was elected president in 2010. Meanwhile, some oligarchs were becoming more popular in their respective regions than the local politicians, for example by financing new football stadiums (Matuszak 2012, 78).

Post-*Euromaidan* and the fall of Yanukovich in 2014, the landscape of financial-political groups (FPG) began to transform (Jarábik and Minakov 2016). Both the number of billionaire oligarchs, as well as their wealth, declined dramatically. The Donetsk network split up and individuals from the group, such as Rinat Akhmetov, sought to maintain ties with both separatist leaders in Donetsk and Luhansk, as well as with MPs from the party of the new president, Petro Poroshenko (Jarábik and Bila 2015). The failure of pro-Russian uprisings in Kharkiv, Dnipro, or Odessa can be explained in part by the rent-seeking interests of local and regional FPGs (Fisun 2017, 3-4). In addition, new groupings began to challenge some of the more entrenched, long-standing oligarchs (Jarábik and Minakov 2016).

Given the size of Ukraine and the economic diversification of the regions, we can expect that not only the centralized networks matter, but also regional and local ones. Regional political and economic elites have always been important political actors in their own right in Ukraine. According to analysts, some “treat their regions as patrimonial domains and even have their own paramilitary forces” (Fisun 2016, 120). While the authorities in Kyiv may reward regional players loyal to them with rents and grant them positions in local government structures, there are still relatively autonomous regional political regimes that maintain their own local patron-client systems (Fisun 2016, 120, 2017, 3).

Financial-political groups have emerged around some regional figures but these do not always limit themselves to local ambitions. Instead, prominent figures such as mayor of Lviv Andriy Sadovyi might be attempting to become players on the national level (Jarábik and Minakov 2016). There are still many relatively autonomous patron-client systems at the regional level that can reach agreements with politicians at the national level, particularly during elections (Fisun 2017: 3). By contrast, local political machines ready to challenge Poroshenko's rule can succeed in local elections in cities such as Kharkiv, Dnipro, Odessa, and Lviv (Fisun 2017: 4). These FPGs are often identified in existing analyses. The role of figures such as Akhmetov, Kolomoiskyi, or Sadovyi at the national level has been highlighted, but the actual makeup of their regional or local networks has attracted less attention or systematic empirical research.

More recently, the authorities in Kyiv have made some deals with local power brokers and regional elites in order to ensure that they could maintain control in southern and eastern Ukraine (Wilson 2016, 6). By far the most prominent of these local power brokers was the oligarch Ihor Kolomoyskyi from Dnipro, who was made governor of the region in 2014-15 and allegedly extended his influence into Odessa and Kharkiv regions (Jarábik and Bila 2015; Konończuk 2015, 4-5; Marples 2016, 7). President Poroshenko and Kolomoyskyi would later clash, and while Kolomoyskyi retreated from formal politics, allegedly he continues to exert influence, for example supporting the presidential bid of Volodymyr Zelenskyi in 2019 (Leshchenko 2016; Piechal 2018, 3; Skorkin 2019).

After 2014, the drive for decentralization has become a highly significant and dynamic area of reform that affects regional and local networks (Marples 2017: 169-176; Jarábik and Yesmukhanova 2017). Reforms have opened the possibility of amalgamating local government units, as well as making provisions for new local tax revenues and a local budget

base (Sasse 2016). Modest increases in funding are accompanied by increased responsibilities to deliver services (Jarábik and Yesmukhanova 2017; Lankina et al. 2017: 16). There are concerns regarding the prospects for further decentralization - for example with relation to separatist controlled regions - as well as with relation to potential strengthening of local political and economic networks in decentralization (Hanushchak et al. 2017; Lankina et al. 2017: 15; Marples 2017: 171-172).

The importance of regional and local networks and the dynamic changes in the regions make the examination of local networks particularly salient. Yet research in local networks encounters the same challenges which have presumably caused the relative lack of specific network studies at the regional level: lack of reliable data on wealth, informal political rules and practices, difficulty in identifying reliable and willing respondents. The next section introduces our approach to resolving these challenges, the case selection and data collection.

### **3. Research design**

#### ***3.1 Approach and case selection***

We start with a comparative case design in which the unit of analysis is a city with its adjacent region. The city is a natural unit of economic and political activity that is sufficiently well integrated and at the same time relatively autonomous from larger administrative and political structures in the country. In terms of identifying who holds positions in the political and economic elites, we focus on the period since the most recent local elections in 2015. This time period is short enough so that the variables we observe remain relatively stable, while being long enough so that we can find reliable evidence about the political and economic developments of interest.

We opt for a case selection strategy that maximizes variation on the outcome variable of interest - political and economic opening. This choice is driven by the lack of data on the structure of political and economic networks at the city-region level in Ukraine for the period we study. The lack of data on the main explanatory variable precludes a case selection designed to test the influence of networks through a most similar system design with unknown outcomes or a large-N design that analyses all relevant cases (Toshkov 2016). Since the network structures of the cases only becomes unveiled in the process of data collection and analysis, selection of cases by maximizing the variation in the outcome variable, which is more readily observed, becomes an attractive research strategy.

In essence, our design starts with cases that have exhibited different trajectories of political and economic opening since 2015, maps the relevant networks in these cases, measures (satisfaction with) public service delivery as a mediating variable, and analyses how these co-vary in the set of cases we study.

The inductive nature of this design does not allow for a proper *test* for the influence of networks. If we discover that the cross-case patterns in the two main variables (opening and networks) match, it would be suggestive of a causal connection between the two, but it could also result from random noise or confounding influences of other variables. To address these concerns, we select the cases in a way that keeps one plausible confounder - namely, East-West regional differences - constant across two of our cases. To further minimize the influence of other variables, we selected cities that have comparably sized economies based on the Gross Regional Product (GRP) per capita as reported in official government statistics (State Statistics Service of Ukraine 2017: 93). In addition, to gain more analytic leverage for discovering causal links between networks and opening, we seek direct evidence about the processes through which the networks might have influenced openings in the political and

economic domains. Furthermore, we probe the possible mediating influence of public service provision.

We chose the following cases: Kharkiv, a city in the east with a low level of political and economic opening; Mykolaiv, a city in the east with a relatively high progress towards opening compared to the other cities and regions in this part of the country; and Ivano-Frankivsk, a city in the west of the country that has experienced a relatively high degree of opening in the past years.

### ***3.2 Measuring opening***

We operationalize opening, our main outcome (dependent) variable, with the help of the regional transparency and openness scores for 2017 provided by Transparency International Ukraine (TIU). TIU (in collaboration with Transparency International Slovensko and United Nations Democracy Fund) assessed the transparency and openness of 100 cities in Ukraine. The TIU's openness and transparency index includes evaluation of the information shared by the local governments with citizens and best practice procedures to ensure access to services and funds. They are grouped into 13 categories, each of which contains scores on several criteria (in total 91 different objects of assessment). The evaluations were conducted by TIU experts, primarily through the analysis of official websites, and were supplemented by other methods of data collection such as responses to a letter of inquiry, Internet data, and analysis by the research team (TIU 2017).

This index is not a perfect measure of openness as it is mainly based on the availability of information online and does not take into account other potential channels of information that could be used by the local authorities and citizens. However, it also evaluates the existence of well-defined procedures (see the Supplemental Material for details) and is a comprehensive

proxy of openness as it deals with different aspects of access to politics and economy. Therefore, the index scores come very close to the conceptualization of open access to public organizations (North et al. 2013)

[Table 1 near here]

In 2017, Mykolaiv is one of the leading cities in terms of transparency and openness, ranked fourth in the country. Kharkiv, by contrast, scores relatively low, ranked 35<sup>th</sup> among Ukrainian cities. These two cities are comparable in terms of GRP: Mykolaiv and Kharkiv had a GRP per capita of between 40,000 to 45,000 UAH in 2015. Furthermore, in broad terms the industrial and economic structure in each region is similar. After selecting two cases in eastern and southern Ukraine that were similar economically, but varied in terms of their degree of openness or transparency, namely Mykolaiv (relatively high) and Kharkiv (low), we then identified a region in the west of Ukraine which shows similar levels of transparency as Mykolaiv. Using again the composite indicator provided by TIU, we selected Ivano-Frankivsk for our third case. Ivano-Frankivsk scores high on openness and transparency and ranks third in the country. We present details on the operationalization of the variables, including political and economic opening, below in table.

[Table 2 near here]

For public goods provision, which we hypothesize is an important mediator of the effect of networks on opening, based on the theoretical discussion above, we use data from the annual survey of citizen attitudes about local governance and municipal services that are regularly conducted in Ukraine (IRI 2018).

### ***3.3. Mapping networks: approach, sources and data collection***

To map the political and business networks, which form our main explanatory variable of interest, we identify the main political and business figures in the cities. To do so, we rely on a combination of positional and reputational approaches to mapping social networks. The positional approach takes as its starting point the structural (institutional and organizational) positions and looks at the people who occupy these positions. The reputational approach relies on expert information to identify important actors on the basis of their reputation in society and among specialist groups. The combination of positional and reputational approaches is necessary here as neither is sufficient on its own to reconstruct the political and economic elite network: there is a difference between personal political influence and formal office position in the post-communist setting (Baturu and Elkink 2014).

To identify influential elite members and their links, we started with the positional approach. We have constructed the list of potentially influential politicians in the following way: first, we identified the most important structural positions in the cities. These included the positions of mayor, deputy mayor(s), heads of city council committees, as well as the (regional) governor and his/her deputies. For each city, this resulted in a list of 22 positions. We then proceeded to identify the individuals occupying each of these positions by consulting the official websites of the following institutions: City Council of Kharkiv, Regional State Administration of Kharkiv, City Council of Mykolaiv, Regional State Administration of Mykolaiv, City Council of Ivano-Frankivsk and Regional State Administration of Ivano-Frankivsk.<sup>3</sup> With regard to the business figures,<sup>3</sup> we applied the positional approach by identifying the persons that held the (informal) positions of largest taxpayers, largest employers, and owners of the largest fortunes (wealth) in the cities.



The resulting lists of politicians and business figures were complemented by data derived using the reputational approach from fifteen expert interviews. Thirteen local experts (four in relation to Kharkiv, five in relation to Mykolaiv, and four in relation to Ivano-Frankivsk) agreed to give an interview or responded to our questions in writing (the List of Interviews is provided in the Supplemental Material). As information about elite networks is very sensitive, the identity of most interviewees is not revealed.<sup>4</sup> To triangulate the information from interviews we used other sources available online such as the main regional newspapers, country search tools, and e-declarations. More information about the data and interview sampling is available in the Supplemental Material.

#### **4. Empirical results**

In this section we present the empirical results of our study. The analysis is organized by city, and for each city we analyze the links between politics and businesses. General information about the cities and a more detailed mapping of each of their political and economic elites can be found in the Supplemental Material.

##### ***4.1 Kharkiv: Links between politics and business***

The various sources of information listed above have provided strong indications that there is a significant overlap between politics and business in Kharkiv. We found evidence of the existence of one strong network of political figures at the city government level using their political and administrative positions to extract resources or to promote their business interests. The dominant network is concentrated around the mayor, Hennadiy Kernes, who is the major political and economic player in the city.

Currently, the majority of civil servants and city council deputies are from the political party led by Kernes - *Za Kharkov, za Vozrozhdenie* (For Kharkiv, for Re-birth). Apart from the local level support within the city council, Kernes is believed to be well-connected to national level political figures (see Supplemental Material). Interestingly, Interviewee 1 emphasized that Kernes is a political entrepreneur who ‘has changed his political orientation drastically over the years’: Kernes supported Yushchenko during the protests in 2004, to later join the opposition of Yanukovych’s Party of Regions, to again change his allegiance in 2014 and support the new authorities in Kyiv (Interviewee 3).

The ownership structure of the assets of the mayor of the city and his predecessor, Mikhail Dobkin - and of the people linked to them - shows strong patronage links. Through these links the families and friends of the mayor benefit from city resources. Family networks allow politicians to hide their businesses by registering them under the names of wives and children. Interview 3 mentioned that entrepreneurs outside of these networks are afraid to become visible so as not to fall under the influence of the mayor. Conversely, if they do get involved in business activities, it is because they have an agreement with him. This seems to be relevant mostly for the small and medium enterprises and in areas where a permit from the city council is needed for a business to operate. There are entrepreneurs in the city and the Kharkiv region that function without the support of the Kernes-Dobkin group (e.g. Oleksandr Yaroslavsky, Vsevolod Kozhemyako), albeit not always without problems.

We found that it is very common for entrepreneurs to serve in political positions, be it in the city council, regional council, or at the national level. Because entrepreneurs have access to politics at different levels, their political affiliation does not need to align with the current mayor. Moreover, some entrepreneurs have clashed with the Kernes group in the past and are

presented as his potential opponents in the upcoming city elections (e.g. Oleksandr Feldman, Aleksandr Davtyan).

Thus, while the political network at the city level is tight and dominated by the current mayor and his group (in most cases linked to the Party of Regions or its later incarnations), the political constellation at the regional level is different. The regional administration is dominated by the Petro Poroshenko Bloc (*PPB*). However, our interviewees suggested that the regional administration has given informal consent to Kernes' continued dominance, since he has taken a pro-Ukrainian stance since the conflict with Russia erupted.

The main conclusion of our analysis of networks in Kharkiv is that a major pyramidal network of intertwined politicians and businesses surrounding the mayor dominates the city government, but that this network is not the only one in existence. Apart from the Kernes-Dobkin aligned businesses, there exists a broader range of competing businesses in the city. However, entrepreneurs (e.g. Davtyan, Feldman) are not necessarily connected to each other, so we cannot say that they form a separate network. Yet the majority of the entrepreneurs not affiliated with the mayor's network also performs political functions at different levels of government and represent different political parties, and as a result have the opportunity to use political influence to protect their business interests.

#### ***4.2 Mykolaiv: Links between politics and business***

Summarizing the relations between politics and businesses in Mykolaiv, one interviewee noted that there are no politicians in the strict ('European') sense of the word in the city. This means that politicians do not use their political functions to represent the citizens, but instead they represent "the interests of business/industrial informal clans". Our analysis of the political and business structure of the elites and links between them to a large extent aligns

with this view. There is, however, pluralism and competition between different businesses and different political parties, so the picture which emerges is very different from the more centralized, single-pyramid political network in Kharkiv.

In the sphere of local and regional politics, we see competition between different parties and interests. The city council, dominated by the *Opposition Bloc*, largely controls the city level politics and competes for the influence with the regional institutions dominated by *PPB*. The elected mayor, Oleksandr Senkevich, is a representative of *Samopomich* and suffers direct attacks to his position from the *Opposition Bloc* and from the governor Oleksiy Savchenko, representing *PPB*. The conflict of Senkevich with Tetyana Kazakova (*PPB*) on the city level and with Savchenko (*PPB*) on the regional level can be seen as an extension of a conflict between Poroshenko and Andriy Sadovyi on the national level (from *PPB* and *Samopomich* respectively). Interviewee 7 confirmed that this competition on the national and personal level influences considerably local level politics. This political conflict in Mykolaiv, however, can only be understood when taking into account the role of the businesses in the city.

Individuals whom we identified as important political actors were also mentioned by our interviewees as having business interests or previous business careers in the city. Senkevich entered politics after becoming a successful entrepreneur in the IT sector (Interview 7). Savchenko is, allegedly, the richest governor in Ukraine<sup>5</sup>. Before he joined regional politics, Savchenko was involved in the banking business. He established *Partner Bank* in 2006 and managed multiple other banks (*Asia Universal Bank*, *Konversbank*, and *Avant Bank*). Interviewee 6 mentioned that Savchenko was appointed to the post of the governor of Mykolaiv region to promote his business interests and the business interests of the other members of the *PPB* party. Kazakova, came to politics after developing her business assets too. She used to own a large shopping mall in Mykolaiv called *Yuzhnyi Bug* (Interviewees 5

and 8). Also city council members have strong business links: for example, Konstantin Kartoshkin, a city council member from *PPB*, is the director of *Zorya-Mashproekt*. This is a state corporation that has been producing marine gas turbines since 1946 and has been a part of the *Ukroboronprom* (association of enterprises in various sectors of the defense industry of Ukraine) since 2010.

As in the political sphere, there is no single network in the business sphere of Mykolaiv. There are several large sectors in which businesses operate and they form multiple strong interest groups (see Supplemental Material). These interest groups are represented in or have links within local, regional, and national politics, while being associated with different political factions. Most of the influential entrepreneurs have been or are active in politics. Moreover, people who occupy political positions often originate from the business world. This shows that the political and business spheres overlap to a large extent and that multiple business interests dominate and dictate politics rather than the other way around. Finally, the political competition is a reflection of the structure of the economy of the city and the business groups that operate in the main sectors: harbour, ship-building, and agricultural production.

#### ***4.3 Ivano-Frankivsk: Links between politics and business***

Our analysis of political and business elites in Ivano-Frankivsk shows that there is a strong relationship between business and politics. The relationship, however, does not seem to be structured in a single network. Almost all major business owners identified (current or past) are also linked to local, regional or national politics (as city council members, governors, or national parliament members), but belong to different political parties. Many of them, in the view of our interviewees, benefit from their positions, irrespective of their particular political affiliation. For example, the governor, Oleksandr Shevchenko, is from *PPB* and allegedly

benefits from the road construction contracts (Interviewee 13 on the basis of *Prozorro* anti-corruption platform data). However, other contracts are distributed to the members of the city council belonging to *Svoboda* and their family and friends linked to companies such as *Vambut* and *Yarkovitsya*. Another interviewee also believes that politics and businesses always go hand in hand in Ivano-Frankivsk. Moreover, in their opinion there are no political cleavages between elites. Different politicians and businessmen are rarely in conflict and if there is some issue between them, they try to find a way to resolve it and avoid scandals. It seems that politicians use their positions to pursue their business interests and that most of them began their careers as entrepreneurs.

In contrast to the situation in Kharkiv and Mykolaiv, one group of politicians does not restrict access to business activities. So even though the party *Svoboda* allegedly uses its power within the city council to allocate public tenders to its preferred companies, this does not mean that all businesses are affected by this or that other businesses can operate only when connected to these sources of power. Moreover, businesses seem to be engaged with citizens more closely than in the other two cities that we have analyzed. The platform *Teple Misto* involves multiple companies in projects proposed by the citizens of Ivano-Frankivsk. As part of the *Teple Misto* initiative citizens renovated and restructured an old factory space to be used as a centre for innovation, culture, and co-working. Interviewee 11 mentioned that such cooperation between civil society and businesses intensified after the Euromaidan. In addition, interviewees agreed that most of the local businesses, apart from the construction ones, are small and medium-sized enterprises: IT companies, hotels, bakeries, and dairy production. Their presence shows that business initiatives and activism are not heavily constrained by politicians.

## **5. Networks and the provision of public goods**

The networks we discovered in the three cities that we examined differ in terms of several key characteristics discussed in the first part of this paper. Kharkiv is a case with a single-pyramid network clearly bringing political and economic power together, but only on the city government level. The networks in Mykolaiv and Ivano-Frankivsk are more diffuse. While in Mykolaiv there is competition between several different centers of political and economic power linked to particular business sectors, relations between businesses and politicians in Ivano-Frankivsk resemble a pluralistic system, albeit a restricted one. What is common in all three cities are the strong connections and overlaps between business and politics: politicians and high-level officials either own businesses, have done so, or transferred their property to family members. There are also some differences: the balance between business capturing city government or politicians creating businesses to convert their political influence to personal gain is different in the three cities.

The next question that we ask is whether the different types of network structure make a difference in terms of citizen satisfaction with the provision of public goods or in terms of more openness and transparency. As explained in the theoretical section, quality provision of public goods and services is not only a mark of open access orders, but also a mediating factor potentially influenced by network structure and influential in its own right on the progress towards the establishment and consolidation of an OAO.

We set the type of network next to these the outcome and mediating variable indicators in Table 3 using the IRI survey (2018).

[Table 3 near here]

The average score of the quality of public goods and service provision in Kharkiv is among the best in Ukraine, while Ivano-Frankivsk is at the mean level and Mykolaiv is among the worst in the country (IRI 2018, 66). In three-quarters of the indicators, the highest percentages for provision of services as good or excellent are in Kharkiv. In seven of those, a majority of respondents in Kharkiv thought that provision was good or excellent: trash collection, sewage, transportation infrastructure and public transport, street lighting, street markets, public parks and gardens, and heating. For the vast majority of indicators, the respondents from Mykolaiv were the least happy. A more detailed breakdown of satisfaction in provision of specific public services for each city is provided in Table 1S in the Supplemental Material.

In all three cities, respondents believe that the main obstacle preventing businesses from coming to their city is corruption (IRI 2018, 64). A minority of citizens believes that the mayor of their city is making an effort to combat corruption: a mere 6 % in Mykolaiv, 19 % in Kharkiv and 22 % in Ivano-Frankivsk, although the latter is actually the best result for Ukraine (IRI 2018, 62).

In Mykolaiv, citizens are not happy with either the local authorities or the public goods and services that they are receiving. The highly negative perceptions of whether there are opportunities to engage in entrepreneurship or attract new business could possibly be an indicator of the dominant businesses limiting opportunities for others. Similarly, regional politics is dominated by national level politics, so officials may be more focused on Kyiv than on the local population.

We know that public goods can be provided quite well by developed LAOs with strong dominant coalitions (North et al. 2013). Responses from Kharkiv seem to indicate the dominant coalition of politicians and entrepreneurs is successful in providing public goods



while at the same time extracting rents from businesses, as indicated in our interviews. By contrast, transparency and input in decision-making are perceived as low in Kharkiv.

Finally, Ivano-Frankivsk appears to be more transparent and allow more input in decision-making, which perhaps reflects the city's dispersed networks and lack of clear dominant coalitions. Although respondents think the mayor could do more to tackle corruption, they are more positive about the progress that has been made than in the other two cities. Nevertheless, the absence of a dominant coalition does not automatically mean public service provision is going to improve dramatically, as seen in Ivano-Frankivsk's consistent, but average performance in the eyes of local citizens.

On the basis of this data, we can identify some contrasting trends in public satisfaction with public goods. The citizens are satisfied in general with city council and mayor in both Kharkiv and Ivano-Frankivsk. In Mykolaiv there is far greater dissatisfaction. Respondents in Ivano-Frankivsk believe that they can influence decision making to a much greater extent than respondents in Kharkiv and Mykolaiv, which is once again the laggard of the three. However, respondents from Kharkiv are highly positive about the public services that they receive from the local authorities, even if they do not always feel they have a say over decision making. Corruption is still seen as a problem by citizens in all three cities, with respondents from Mykolaiv once again being the most pessimistic. Altogether these patterns do not support the hypothesis that citizens would be unsatisfied with the provision of public goods and services when there is a single network of political and economic elites running the city.

## **6. Conclusion: Networks and LAOs**

Generally, even though we discover differences in how the networks are structured in the three cities we focused on, we find little evidence as yet that these differences are

systematically related to the likelihood of political and economic opening and to the sustainability of efforts directed towards these goals. This might reflect the lack of strong and systematic connection between the two, at least in the case of Ukraine. But before we conclude that network structure at the local level is not associated with progress towards political and economic opening, we should note the data limitations that network analysis faces.

The nature of this and similar studies makes access to information especially difficult. This is not only an issue in our data collection, but also a broader problem when studying political and economic networks. In non-democratic regimes or LAOs, ties between political and economic elites are difficult to trace. Relationships of privilege, patronage and control are rarely public, and even when they are ‘known’, they remain nearly impossible to capture with a level of precision and certainty. Moreover, the political and economic elites actively protect the secrecy of their interconnections so that even people who are aware of such links often do not want to share information. In sum, the absence of evidence for dense links between political and economic elites at the regional level in Ukraine does not imply that such links are absent. By the same token, we need to be cautious when making statements about the presence of these links. That being said, since we compare three regions within the same country using the same methodology, the relative differences in the networks are still informative.

Keeping in mind our restricted ability to extrapolate the finding to other cases, our study of political and business networks in the three Ukrainian cities revealed that different shapes and types of networks exist on the local level. We have established that on the local government level in Kharkiv there is one dominant coalition that uses political power to extract state resources and control the business sphere. On the regional level in Kharkiv we identify a

competing political network and businesses aligned with it, but at the moment, most likely due to an informal agreement, the two coexist. Moreover, there are important figures on the national political level that influence the political and business activity in the Kharkiv region and the city of Kharkiv.

By contrast, Mykolaiv looks like a case of a LAO with multiple dominant coalitions: large businesses – both legal and illegal – safeguard their own political protection on different levels of government. Meanwhile, the analysis of the networks of Ivano-Frankivsk indicates that this is a city without a clearly defined dominant coalition and therefore with the least limited access. However, although businesses do not necessarily need to participate in politics to maintain their rights of access to economic life, being in politics gives an advantage to particular businesses, indicating that these rights of access are not completely impersonal.

These different networks may interact with limited access economic and political orders in different ways and have different consequences for the public goods provision and the stability of the limited access orders. We highlight two findings which suggest promising avenues for further research.

First, we suggest that the type of networks that have developed and the extent of overlap between politics and business are related to the kind of resources available in the sectors in which the businesses operate. The difference between local economies dominated by large businesses focused on few commodities and more diversified economic landscapes where different sectors contribute to the economy are significant for the number of influential networks that exist.

In Mykolaiv, for example, multiple business networks form dominant coalitions that use politics to advance their businesses. The overlap between businesses and politics is almost complete. At the same time, access to politics and business activity is rather limited, showing that the dominant coalitions are in some sort of equilibrium and citizens in general have few opportunities to participate in politics and the market. In Ivano-Frankivsk we see that multiple actors can operate in the business and civil sphere independently from the political sphere, although those in power still use the official positions to advance their business interests. The seemingly higher level of independence of businesses from political elites makes the case of Ivano-Frankivsk the closest to potential opening.

Therefore, the cases of Mykolaiv (with its large agriculture, harbour, and ship-building business networks) and Ivano-Frankivsk (with a big construction business but also small size enterprises) show that presence of multiple networks might be a necessary condition for opening and ultimately for transition to OAO, but is not a sufficient one. Overall, LAOs appear to be resilient to different structures of networks of political and economic elites. What might make a difference, however, is not the multiplicity of networks, but their difference in kind. The case of Ivano-Frankivsk shows that the scope of actors that are able to access political and business resources is broader: the networks are more inclusive to civil society, to small businesses, and to actors of different political affiliations.

Second, the case of Kharkiv shows that a system based on of a single-pyramid network where local government elites extract resources from the state and limit access to politics and to the market to a high degree can deliver public goods effectively. Moreover, as a result, it can enjoy high level of citizen satisfaction. Citizen satisfaction with the delivery of public goods might explain the stability of such systems.

By comparison, the case with the largest number of independent actors and multiplicity of networks, Ivano-Frankivsk, shows better results in terms of satisfaction with public services than the other multiple network case, Mykolaiv. This provides cause for cautious optimism that cases where more universal access to political and market institutions is provided will also fare well and provide citizens with public goods if the involvement of multiple actors continues.

## Notes

<sup>1</sup> Analyses of social networks focus on various characteristics, such as centrality of individual actors, sub-groups within networks, density of ties. Networks where members are tied together in multiple ways, for example through family, work or residence are defined as ‘multiplex’. According to the cohesion model of social networks, the denser and multiplex the ties between actors, the stronger the network (Ansell 2009, 78-79). Other important characteristics of networks are their architecture and the flow of information. This paper will follow a ‘network architecture model’ in its analysis, in order to examine the alignment and coordination of the members of a network, as opposed to a ‘network flow model’ that emphasizes flow of information between network members (Borgatti and Lopez-Kidwell 2011, 46-47).

<sup>2</sup> More recently, competitive forces are developing around the Prime-Minister Gorysman (expert interview 14) and the Minister of Internal Affairs Avakov (<https://mykharkov.info/interesno/kak-harkov-rulit-ukrainoj-top-10-samyh-vliyatelnyh-harkovchan-strany-po-versii-mykharkov-info-chast-i-89313.html>, accessed 25 June 2015).

<sup>3</sup> The websites of these institutions are: <http://www.city.kharkov.ua/>;  
<http://kharkivoda.gov.ua/>; <https://mkrada.gov.ua/>; <http://www.mk.gov.ua/>;  
<http://www.mrada.if.ua/> ;<http://www.if.gov.ua/> (accessed May 2018).

<sup>4</sup> The numbered list of interviews with dates when interviews were conducted is provided in the Supplemental Material.

<sup>5</sup> <https://public.nazk.gov.ua/declaration/fc28175f-3da9-42bb-84ee-57ff218e834c> (accessed 6 June 2018) and <http://fakty.ua/225118-aleksej-savchenko-okazalsya-samym-bogatym-gubernatorom> (accessed 6 June 2018).

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Table 1. Scores of the Transparency International Ukraine for the three selected cities in 2017

City	Ivano-Frankivsk	Mykolaiv	Kharkiv
Rank	3	4	35
Rating	54.2	51.53	33.23
1. Local government performance indicators (max 10 points)	5.8	7.5	6.9
2. Access to information and public participation (max 10)	9	7.5	5
3. Public procurement (max 7)	1.5	3	5.5
4. Housing policy (max 7)	4.5	1.5	0
5. Budget process (max 8)	3	2.33	5
6. Financial and material aid, grants (max 8)	2	2.5	0
7. Social services (max 4)	1	3.2	0.5
8. Human resource issues (max 5)	3	3.2	3
9. Professional ethics and conflict of interests (max 6)	3	3.4	1.33
10. The use of lands and construction policy (max 10)	8.5	7	2
11. Communal enterprises (max 10)	4.5	3	2.2
12. Municipal property (max 8)	2.4	4.6	0.8
13. Education (max 7)	6	3.5	1

Source: TIU, <https://transparentcities.in.ua/en/rating/> (accessed 24 May 2018).

Note: The maximum total score (rating) is 100. The total number of evaluated cities is 100 and the rank indicates the city's position in the ranking.

*Table 2. Case selection and variables of interest*

<b>Case</b>	<b>Outcome (pol. &amp; econ. opening)</b>	<b>Region (confounder)</b>	<b>Network structure</b>	<b>Satisfaction with public goods provision (mediator)</b>
Kharkiv	<i>Low</i>	<i>East</i>	???	???
Mykolaiv	<i>Moderate/High</i>	<i>South/East</i>	???	???
Ivano-Frankivsk	<i>High</i>	<i>West</i>	???	???



*Table 3. The relationship between level of opening, network type, and satisfaction with public goods provision*

Case	Political and economic opening	Network structure	Satisfaction with public goods	Access to decision making :	
	<i>TIU data</i>	<i>Own data</i>	<i>IRI: % satisfied</i>	political	economic
<i>(% average, good, excellent)</i>					
Kharkiv	Low	One city-level pyramid, extraction of state resources & other large businesses	42%	39%	52%
Mykolaiv	Moderate/High	Multiple networks linked to businesses, businesses use politics to pursue their interests	24%	29%	34%
Ivano-Frankivsk	High	Dispersed, no strong networks, strong overlap between business & political elites, businesses can function without political links	31%	68%	66%

Sources: TIU 2017; IRI 2018

## Supplemental Material

### Note on research design

#### *Data collection process*

In the process of data collection, we encountered many obstacles related to the availability of the data and to the transparency of the institutions' websites. For example, while the website of Kharkiv City Council provides detailed biographies of all the members of the city council, Mykolaiv and Ivano-Frankivsk City Councils provide only basic information about their members, such as date of birth, phone numbers and consultation hours. All three council websites provide information about the party affiliation of members. Kharkiv, Mykolaiv and Ivano-Frankivsk provide detailed information in the biographies of their Mayors. The websites of the Regional State Administration offer slightly more information for Ivano-Frankivsk but not for Mykolaiv. The Regional State Administration in Kharkiv, just like the City Council, provides more comprehensive biographical information about the governor and the deputies.

#### *TIU scores as a measure of openness*

We chose the TIU scores as a measure of openness because they reflect a comprehensive assessment of the level of access to political participation as well as information about the work of political institutions. The scores include for example assessment of the levels of access to information about decision making. The openness of policy making is assessed in different contexts, for example based on the access to minutes of the meetings of local authorities, availability of draft decisions of city councils, contact information for deputies. The TIU also assessed opportunities for citizens for participation in the political life of the city, for example based on the availability of information regarding public budgets, access to meetings of the city council, access to and transparency of public procurement procedures: e.g. information about purchases by municipal authorities, information about the results of bids. The TIU also explored the availability of open information and the presence of clear procedures for using public services such as housing, social services, and education e.g. availability of information about housing allocation, application procedures for obtaining services at the municipal social protection agencies, or clear procedures for admissions of children to kindergartens.

#### *Data used to analyze the networks*

We also used interviews to identify potentially influential politicians. For instance, our interviewees suggested that in the case of Ivano-Frankivsk, the list of influential politicians should include the city council fraction heads. By contrast, because of the predominance of one political party in the city councils of Kharkiv and Mykolaiv, our interviewees did not think that city council fraction heads were of importance for political processes and therefore they were not added to the list in these two cases.

To compile the list of important businesses and their owners, we have identified the biggest taxpayers at the city level. This information was readily available only in the case of Kharkiv.<sup>6</sup> In the case of Ivano-Frankivsk, we used online searches to identify the biggest employers,<sup>7</sup> and in the case of Mykolaiv, we used the lists of influential entrepreneurs at the city level.<sup>8</sup> As a result, the list of entrepreneurs for each city comprises about 20 individuals. The same as in the case of identifying political elites, the data about the business elites was triangulated with the information collected through the expert interviews in each city.

In addition to the data available on the official websites of political institutions and businesses, we have collected information from openly available sources. In particular, we consulted the main regional (online) newspapers and used several country search tools (for example, pep.org.ua or ua-region.info). We used these sources to track the potential connections between the individuals in political and business positions that we initially listed. We attempted to use these sources to apply the ‘decisional approach’ to network identification, i.e. to trace who was involved in political and business decision-making processes. However, the available data revealing links and connections between political and business elites was very scarce. The searches resulted mostly in basic biographical information, such as the level of education and in some instances previous experience. Other information, such as the types of assets owned and/or businesses or ancillary activities was collected (when available) from the e-declarations<sup>9</sup> and open sources such as newspapers, news portals, online databases and registers recording information on existing businesses in Ukraine (for example the online tool youcontrol.com.ua). Here too we needed to complement the information using interviews.

We triangulated and completed our dataset using interviews with local experts. In total we contacted 50 experts, local activists, journalists, and business representatives. We used a snowball sampling strategy to identify potentially relevant interviewees.<sup>10</sup> We understood relevant interviewees to be individuals that can act as informants, because they are participating in the political, business, or civil society activities of Kharkiv, Mykolaiv, or Ivano-Frankivsk, or because they are researching or investigating these activities, while residing or staying in one of the cities of interest. We approached our potential interviewees through email, Facebook, and by phone.

In our analysis of the interview data, we identified the names of influential actors that were mentioned by more than one interviewee. Moreover, we asked each of our interviewees to comment on the lists of potentially influential individuals that we prepared using the positional approach. This information was always triangulated with other online sources. Because of the diverse backgrounds of our interviewees and the additional cross-checks using multiple other data sources, we think that we can present the findings with reasonable confidence in their validity.

## **City details**

Kharkiv is the second largest city in Ukraine, with a population of around 1.5 million inhabitants. It is located in the north-eastern part of the country, near the confluence of three large rivers: Lopan, Udi, and Kharkiv, which makes the city a major transportation hub. Kharkiv's industry developed in multiple high-tech fields, such as power engineering, transport and agricultural machine building, military and aerospace industry<sup>11</sup>. The GRP of the region has almost doubled in recent years from 2,677 million euro (82,223 million hryvnia) in 2012 to 5,955 million euro in 2016 (154,871 million hryvnia), which is about 1/15<sup>th</sup> of the total GRP of Ukraine<sup>12</sup>.

Mykolaiv is a city located in southern Ukraine near the Black Sea. It is an important transportation hub linking the main land with the Black Sea through the Southern Bug River. It has a relatively large population of almost half a million. Mykolaiv is known for its industrial production, and shipbuilding in particular. The GRP of the region has increased in recent years, from 29,205 million hryvnia in 2012 to 57,815 million hryvnia in 2016. It comprises 1/40th of the GRP of Ukraine<sup>13</sup>.

Ivano-Frankivsk is a city located in western Ukraine with a population of 257,614 citizens<sup>14</sup>. The largest share of city's production comes from food products, beverages and tobacco products (53.6 %), electricity, gas, water supply, sewage and waste management (27 %), and machinery (11 %)<sup>15</sup>. The GRP of the region has increased in recent years, reaching 32,286 million hryvnia (1,050 million euro) in 2012 and 51,404 million hryvnia (1,672 million euro) in 2016<sup>16</sup>.

### **List of interviews**

1. Kharkiv: 26.12.2017 - Professor at the V. N. Karazin Kharkiv National University
2. Kharkiv: 19.12.2017 – Civil society activist, one of the founders of DemAlliance party in Kharkiv
3. Kharkiv: 18.01.2018 – Local journalist, co-founder of regional journalism platform
4. Kharkiv: 18.01.2018 – Civil Servant
5. Mykolaiv: 12.01.2018 – Local journalist and activist
6. Mykolaiv: 5.03.2018 – Civil society activist
7. Mykolaiv: 13.02.2018 – Civil society activist
8. Mykolaiv: 14.03.2018 – NGO expert
9. Mykolaiv: 16.05.2018 – Business representative
10. Ivano-Frankivsk: 20.03.2018 – Local journalist
11. Ivano-Frankivsk: 09.03.2018 – NGO expert
12. Ivano-Frankivsk: 12.3.2018 – Political Scientist
13. Ivano-Frankivsk: 12.3.2018 – Anti-corruption expert

14. General: 09.10.2017 –Wojciech Konończuk, Ukraine expert from the Centre for Eastern Studies (Ośrodek Studiów Wschodnich) in Warsaw

15. General: 30.11.2017 –Tetiana Kostiuchenko, Ukraine national networks expert, National University of Kyiv Mohyla Academy, Kiev

*Note:* All interviews were conducted via Skype

## **Political and business networks**

### ***Kharkiv***

#### *Political elites and networks*

In line with our positional approach and supported by the interview data, our study identified Hennadiy Kernes as the most important and influential politician in the city of Kharkiv. Kernes has been a member of the City Council since 1998 and in 2006 led the electoral campaign of Mikhail Dobkin, who subsequently became the mayor and appointed Kernes as the Secretary of the City Council. In 2010, Kernes himself was elected as mayor of Kharkiv for the first time.

Currently, the majority of civil servants and city council deputies (58 of 85)<sup>17</sup> are from the political party led by Kernes - *Za Kharkov, za Vozrozhdenie* (For Kharkiv, for Re-birth). Commenting on Kernes's political influence, Interviewee 1 emphasized that Kernes is a political entrepreneur who 'has changed his political orientation drastically over the years'. According to Interviewee 1, Kernes supported Yushchenko during the protests in 2004 and joined the opposition, Yanukovych's Party of Regions, after the Maidan revolution. He backed then the governor of the Kharkiv region, Yevhen Kushnaryov. Subsequently, Kernes was critical of the central government of Yushchenko, and according to Interviewee 1, expressed pro-Russian views. However, after the events of 2014, Kernes changed his allegiance once again and took a position in support of the new authorities in Kyiv.

Apart from the local level support within the city council, Kernes is believed to be well-connected to national level political figures through his family links, i.e. the ex-deputy prosecutor of Ukraine Yuriy Gaysinskiy, who is Kernes's father in law. Moreover, the above-mentioned Mikhail Dobkin is Kernes's political and family friend. Dobkin is a direct connection for Kernes to national level politics. Apart from his political functions of the mayor of Kharkiv and the governor of Kharkiv region, Dobkin used to be a member of the national parliament for many years. In Ukraine's most recent elections of 2014 he was elected to the national parliament from the Opposition Bloc's electoral list. In 2017, the Ukrainian parliament stripped Dobkin of his legislative immunity from prosecution and he was arrested and charged with fraud involving land ownership in Kharkiv<sup>18</sup>. Dobkin has recently started his own political party called 'Christian Democrats'<sup>19</sup>. There are some indications that the political ties between Kernes and Dobkin are no longer as strong as they used to be and that Kernes does not support Dobkin's recent political steps<sup>20</sup>.

Our interviewees also mentioned Yuliya Svitlychna, the governor of Kharkiv region, as a noticeable political figure and someone connecting Kernes's group to the regional and national level politics. Svitlychna was appointed by Poroshenko to her post of governor after her predecessor, Ihor Rainin, was nominated to be the Head of the Presidential Administration<sup>21</sup>. Svitlychna completed her first degree in international economics and later graduated from Kharkiv Regional Institute of Public Administration. The opinions about her service as a governor varied: while Interviewee 4 believed that she is quite a competent and good civil servant, Interviewee 3 considered Svytlichna to have a bad reputation in the city. Although our interviewees do not believe that Svytlichna represents a strong political force, her relationship with Rainin is what makes others take her seriously. Interviewee 2 stated that Svitlychna became governor because of her personal links, and Interviewee 1 described in detail how Svitlychna developed her administrative career as a protégé of Rainin and his family. Interviewee 3 believes that there are some informal agreements between the governor (Svitlychna) and the mayor, based on the fact that Kernes took a pro-governmental position after the 2014 events.

Another important figure in Kharkiv's political landscape is Oleksandr Feldman. Feldman has been a deputy in the city council since 1998, and in 2002 he won a single-member district located in Kharkiv to become a member of the national parliament. He joined the fraction that ultimately became a part of the *Yulia Tymoshenko Bloc*. In 2007 he was re-elected from the same party list. Just like Kernes, he has changed his political allegiance several times. In 2011 he joined the Party of Regions and ran from their list in the 2012 elections. In 2014 he won a single-member district in Kharkiv again as an independent candidate, and in 2015 he joined the party Our Land, whose official program focuses on the development of local governance. Interviewee 1 believes that Feldman has "strolled" from party to party not for ideological reasons, but to always be on the pro-government side and, as a result, to protect his businesses. Our interviewees did not talk about Feldman's relationship with Kernes, but there are some indications that the relationship is very tense, especially since Feldman is perceived as one of the biggest potential competitors of Kernes in the next local elections<sup>22</sup>.

Another influential political figure who has been mentioned by our interviewees is Arsen Avakov. He started his political career in the city council of Kharkiv and was the governor of Kharkiv region between 2005 and 2010. Since 2010 Avakov has been affiliated with the party of Yulia Tymoshenko *Batkivshchyna* and heads its regional branch in Kharkiv. In 2010, Avakov lost the mayoral elections to Kernes by a very small margin. He was named as the main political opponent of Kernes by Interviewee 1. Other interviewees also confirmed that until Avakov moved to the national-level politics, he and his supporters constituted a counterweight to the informal group surrounding Kernes and Dobkin. Despite charges of illegal land transfers and a house arrest in Italy<sup>23</sup>, Avakov became Minister of Internal Affairs in 2014 and since then is not officially involved in politics in Kharkiv. He is, however, believed to be a patron of Kharkiv nationalists and of the controversial volunteer battalion *Azov* (Interview 1) and its leader, Kharkiv-born, Andrey Biletskiy<sup>24</sup>.

Within the city council and arising from politically-oriented civic activism, the most noticeable new political movement is *Samopomich*, which has representatives in the city council and in the regional council. This new political movement founded the Kharkiv Anti-Corruption Centre<sup>25</sup> and cooperates with *Dozorro* (an online system of citizens control over public procurement)<sup>26</sup>. Dimitro Bulakh (regional council) and Igor Chernyak (city council) were mentioned by Interviewees 2 and 3 as the important names within this movement opposing the coalition around the mayor.

Our interviewees confirmed that Kernes and Dobkin constitute the centre of the political power network in Kharkiv. Interviewee 2 referred to Kernes's style of governance as "mafia style", stating that he extracts rents from communal services and transportation by issuing permits to those who want to operate businesses in the city. Interviewee 3 supported this view saying that 'everything is in his [Kernes's] hands and that he controls education, health care, and other public services'. Therefore, the real extent of the power of Kernes and 'his people' (Interview 3) has to be assessed in the context of how businesses operate in Kharkiv, which will be the focus of the next section.

#### *Business elites and networks*

The lists of influential entrepreneurs in Kharkiv provided by our interviewees reveals the links between politics and business in the city. All interviewees included the above mentioned political figures when listing the influential business figures.

Kernes was mentioned as one of the main business players in Kharkiv. Interviewee 1 stated that Kernes 'has multiple branched business connections with Ukrainian and foreign (previously Russian) businessmen and oligarchs (from Igor Kolomoyskiy to Pavel Fuks)'. Officially, currently he does not own businesses, but our interviewees mentioned that his business ownership is not visible in the official documents as it is registered on the names of his family members. Kernes's declaration from 2014 showed that he had shares in many companies, including shopping centre *Komfilo* and market *Rivlad* (worth 1.21 mln hryvnia), 76 % shares of property services company NPK-Holding, 40 % shares in Tonys-Tsentr Regional Television, and smaller shares in an investment company *Kharkovoblenergo* and Real-Bank. In 2015, Kernes transferred his business shares to his wife<sup>27</sup>, and later, to their son<sup>28</sup>. According to Interviewee 1, the NPK-Holding 'keeps receiving orders from the city authorities'. The trick of transferring ownership to family members is commonly used in Ukraine, since civil servants and politicians are not allowed to own any businesses that might create conflict of interests with their position. The family members are either listed as owners or as directors (Interview 2). One of the vice-mayors of Kernes, Igor Terekhov, used a similar strategy by accumulating his businesses under the name of his ex-wife<sup>29</sup>. Since she is officially the vice-mayor's ex-wife, Terekhov is not obliged to report her property on his official declarations.

Interviewee 1 also believes that Dobkin has extensive business interests in Kharkiv. He operates in a way similar to Kernes and uses his family members to represent him in the boards of more than fifteen different companies 'from fuel retailers and banks to food

producers and carriers' (Interview 1). Dobkin took over control of the family businesses from his father, who died in 2016. He has the strongest business ties with Kernes, and together they act as co-owners of several companies, including Kharkiv TV Channel 7. The son and wife of Kernes have shares in the TV and so does Dobkin's mother<sup>30</sup>. Dobkin's declaration of property reveals that his wife, confusingly called the same as his mother, is the owner of housing and construction complex "Triumph" and dacha cooperative "Veresk"<sup>31</sup>.

Two other entrepreneurs that we identified as politically active and aligned with Kernes and Dobkin are Vladimir Mysyk and Yury Sapronov. They both have represented, in one way or another, the party with which Dobkin and Kernes were affiliated, the Party of Regions. Mysyk was listed as one of the richest people from Kharkiv<sup>32</sup> and owns a chain of bakeries<sup>33</sup>. He is also a member of the national parliament and received the title of 'honorable citizen of Kharkiv' from Kernes<sup>34</sup>. Sapronov used to be vice-governor of Kharkiv region in the period 2010-2014<sup>35</sup> and is known for his close ties to Yanukovych (Interview 3). He is also the president of Superior Golf & Spa Resort in Kharkiv.

Entrepreneurs who are not aligned politically with Kernes and Dobkin are Feldman and Aleksandr Davtyan. Feldman is widely known as being the owner of a large part of the biggest market space in Eastern Europe, *Barabashovo*. About sixty thousand people are employed on the territory of this market. Feldman's business is concentrated in the Concern AVEK, which operates in the sphere of commercial property, media (including several regional newspapers such as *Gazeta Vremya*) and social initiatives. Most of our interviewees mentioned Feldman as a major business player in Kharkiv and in Ukraine, and Interviewee 1 emphasized that Feldman came to the national politics as an established businessman and uses politics to protect his assets. Interviewee 2 referred to Feldman's businesses in the city as 'unofficial ones'. Allegedly, there were many tensions between him and the city authorities regarding permits related to *Barabashovo*.<sup>36</sup>

Davtyan owns DAD Investment Group, which includes, among others, large hotels, restaurants, and media<sup>37</sup>. The media includes the TV channel Simon, managed by his daughter, and was mentioned by Interviewee 3 as a potential asset in the upcoming elections. Davtyan has been active politically since 2002 and has political links with Yatsenyuk and Tymoshenko (Interviewee 1). He is currently a member of Petro Poroshenko Bloc and a representative in the regional council. His daughter, Karina Davtyan, was a member of the city council of Kharkiv<sup>38</sup>. The tensions between him and Dobkin go way back to the municipal elections in 2002 (Popova 2012, 152-153). Interviewee 1 described Davtyan's attitude to Dobkin and Kernes as 'restrained opposition'.

Another important business player in the city of Kharkiv, Oleksandr Yaroslavsky is known for trying to avoid political links. Interviewee 1 identified him as one of the biggest investors in Kharkiv. Yaroslavsky is the president of the Development Construction Holding, which has been engaged in large construction projects in the city such as the new terminal for the Kharkiv international airport, the reconstruction of the *Metalist* football team stadium, and luxurious hotel *Kharkiv Palace*. Interviewee 1 also mentioned the involvement of the



Development Construction Holding in industrial production and sales through the ownership of the Kharkiv Tractor Factory (*Kkarkovskiyi Traktorniyi Zavod*)<sup>39</sup>. Yaroslavsky used to be in conflict with Kernes and the Party of Regions and allegedly was pressured to sell *Metalist* to Gaz Ukraina<sup>40</sup>, owned by Sergey Kurchenko (a family friend of Viktor Yanukovich, who comes from Kharkiv)<sup>41</sup>. However, Interviewee 1 believes that Yaroslavsky, unlike other businessmen active in Kharkiv, avoids direct connections with politics and involvement with politicians.

Another businessman who comes from Kharkiv and recently increased his influence in the region is Pavel Fuks. Fuks is one of the richest Ukrainian-Russian entrepreneurs, who accumulated all his assets under the umbrella of MosCity Group and earned his fortune mainly through large construction projects in Russia<sup>42</sup>. Recently, he has been actively buying gas producing companies in the Kharkiv region with supposed blessing of the central authorities<sup>43</sup>. Gas deposits in the Kharkiv region are among the largest deposits in Ukraine and new deposits have been recently discovered<sup>44</sup> providing opportunities for the state and business actors competing for the control of gas resources in Ukraine<sup>45</sup>. Arsen Avakov, current Minister of Internal Affairs and one of the figures believed to influence regional politics in Kharkiv, is also allegedly linked to a gas production company exploiting two gas deposits in the Kharkiv region<sup>46</sup>.

Apart from the businesses mentioned above, Kharkiv hosts at least fourteen state-owned military industries (even more of them are based in the whole region), that belong to the *Ukroboronprom* (Ukrainian Defense Industry). *Ukroboronprom* is a state multi-company association ‘for the management of the enterprises of the military-industrial complex’<sup>47</sup> that was established in 2010 and that grew in scope, capacity, and importance over the last years. Its official goals are to centralize and optimize the military industry production and development. The report of *Ukroboronprom* for 2016<sup>48</sup> showed that in the whole country, the association included over 130 enterprises and hired around 80,000 employees. Only in Kharkiv, *Ukroboronprom* companies hire close to 20,000 people, making Kharkiv a crucial city for the defense industry of the country<sup>49</sup>. Relatedly, the current Minister of Defense, Stepan Poltorak comes from Kharkiv. This, in combination with the strategic importance of Kharkiv’s military industry, strengthens the influence of the central government on the city and the region. How the centrally managed military industry influences the local networks and to what extent the local, regional, and central political and business elites benefit from this potential source of rents is not clear. It is, however, known that the arms industry and its exports have become a lucrative business in Ukraine (for example, ‘in 2016 Ukraine increased military exports by 53 %, to \$528 million, and was 11th among the world’s arms exporters’; Shvets 2016). Moreover, multiple agencies and journalists report lack of transparency and corruption scandals that include top levels of management of *Ukroboronprom* (Higgins 2018; Ponomarenko 2017). A famous case of conflict between the National Anti-Corruption Bureau and President Poroshenko erupted when the Bureau collected evidence against many officials, including those related to *Ukroboronprom* (Krushelnycky 2017). The relations between the different actors are, however, difficult to trace, especially as we are interested in the local level.

A couple of our interviewees identified two other entrepreneurs who, to the best of our knowledge, have not occupied political functions, namely Vsevolod Kozhemyako and Valeriy Dema. Kozhemyako is among the richest individuals in Ukraine<sup>50</sup>. He is the CEO of Agrotrade, one of the biggest suppliers of seeds and grains in Ukraine<sup>51</sup>. Dema is the vice-president of an international company SigmaBleyzer<sup>52</sup> and is on the board of directors of Agrogenation<sup>53</sup>.

## **Mykolaiv**

### *Political elites and networks*

Our interviewees identified Oleksandr Senkevich as one of the influential and prominent politicians in the city. His political affiliation with the *Samopomich* party, however, and the current constellation of the city council, limit his political power. Senkevich was elected to the post of mayor in 2015, when his predecessor resigned. According to Interviewee 7, the election of Senkevich as mayor was seen as a political breakthrough in terms of reforms. Many hoped that it was a beginning of real change for the city. However, Senkevich represents the party *Samopomich* and is in a permanent conflict with the majority of the members of the city council. 26 out of 57 city council members belong to the Opposition Bloc (previously the Party of Regions). Only nine city council members represent the mayor's party *Samopomich*<sup>54</sup>. The conflict escalated when the council impeached Senkevich in October 2017 (Interview 6), allegedly for staff changes in public owned enterprises and limiting the privatization of communal property<sup>55</sup>. According to others, the reasons for his impeachment remain unclear and it is even possible that the impeachment was a result of a forced vote achieved through blackmail of the members of the city council<sup>56</sup>. Senkevich appealed the decision in court. The court ruled that the impeachment was illegal in April 2018 and Senkevich has resumed his duties as the mayor<sup>57</sup>.

The functioning of the city council in the period during which the mayor was impeached was defined by the political conflict between the two political forces. While Senkevich was relieved of his post, Tetyana Kazakova, the former secretary of the city council, stepped in as the acting mayor of Mykolaiv. Kazakova was elected to the city council from the *Petro Poroshenko Bloc (PPB)* electoral list and our Interviewee 8 believes that she has been representing the interests of *PPB* so that 'all decisions are taken through the *PPB* central level and agreed between the governor and the acting mayor'.

It appears therefore that the conflict between the mayor from *Samopomich* and the politicians from the *PPB* extends to the regional level and includes the current governor of Mykolaiv region, Oleksiy Savchenko. Savchenko was identified as one of the most influential politicians in the city of Mykolaiv by our interviewees. He is one of the individuals who entered politics after the Euromaidan. Before that Savchenko had a career within the Kyiv police force (a department of the Ministry of Internal Affairs) and in private (bank) security services. He joined the *PPB* and served as a member of the national parliament from 2014 till 2017. In 2016, he was appointed by the president to the post of the governor of Mykolaiv region. Currently, however, Savchenko's status as governor is unclear, due to an ongoing investigation of the suicide of the head of the Mykolaiv airport<sup>58</sup>. In addition, in February

2018 local civil society activists signed and submitted a petition to the presidential administration requesting Savchenko's dismissal from his post. However, not enough signatures were collected for the petition to be reviewed by the president.<sup>59</sup>

The conflict between Senkevich and Kazakova on one side and Savchenko on the other can be interpreted as a result of a conflict on the national level between Poroshenko and Sadovyi (from *PPB* and *Samopomich* respectively). Interviewee 7 confirmed that this competition on the national and personal level influences considerably local level politics.

Two other political figures from the *PPB* have been mentioned by our Interviewees as prominent politicians: David Makaryan and Andriy Vadaturskyi. They have both been national parliament members since 2014. Neither of them has prior political experience. What they have in common are their business interests, which they are believed to represent on the national level (Interviewee 5). These business interests will be discussed more extensively in the next section.

Within the city council, the *Opposition Bloc* constitutes the largest political force. Our interviewee 7 identified the head of the *Opposition Bloc* fraction, Igor Dyatlov, as one of the most influential politicians. He has been affiliated with the Party of Regions and later *Opposition Bloc* throughout his whole political career and has represented this political grouping in both regional and city councils. Dyatlov was the main competitor of Senkevych in the mayor election in 2015. He actively participated in the anti-Euromaidan protests (Interviewee 7). There are many controversies surrounding Dyatlov's alleged links to the criminal world in Mykolaiv, mentioning his wife and his father<sup>60</sup>.

Another important figure in the Mykolaiv political landscape mentioned by our interviewees is Vadym Merikov. Merikov has been a member of the city council of Mykolaiv between 2005 and 2010, representing the *Yulia Tymoshenko Bloc*. After that, he served as a member of the regional council and briefly in 2014, as a national parliament member from Tymoshenko's party *Batkivshchyna*. Once he was appointed governor of Mykolaiv in 2014 by the president, he declared himself not aligned with any political force<sup>61</sup>. He resigned from his function as the governor in 2016. According to Interview 7 and media reports, the resignation was related to a corruption scandal in his administration<sup>62</sup>.

The analysis above shows that there are multiple political forces present in the city and region of Mykolaiv, which as such is an indication of political pluralism. Political conflict on the local level is not only due to the different party allegiance of the mayor (*Samopomich*) and the party allegiance of the majority of the city council members (*Opposition Bloc*), but also due to the conflict on the national level between president Poroshenko (*PPB*) and the mayor of Lviv, Sadovyi (*Samopomich*). Moreover, several important figures from Mykolaiv are currently national parliament members from the *PPB* party list. Their political positions, however, might have less to do with the political representation of citizens in general than with lobbying for the policies beneficial for their businesses, as we discuss below.

### *Business elites and networks*

Our interviewees identified several major businesses and business actors in Mykolaiv. The largest company operating in the city is *Nibulon*, founded and owned by Oleksiy Vadaturyskiy. Vadaturyskiy created *Nibulon* in 1991 and has been the head of the company ever since then. *Nibulon* is the biggest producer and exporter of grain in Ukraine. The company owns around 80,000 hectares of land in nine regions of Ukraine<sup>63</sup>. The company exports grains to over 60 countries around the world with a large fleet that they have acquired or built since 2009. Mykolaiv is a strategic city for *Nibulon* as the company uses the harbor and its own modern and technologically advanced terminal to transport goods to a broad network of importing countries around the world. *Nibulon* has built twenty-five trans-shipment terminals around Ukraine to receive, store, and ship grains and oil seeds from the producers to Mykolaiv<sup>64</sup>. Apart from producing and shipping grains, the company specializes in shipbuilding and repairs, which they perform in their own yard near the Mykolaiv terminal. So far, they have produced twenty-two different types of vessels<sup>65</sup>. *Nibulon* employs around six thousand people in Ukraine (Interview 9).

Oleksiy Vadaturyskiy is commonly regarded as a successful and respectable businessman, is a member of the American Chamber of Commerce in Ukraine and has received numerous prizes for businessman of the year, most innovative business in water transport and for his philanthropic activities. Interviewee 5 referred to him as ‘the founding father of the union of agrarian and vessel production elites in Mykolaiv’. As mentioned above, Andriy Vadaturyskiy, the son of Oleksiy Vadaturyskiy, is active in national politics as a member of the national parliament since 2014. He is a member of the Parliamentary Committee on Agriculture. According to our interviewees, Andriy acts as a lobbyist for his father’s company’s interests in Kyiv (Interviewees 5 and 7) and develops law proposals that are in line with the business interests of *Nibulon*, for example related to river dredging and the further development of waterways as a means of transport (Interview 9).

Another important business actor in the city is Konstantin Kartoshkin, the director of *Zorya-Mashproekt*. *Zorya* is a state corporation that has been producing marine gas turbines since 1946 and has been a part of the *Ukroboronprom* since 2010. Its largest and one of the oldest factories is located in Mykolaiv. It employs over twelve thousand people. It contributes about 30% of the total tax income of the city (Interview 7). As a result of the annexation of Crimea in 2014, the factory stopped delivering turbines to its main buyer - the Russian Navy. This had a negative impact on the factory and many employees lost their jobs (Interview 7). Kartoshkin was appointed as director in 2014 by Roman Romanov, the head of the Ukrainian Defense Industries. Interviewee 9 believes that, besides *Zorya*, Kartoshkin had connections to many other companies too. He is also, at the same time, an active politician as a member of the city council representing the *PPB* party.

Vasily Kapatsina has been identified by our interviewees as a person who is very influential in determining which businesses can operate in Mykolaiv. According to Interviewee 5, he has been limiting the activities of international investors, while favouring Russian businesses. He could do this in his capacity as head of the Mykolaiv harbour between 2005 and 2010 and

afterwards when the harbour was headed by a son of his friend, Vasily Ivanyuk. In 2017, an investigation against Kapatsina was launched, accusing him of the misappropriation of fifteen thousand square meters of land in the harbour and abuse of his civil service position to promote particular businesses<sup>66</sup>. The companies and service providers that have been working in the harbour under Kapatsina's management were found to be owned by his family members<sup>67</sup>. The management of the harbour seems to still be problematic and used to operate illegal businesses and to further interests of particular private companies. Another businessman reportedly linked to illegal activities in Mykolaiv harbour is Leonid Kriuchkov<sup>68</sup>. He has been the vice-director of *Ukrinmash* enterprise, a part of Ukrainian Defense Industries. His brother, Dmytro Kruichkov, also a businessman, entered the national parliament from the list of the *Yulia Tymoshenko Bloc* (2006-2007) and became a member of the Parliamentary Committee on Fuel, Energy, Nuclear Policy and Security. In April 2018 he was arrested by Interpol in Germany on charges of misappropriation of income of the state-owned regional energy company of Zaporizhya<sup>69</sup>.

Another important business figure, Rafael Goroyan, is an entrepreneur of Armenian descent, who founded the company *Prometey* in 1999. The company focuses on the export and storage of grains and currently accounts for 1 % of Ukrainian grain export<sup>70</sup>. In 2016 Goroyan was listed among the 100 richest Ukrainians<sup>71</sup>. For several years, the tax authorities of Mykolaiv have been investigating his company suspecting tax avoidance<sup>72</sup>. Goroyan is known in Mykolaiv as a businessman who is in permanent conflict with political authorities on the national and local level<sup>73</sup>. His career includes a short episode of political involvement, when he joined the political party of Vitali Klichko, *Udar*, headed its local branch in Mykolaiv, and campaigned unsuccessfully to be elected to the national parliament<sup>74</sup>.

In addition, our interviewees identified several actors in the business sphere of Mykolaiv that are allegedly involved in illegal operations: Viktor Cherednik, Igor Naumenko, and Mikhail Titov. According to Interviewee 7, Titov, also known as "Multik", has been sponsoring the *Opposition Bloc* and is currently under arrest in Mariupol. In addition, the Prosecutor General of Ukraine, Yuriy Lutsenko, referred to Titov as the person who de facto controlled the city council of Mykolaiv dominated by the *Opposition Bloc*<sup>75</sup>.

Another influential entrepreneur identified by our interviewees is Oleg Bogomaz. Interviewee 9 mentioned that he is a very rich businessman who owns a nightclub in Mykolaiv and is known to have lent money to politicians in the city government. He is also officially a vice-director of Sigma Sport<sup>76</sup>, the president of the Boxing Federation of Mykolaiv, and a member of the city council. He is believed to have close links to the ex-governor Merikov<sup>77</sup>.

When we look at the links and networks between business and politics, we immediately note that individuals whom we identified as important political actors were also mentioned by our interviewees as having business interests or previous business careers in the city. Senkevich entered politics after becoming a successful entrepreneur (Interview 7). He started an IT company, *Blink Reaction International*, in 2005. He also appears as the director of the

company *Leda*, which was previously owned by his father in law<sup>78</sup>. Since he became mayor of the city, he has transferred the ownership of the companies to his wife.

Savchenko is, allegedly, the richest governor in Ukraine<sup>79</sup>. Before he joined regional politics, Savchenko was involved in the banking business and established his *Partner Bank* in 2006. At the same time, he managed the *Asia Universal Bank*, and later the *Konversbank* and *Avant Bank*. Interviewee 6 mentioned that Savchenko was appointed to the post of the governor of Mykolaiv region to promote his business interests and the business interests of the other members of the *PPB* party.

Finally, Kazakova, the acting mayor, came to politics after developing her business assets. Interviewees 5 and 8 report that before going to politics, she was involved in business in the city. She used to own a large shopping mall in Mykolaiv called *Yuzhnyi Bug*, owns shares in the *Yst-Vest Tur* tourist agency, and owns the copyrights for a couple of shop logos<sup>80</sup>.

The analysis of businesses elites in Mykolaiv shows that they operate in three main sectors, namely agricultural production, ship building, and harbour services. There does not seem to be a one clear pyramidal network of businesses in place. Rather, there are different large companies competing with each other, a diverse set of actors within the main industrial domains. The one sphere in which a business network appears to be visible from our data is the management of the harbour. The director of the harbour had been using the harbour and public resources to promote businesses of his family and friends. Another potential network encompasses *Opposition Bloc* city council members and several figures involved in illegal operations in the city.

## ***Ivano-Frankivsk***

### *Political elites and networks*

Starting from a positional approach as we did in the other two cases, we identified the major political forces within the city. Our interviewees listed Ruslan Martsinkiv and Oleksandr Shevchenko as the most influential politicians.

Ruslan Martsinkiv, the current mayor of Ivano-Frankivsk, has been active in regional and local politics since the early 2000s. He used to be a member of the regional council (2006-2010) and the secretary of the city council of Ivano-Frankivsk (2010-2012). In 2010 he became the secretary of the Ivano-Frankivsk branch of the nationalist party *Svoboda*. In 2012 Martsinkiv was elected to the national parliament and became a member of the Parliamentary Committee on Construction, Urban Development, Housing and Communal Services and Regional Policy<sup>81</sup>. In 2015 he was elected as mayor of Ivano-Frankivsk representing *Svoboda* after defeating his two main competitors, Oleksandr Shevchenko and Igor Nasalyk, both from the *PPB* party<sup>82</sup>.

Shevchenko's political career began in 2010, when he became a member of the regional council. In 2014 he was elected to the national parliament from the *PPB* party list. His

brother, Victor Shevchenko, is also a member of the national parliament<sup>83</sup>. Igor Nasalyk, after losing mayor elections to Martsinkiv, in 2016 became the Minister of Fuel and Energy in the Groysman government. Nasalyk has been active in the political life of the Ivano-Frankivsk region for some time. He used to be the mayor of one of larger cities of the region – Kalush. Interviewee 13 mentioned Nasalyk as the most influential national level politician who comes from the Ivano-Frankivsk region.

Another relevant politician is Oleg Goncharuk. Goncharuk has been a member of the regional council since 2010 and he was appointed as the governor of the Ivano-Frankivsk region in 2014 by Poroshenko. Apart from his political involvement our interviewees also noted his business operations (Interview 12). In 1997, Goncharuk started the company *Ligos*, which specializes in bakery products. The company expanded the range of its production over the years and in 2014, when Goncharuk became the governor, he announced that his family no longer owned *Ligos*<sup>84</sup>.

Three members of the city council are also relevant players in the local politics: Volodymyr Balagura, Mykola Kovalchuk, and Roman Onufriev. Since 2005, Balagura has been a member of *Nasha Ukraina* and is known as a trusted contact of former president Viktor Yushchenko in Ivano-Frankivsk. In 2010 Balagura unsuccessfully competed in the mayoral elections<sup>85</sup>. Currently, he is believed to be among the richest city council members (from any city) in the Ivano-Frankivsk region. Balagura and Kovalchuk are representatives of *PPB*<sup>86</sup>. Kovalchuk is the head of the Commission for Construction and Architecture and our Interviewee 13 believes that he uses this function to promote the construction businesses close to him. Onufriev heads the Budget Committee and is the head of the Ivano-Frankivsk fraction of *Svoboda*<sup>87</sup>. All three city council members own businesses in Ivano-Frankivsk, which we will return to in the subsequent section.

### *Business elites and networks*

Most of the politicians mentioned above were also listed as the most influential entrepreneurs in Ivano-Frankivsk. However, unlike in the cases of Kharkiv and Mykolaiv, the mayor of the city does not own large businesses. Construction projects and development of infrastructure were identified by our interviewees as some of the biggest business sectors in the region. This is also the main sector in which politicians of Ivano-Frankivsk pursue their business interests.

Shevchenko, the governor of Ivano-Frankivsk region, is one of the biggest entrepreneurs of the region. He is believed to still profit from resorts in the Carpathian Mountains and the biggest road construction company in the region, *PBS*, although since 2014 he is not officially their owner. Interviewee 13, who is a *ProZorro* (anti-corruption platform<sup>88</sup>) analyst, reported that most of the public tenders for construction of the roads in the city are awarded to *PBS*. The interviewee noted that this often indicates irregularities in the tendering process.

Interviewee 13 also mentioned that most public funds recorded via *ProZorro* go to companies related to representatives of the *Svoboda* party working in the administration of the city

council<sup>89</sup>. This indicates that local level politicians and civil servants might use their positions and public funds to promote their own business interests and the business interests of their families and friends.

The most visible construction companies in the city are *Vambut*, *Yarkovitsya*, and *Melnyk*. The first two companies are directly or indirectly owned by the city council members Kovalchuk and Balagura (*PPB*), while the third one belongs to Ivan Melnyk (or his family members)<sup>90</sup>. Balagura’s *Yarkovitsya* has been mentioned by Interviewee 12 as an example of a big construction business in the city, while Interviewee 13 said that Kovalchuk ‘never hid that he wanted to become a political representative to lobby for his construction business’. In general, the local businesses seem to have their interests protected through political positions.

A different trend, noted by some as one of the most important post-Maidan developments in the city, is the increase in cooperation between businesses and civil society. The most striking example of this is a platform for social initiatives known as *Teple Misto* (Warm City). This cooperation between local businesses and citizens is striking as it involves investments by 50 different small and medium-sized enterprises in various initiatives aiming at the development of the city<sup>91</sup>. It includes, for example, grants provision for projects that ‘improve quality of urban living and attracting community to take active part in the development of Ivano-Frankivsk’<sup>92</sup>. Another example is a project called *Urban Space 100*, which is a social enterprise in the format of a restaurant. The income of this restaurant is almost entirely spent on the implementation of social projects. Our interviewees mentioned another project from the *Teple Misto* platform, *Promprylad*. Within this project citizens renovated and restructured an old factory space to be used as a centre for innovation, culture, and co-working. Interviewee 11 mentioned that such cooperation between civil society and businesses intensified after the Euromaidan.

In general, interviewees agreed that most of the local businesses, apart from the construction ones, are of small and medium-sized enterprises. Interviewee 11 listed among them the developing IT sector and Hotel *Nadiya* owned by Margarita Boyko and Interviewee 13 added, for example, *Hlibocombinat*<sup>93</sup> (bakery) and *Ivano-Frankivskyi Miskmolokozavod*<sup>94</sup> (dairy production). Interviewee 12 added that there are companies that are present in the region, but are not local ones. Instead they are local branches of companies that operate on the national level, such as *Burshtynska* TES, which is a part of a big holding of Rinat Akhmetov.

**Satisfaction with public goods provision**

*Table 1S. Percentage of citizens who believe that provision of public services is good or excellent by city.*

Subject	Kharkiv	Mykolaiv	Ivano-Frankivsk
Sidewalks	37%	12%	47%



Trash Collection	78%	37%	37%
Sewage	68%	23%	35%
Medical Institutions	21%	15%	20%
Transportation Infrastructure/Public Transport	53%	24%	24%
Street Lighting	78%	34%	43%
Roads	26%	8%	19%
Industrial Zones/Industrial Development	9%	2%	10%
Sport facilities	35%	16%	25%
Universities, Technical Institutes, Colleges	40%	30%	33%
Schools	39%	41%	36%
Kindergartens	37%	38%	29%
Cultural Venues	45%	33%	36%
Street Markets	78%	48%	38%
Public Parks and Gardens	73%	25%	51%
Yards and Areas near Buildings	41%	16%	37%
Police Activities	20%	24%	33%
Water Supply	49%	37%	45%
Environment	24%	13%	37%
Parking	17%	13%	16%
Heating	50%	37%	35%
Accessibility for Persons with Disabilities	9%	8%	8%
Average	42%	24%	31%

Source: IRI 2018, 68-111.

## Notes

<sup>6</sup> The information on biggest tax payers in Kharkiv is available at <http://www.city.kharkov.ua/ru/news/velikiy-biznes-splativ-do-mistsevogo-byudzhetu-blizko-900-mln-grn-podatki-37048.html>

<sup>7</sup> The information on the biggest employers in Ivano-Frankivsk is available at <http://www.mvk.if.ua/sektors/45569> file “Профіль Міста Івано-Франківська 2017”

<sup>8</sup> The information on the most influential entrepreneurs in Mykolaiv is available at <https://novosti-n.org/analitic/read/1068.html>

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<sup>9</sup> E-declarations are online publicly available declarations of the assets and incomes of politicians and civil servants. They have been made compulsory as part of the post-Euromaidan new public administration reform. However, while accessible, allegedly the information is often incomplete/untrue. The National Agency on Corruption Prevention is responsible for checking the provided information and some believe that they are not doing their job. The National Bureau of Anti-Corruption Investigation took the initiative to check the e-declarations instead of the NACP, but due to a lack of enforcement powers and the amount of work only a very limited number of e-declarations has resulted in a criminal procedure from 2014 to 2017 (see for example <https://nabu.gov.ua/en/novyny/nabu-investigates-25-criminal-proceedings-based-e-declarations-analysis-results>)

<sup>10</sup> We started with the recommendations of the regional experts within the EU-STRAT consortium institutions and followed their recommendations to establish first contacts.

<sup>11</sup> Additional information on the city is available at <http://www.city.kharkov.ua/uk/o-xarkove/xarkov-segodnya.html>

<sup>12</sup> Data is available at [http://www.ukrstat.gov.ua/druk/publicat/kat\\_u/publ2\\_u.htm](http://www.ukrstat.gov.ua/druk/publicat/kat_u/publ2_u.htm) under the category of «Валовий регіональний продукт».

<sup>13</sup> Data available at [http://www.ukrstat.gov.ua/druk/publicat/kat\\_u/publ2\\_u.htm](http://www.ukrstat.gov.ua/druk/publicat/kat_u/publ2_u.htm) under the category of «Валовий регіональний продукт» and <https://mkrada.gov.ua/content/istoriya-mista.html>.

<sup>14</sup> Data available at [http://www.ifstat.gov.ua/EX\\_IN/F33.HTM](http://www.ifstat.gov.ua/EX_IN/F33.HTM) (accessed 7 June 2018).

<sup>15</sup> Further information about the city is available at <http://www.mvk.if.ua/aboutcity> (accessed 7 June 2018).

<sup>16</sup> Data available at [http://www.ukrstat.gov.ua/druk/publicat/kat\\_u/publ2\\_u.htm](http://www.ukrstat.gov.ua/druk/publicat/kat_u/publ2_u.htm) under the category of «Валовий регіональний продукт» (accessed 7 June 2018).

<sup>17</sup> <http://www.city.kharkov.ua/ru/gorodskaya-vlast/gorodskoj-sovet/frakczii/za-xarkv-za-vdrodzhennya.html>, (accessed 29 May 2018).

<sup>18</sup> <https://www.unian.info/politics/2027834-ukraines-parliament-gives-the-thumbs-up-for-arrest-of-mp-dobkin.html> (accessed 29 May 2018).

<sup>19</sup> <https://www.obozrevatel.com/politics/dobkin-obyavil-o-sozdanii-lichnoj-partii-v-seti-smeyutsya.htm> (accessed 29 May 2018).

<sup>20</sup> <http://www.dsnews.ua/politics/bobkin-i-kernes-13042018220000> (accessed 30 May 2018).

<sup>21</sup> Importantly, Ihor Rainin replaced on the post of the Head of Presidential Administration another influential individual from Kharkiv—Boris Lozhkin. Boris Lozhkin used to own UMH group, one of the largest media holdings in Eastern Europe. He is one of the richest people in Ukraine and has been active in local and national politics since the mid-1990s. Ukrainian experts believe that this shows that Poroshenko promotes Kharkiv elites in his administration (<https://mykharkov.info/interesno/kak-harkov-rulit-ukrainoj-top-10-samyh-vliyatelnyh-harkovchan-strany-po-versii-mykharkov-info-chast-ii-24044.html> and <http://glavred.info/politika/raynin-vmesto-lozhkina-kakim-budet-stil-raboty-novogo-glavy-administracii-prezidenta-385413.html>, accessed on 22 June 2018).

<sup>22</sup> <https://2day.kh.ua/bitva-klanov-pochemu-snova-possorilis-kernes-i-feldman/> (accessed 30 May 2018).

<sup>23</sup> <https://www.kyivpost.com/article/content/ukraine-politics/official-avakov-placed-under-house-arrest-in-italy-125909.html> (accessed 30 May 2018).

<sup>24</sup> <http://features.foreignpolicy.com/campfire-songs-kalashnikovs-azov-battalion-summer-camp-eastern-ukraine/> and <https://mykharkov.info/interesno/kak-harkov-rulit-ukrainoj-top-10-samyh-vliyatelnyh-harkovchan-strany-po-versii-mykharkov-info-chast-i-89313.html> (accessed 30 May 2018).

<sup>25</sup> <https://dozorro.org/blog/harkivskij-antikorupeijnij-centr-vikrivaye-porushennya-u-zakupivlyah> (accessed 1 June 2018).

<sup>26</sup> <https://dozorro.org/> (accessed 1 June 2018).

<sup>27</sup> <https://www.pravda.com.ua/rus/news/2015/10/2/7083362/> (accessed 31 May 2018).

<sup>28</sup> [https://youcontrol.com.ua/ru/catalog/company\\_details/22624304/](https://youcontrol.com.ua/ru/catalog/company_details/22624304/), and [https://youcontrol.com.ua/ru/catalog/company\\_details/22624304/](https://youcontrol.com.ua/ru/catalog/company_details/22624304/) (accessed 31 May 2018).

<sup>29</sup> <https://kh.depo.ua/rus/kh/zhinochi-hitroschi-yak-prava-ruka-kernesa-otrimala-dolyu-v-rinkah-harkivschini-foto-20180131719037> (accessed 31 May 2018).

<sup>30</sup> <https://mediananny.com/novosti/2326751/> (accessed 31 May 2018).

<sup>31</sup> <http://newsroom.kh.ua/news/dobkin-opublikoval-deklaraciju-stipendiya-ot-kernesa-i-kooperativnye-milliony>, accessed 31 May 2018.

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- <sup>32</sup> <http://forbes.net.ua/magazine/forbes/1365965-15-bogatejshih-harkovchan#13> (accessed 31 May 2018).
- <sup>33</sup> <https://ukranews.com/news/554217-deputat-rady-mysyk-zadeklaryroval-bolee-27-mln-grn-dokhodov-v-2017> (accessed 31 May 2018).
- <sup>34</sup> <http://dozor.kharkov.ua/news/politics/1190004.html> (accessed 31 May 2018).
- <sup>35</sup> <http://dozor.kharkov.ua/file/sapronov/> (accessed 1 June 2018).
- <sup>36</sup> <https://kharkov.comments.ua/news/2017/04/25/152957.html> (accessed 1 June 2018).
- <sup>37</sup> <http://dadgroup.com.ua/> (accessed 31 May 2018).
- <sup>38</sup> <https://kh.vgorode.ua/refperson/14305-davtian-karyna-aleksandrovna> (accessed 31 May 2018).
- <sup>39</sup> <http://xtz.ua/ru/news/27.html> (accessed 1 June 2018).
- <sup>40</sup> <https://www.pravda.com.ua/news/2012/12/24/6980361/> (accessed 1 June 2018).
- <sup>41</sup> <https://ru.reuters.com/article/topNews/idRUKBN0JQ18O20141212?sp=true> (accessed 1 June 2018).
- <sup>42</sup> <https://focus.ua/ratings/372197/> (accessed 25 June 2018).
- <sup>43</sup> <https://antikor.com.ua/articles/175915-novinskogo-malo-vstrechajte-pavel-fuks-10-faktov-o-novom-ukrainskom-oligarhe-iz-rossii> (accessed 25 June 2018).
- <sup>44</sup> <https://www.ukrinform.net/rubric-economy/2470770-new-gas-field-discovered-in-kharkiv-region.html> (accessed 25 June 2018).
- <sup>45</sup> <http://sprotyv.info/ru/news/harkovskie-sheyhi-kto-dobyvaet-neft-i-gaz-v-regione> (accessed 25 June 2018).
- <sup>46</sup> <http://sprotyv.info/ru/news/harkovskie-sheyhi-kto-dobyvaet-neft-i-gaz-v-regione> and <https://antikor.com.ua/articles/46192-arsen-avakov-vernul-otobranij-pri-janukoviche-gazovij-biznes-tsena-voprosa-1-mlrd-grn-rassledova> (accessed 25 June 2018).
- <sup>47</sup> <http://ukroboronprom.com.ua/en/pro-kontsern/profil-kontsernu> (accessed 27 June 2018).
- <sup>48</sup> <http://ukroboronprom.com.ua/uk/bez-rubryky/ukroboronprom-prezentuye-rezultaty-svoeyi-diyalnosti-v-2016-rotsi.html> (accessed 27 June 2018).
- <sup>49</sup> Kharkiv Armored Vehicle Plant (304 employees; <https://www.ua-region.info/08099848>), Kharkiv Machine Building Factory "FED" (3000 employees; <https://www.ua-region.info/01051073>), Kharkiv Automobile Repair Plant (225 employees; <https://www.ua-region.info/07934846>), Kharkiv Plant of Special Vehicles (264 employees, <https://www.ua-region.info/07904041>), Malyshev Factory (3727 employees, <https://www.ua-region.info/14315629>), Kharkiv Morozov Machine Building Design Bureau (1027 employees; <https://www.ua-region.info/14310299>), Kharkiv Mechanical Plant (104 employees; <https://www.ua-region.info/08248877>), Kharkov Design Bureau for Engine Building (155 employees, <https://www.ua-region.info/14313582>), Kharkiv Aggregative Design Bureau (543 employees, <https://www.ua-region.info/14310431>), Kharkiv State Aviation Manufacturing Enterprise (7569 employees; <https://www.ua-region.info/14308894>), Kharkiv Factory of Transport Equipment (101 employees; <https://www.ua-region.info/14309764>), Central Construction Bureau Proton (116 employees; <https://www.ua-region.info/14309408>), Shevchenko Kharkiv Instrument Plant (312 employees; <https://www.ua-region.info/14315500>), Research Institute of Radio Electronic Engineering (47 employees; <https://www.ua-region.com.ua/30954711>). All websites accessed 27 June 2018.
- <sup>50</sup> <http://forbes.net.ua/persons/128-kozhemyako-vsevolod-sergeevich> (accessed 31 May 2018).
- <sup>51</sup> [http://www.agrotrade.ua/en/activity/seed\\_production/](http://www.agrotrade.ua/en/activity/seed_production/), <https://bp.ubr.ua/profile/kojemiako-vsevolod-sergeevich-1583> (accessed 31 May 2018).
- <sup>52</sup> <http://www.sigmayzer.com/who-we-are/our-people/> (accessed 1 June 2018).
- <sup>53</sup> <http://www.agrogeneration.com/ua/staff> (1 June 2018).
- <sup>54</sup> [https://mkrada.gov.ua/content/deputatski-frakcii-ta-grupi\\_2.html](https://mkrada.gov.ua/content/deputatski-frakcii-ta-grupi_2.html) (accessed 1 June 2018).
- <sup>55</sup> <https://www.radiosvoboda.org/a/28782979.html> (accessed 1 June 2018).
- <sup>56</sup> <https://www.radiosvoboda.org/a/28782979.html> (accessed 1 June 2018).
- <sup>57</sup> <https://mkrada.gov.ua/ru/news/7839.html> (accessed 1 June 2018).
- <sup>58</sup> <https://24tv.ua/ru/glava-nikolaevskoj-oga-aleksej-savchenko-napisal-zajavlenie-ob-uvolnenii-s-dolzhnosti-n945680> and <http://fakty.ua/269163-glava-nikolaevskoj-oga-savchenko-vernulsya-na-rabotu-posle-otstraneniya>, (accessed 5 June 2018).
- <sup>59</sup> <https://petition.president.gov.ua/petition/43114> (accessed 5 June 2018).
- <sup>60</sup> <http://resonance.ua/nikolaevskie-multiki/> (accessed 5 June 2018).

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- <sup>61</sup> <https://korabelov.info/2016/03/873/> (accessed 5 June 2018).
- <sup>62</sup> <http://gordonua.com/news/politics/poroshenko-uvolil-nikolaevskogo-gubernatora-merikova-138586.html> (accessed 5 June 2018).
- <sup>63</sup> <http://www.nibulon.com/news/novini-kompanii/aleksei-vadatorskii-my-sozdali-nibulon-vopreki-koznyam-chinovnikov.html> (accessed 5 June 2018).
- <sup>64</sup> <http://www.nibulon.com/> (accessed 5 June 2018).
- <sup>65</sup> <http://www.nibulon.com/data/filii/sudnobudivno-sudnoremontnii-zavod-nibulon/pro-zavod.html> (accessed 5 June 2018).
- <sup>66</sup> [https://antikor.com.ua/articles/158734-vasja\\_obloman\\_vasilij\\_kapatsin\\_idet\\_pod\\_sud](https://antikor.com.ua/articles/158734-vasja_obloman_vasilij_kapatsin_idet_pod_sud) (accessed 6 June 2018).
- <sup>67</sup> <https://www.radiosvoboda.org/a/28985490.html> (accessed 5 June 2018).
- <sup>68</sup> [https://antikor.com.ua/articles/217361-leonid\\_krjuchkov\\_nachal\\_kontrolirovatj\\_nikolaevskij\\_port](https://antikor.com.ua/articles/217361-leonid_krjuchkov_nachal_kontrolirovatj_nikolaevskij_port) (accessed 6 June 2018).
- <sup>69</sup> <https://pep.org.ua/uk/person/34906> (accessed 6 June 2018).
- <sup>70</sup> <http://forbes.net.ua/persons/3160-goroyan-rafael-vaagnovich> (accessed 6 June 2018).
- <sup>71</sup> <http://forbes.net.ua/ratings/4> (accessed 6 June 2018).
- <sup>72</sup> <http://izvestia.nikolaev.ua/news/%D1%83%D0%B4%D0%B0%D1%80-%D0%BF%D0%BE-%D0%BD%D0%B0%D0%BB%D0%BE%D0%B3%D0%BE%D0%B2%D0%BE%D0%B9-%D0%BF%D1%80%D0%BE%D0%BC%D0%B5%D1%82%D0%B5%D0%B9-%D1%83%D1%85%D0%BE%D0%B4%D0%B8%D1%82-%D0%B8/> (accessed 6 June 2018).
- <sup>73</sup> <http://www.dsnews.ua/politics/rafael-goroyan-iskusnyy-spekulyant-intervyu--06092013110000> (accessed 6 June 2018).
- <sup>74</sup> <http://www.dsnews.ua/politics/rafael-goroyan-iskusnyy-spekulyant-intervyu--06092013110000> (accessed 6 June 2018).
- <sup>75</sup> <http://gordonua.com/news/politics/lucenko-zayavil-chto-kriminalnyy-avtoritet-multik-imel-svyazi-vo-mnogih-partiyah-i-fakticheski-kontroliroval-gorsoviet-nikolaeva-205687.html> (accessed 6 June 2018).
- <sup>76</sup> <https://mkrada.gov.ua/ru/content/bogomaz-oleg-mikolayovich.html> (accessed 8 June 2018).
- <sup>77</sup> <http://nikvesti.com/articles/88068> (accessed 8 June 2018).
- <sup>78</sup> <https://www.ua-region.info/31818452> and <http://politrada.com/dossier/Aleksandr--Senkevich/> (accessed 6 June 2018).
- <sup>79</sup> <https://public.nazk.gov.ua/declaration/fc28175f-3da9-42bb-84ee-57ff218e834c> (accessed 6 June 2018) and <http://fakty.ua/225118-aleksej-savchenko-okazalsya-samym-bogatym-gubernatorom> (accessed 6 June 2018).
- <sup>80</sup> <https://www.pressreader.com/ukraine/korrespondent/20180223/282406989835907> (accessed 6 June 2018).
- <sup>81</sup> <http://www.mrada.if.ua/%D0%BF%D1%80%D0%BE-%D0%BC%D1%96%D1%81%D1%8C%D0%BA%D1%83-%D1%80%D0%B0%D0%B4%D1%83/%D0%BC%D1%96%D1%81%D1%8C%D0%BA%D0%B8%D0%B9-%D0%B3%D0%BE%D0%BB%D0%BE%D0%B2%D0%B0%D0%B0> (accessed 7 June 2018).
- <sup>82</sup> <https://elections.rbc.ua/ukr/result-region/ivano-frankivsk> (accessed 8 June 2018).
- <sup>83</sup> <http://www.ukrop.com.ua/uk/people/deputy/6524a0708fedf6bd2b4f71a4ca6e7c7f> (accessed 8 June 2018).
- <sup>84</sup> [https://lb.ua/file/person/3055\\_goncharuk\\_oleg\\_romanovich.html](https://lb.ua/file/person/3055_goncharuk_oleg_romanovich.html) (accessed 8 June 2018).
- <sup>85</sup> <http://gk-press.if.ua/x3770/> (accessed 8 June 2018).
- <sup>86</sup> <http://www.mrada.if.ua/21-mr/deputatski-franktsii/solidarnist/198-%D1%81%D0%BA%D0%BB%D0%B0%D0%B4> (accessed 8 June 2018).
- <sup>87</sup> <http://www.mrada.if.ua/60-mr/%D0%B4%D0%B5%D0%BF%D1%83%D1%82%D0%B0%D1%82%D1%81%D1%8C%D0%BA%D1%96-%D0%BA%D0%BE%D0%BC%D1%96%D1%81%D1%96%D1%97/%D0%BA%D0%BE%D0%BC%D1%96%D1%81%D1%96%D1%8F-%D0%BF%D0%B1/162-%D1%81%D0%BA%D0%BB%D0%B0%D0%B4> (accessed 8 June 2018).
- <sup>88</sup> ProZorro is a public e-procurement system developed by the Ukrainian government in collaboration with businesses and civil society (including Transparency International Ukraine) that allows monitoring of public tenders; see <https://prozorro.gov.ua/en> (accessed 8 June 2018).
- <sup>89</sup> Certain studies confirm how people linked to the local politicians get money from public tenders:

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[https://kurs.if.ua/blogs/pomozhy\\_pomichnyku\\_svoiemu\\_pravyla\\_zhyttya\\_oksany\\_savchuk\\_36861.html](https://kurs.if.ua/blogs/pomozhy_pomichnyku_svoiemu_pravyla_zhyttya_oksany_savchuk_36861.html);  
[https://kurs.if.ua/blogs/restavratsiya\\_koruptsii\\_rodyna\\_golovnego\\_arhitekora\\_frankivska\\_otrymuie\\_pidryady\\_n\\_a\\_milyony\\_gryven\\_46789.html](https://kurs.if.ua/blogs/restavratsiya_koruptsii_rodyna_golovnego_arhitekora_frankivska_otrymuie_pidryady_n_a_milyony_gryven_46789.html); <http://gk-press.if.ua/zakupivli-bez-prozorro/> (accessed 8 June 2018).

<sup>90</sup> These deputies are also the richest city council deputies, which is reported in the media:

<http://firtka.if.ua/blog/view/naibagatshi-ta-naibidnishi-analiz-deklaratsii-deputativ-ivano-frankivskoyi-miskradi>,  
(accessed 8 June 2018).

<sup>91</sup> <http://warm.if.ua/uk> (accessed 8 June 2018).

<sup>92</sup> <http://warm.if.ua/en/projects/city-grants> (accessed 8 June 2018).

<sup>93</sup> [http://hlebinvest.com.ua/ru/our\\_bakeries/ivano-frankovsk](http://hlebinvest.com.ua/ru/our_bakeries/ivano-frankovsk) (accessed 8 June 2018).

<sup>94</sup> <https://www.ua-region.com/00445676> (accessed 8 June 2018).