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AT ROCKET SPEED: HOW TO ACCELERATE THE EUROPEAN INTEGRATION OF DNIPROPETROVSK REGION?¹

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Dnipropetrovsk region, which in the 1990s completely met its ambitions to govern the entire country and later became a kind of fortress in defense of the Ukrainian statehood, has not yet gained momentum to become a leader in terms of European integration. Instead, strong local communities are emerging as a new symbol of the region, and its gradual European integration is driven from within.

THE PATH FROM THE SOVIET UNION TO THE EUROPEAN UNION

Powerful industrialization in the late 19th century and the subsequent transformation of Dnipro into the capital of the rocket industry (it would just suffice to mention the Yuzhmash) have influenced the attitude of the locals to their own region and political and economic processes in Ukraine. The rich Soviet city that served the military industrial complex has long been restricted due to the military facilities located there.

¹ This discussion paper is based on a public discussion held in Dnipro on November 28, 2019, as well as a series of interviews with local community representatives.

This closedness is still sometimes perceived by local residents as a certain unique feature, a kind of “chosenness” of Dnipro and the entire region that should be preserved in the future.

Many people born in this region held high positions in the country. In particular, during Kuchma’s presidency, the expression “Dnipro is not the first city in Ukraine but not the second one” and stories about the “talent factory” were quite popular. In interviews with analysts of the New Europe Center, local residents repeatedly reminded of rocket industry and the glorious past of the city. “We may have been poorer than the French or the British, but we were treated with respect because they were afraid of us,” as Ukrainians who are still nostalgic for “Soviet greatness” explain their pride.

The aforementioned “chosenness” also affects the perception of local power holders: residents of Dnipro are suspicious of people from other cities and regions appointed to the governing positions in their city. For instance, after Viktor Yushchenko came to power, people who were not related to the region began to occupy high official positions. This was new for the city; as one of the local residents said, “they were not our own.” By the way, the new Head of the RSA is a native of Kharkiv region, so despite the old elites’ rejection of such a staffing policy, it continues to work at the national level, integrating the once restricted city into the general Ukrainian context.

Local residents still tell stories about the former competition of political and business clans representing Dnipropetrovsk region and

Donbas. “Donbas has mines and laborers, and here we have rockets, more technological products, and more intelligent people in power,” as some residents of Dnipro explain their primacy. Thus, despite the war and the partially occupied territories of Donetsk and Luhansk regions, the competition between the personnel, elites, and businesses of two of the most powerful industrial centers of Ukraine remains.

At the same time, there is an element of accented emphasis on the differences caused by recent challenges and different responses to them. Residents of Dnipro recall 2014 as the moment of a kind of rebirth of the city: from the Soviet, industrial “Brezhnev capital city” to “the most patriotic city of Ukraine” that stopped the Russian aggression in the East. Some believe that the revolutionary events have become a catalyst that has substantially reduced the support for the pro-Russian vector and turned the tide in public opinion. Others point out that the position of the pro-European minority that supported the Euromaidan’s ideas coincided at that time with the position of local big business representatives.

However, the key question remains how far Dnipro has become a pro-European city, truly open to both innovation and people.

NOT BY ROCKETS ALONE

It is often said that residents of Western Ukraine are more committed to the European course, and thus, accomplishments in the field of European integration should be observed primarily in the Western regions. However, the research “European Map of Ukraine. Rating of European Integration of



Regions”² conducted by the New Europe Center found that achievements in European integration are scattered more or less in proportion across Ukraine, depending on the sector. For instance, in absolute figures for exports to the EU for 2018, Dnipropetrovsk region ranked third (9.8 billion euros), next to the city of Kyiv and Donetsk region. Over 2013-2018, exports to the EU countries have increased by 17.1% of the region’s total exports. The largest share of exports belongs to the products of the mining and metallurgical industry.

78.3% is the share of foreign direct investment from the EU in the total amount of foreign investment that came to the region (as of December 31, 2018). Moreover, the region is among the leaders in terms of the number of enterprises with capital from the EU Member States (628)³ and the number of projects funded by the European Investment Bank and the European Bank for Reconstruction and Development. These projects are primarily related to the completion of the construction of a subway in Dnipro. However, as in other cities previously visited by the New Europe Center, local residents are not always aware of the EU support for such projects.

Dnipropetrovsk region is also an example in the field of digital services. The region is a leader in the number of functioning administrative service centers (ASCs) and “ASC mobile offices” and occupies one of the top positions in

the implementation of e-governance and e-democracy technologies in the area of administrative services. In addition, a sub-project of the World Bank’s project “Improving Public Health at Work” is being implemented in the region, and a unified DATA center for medical information for the healthcare frontline has been already partially created.

Among the accomplishments of the region, we should note the achievements in the field of decentralization. Our interlocutors in Dnipro pointed out that the regional center feels less interested in European integration than other settlements in the region, especially the established amalgamated territorial communities (ATCs). One of the explanations could be that Ukrainians, according to the polls⁴, associate successful European integration with practical things, such as repaired roads, well-equipped schools, hospitals, and new jobs. Most of these indicators are directly related to decentralization, which is, by the way, considered to be the most successful reform in Ukraine by its citizens. Decentralization has kickstarted the development of local democracy: local politicians are becoming more accountable and the communities are involved in budgeting procedures. The administrative service system has improved (the above-mentioned ASCs are, in their essence, Europe’s focal points). Opportunities for ATC representatives to cooperate with donor organizations, share experience with European communities (there were few contacts of this kind before 2014 and they were not systemic),

² *European Map of Ukraine. Rating of European Integration of Regions, November 2019*, <http://neweurope.org.ua/tsnye-prezentuvav-unikalne-doslidzhennya-pro-postup-ukrayiny-na-shlyahu-do-yevropejskoyi-integratsiyi/>

³ *Ibid.*

⁴ *New Europe: what do Ukrainians think? May 2018*, <http://neweurope.org.ua/analytics/nova-yevropa-yak-yiji-bachat-ukrayintsi/>

or develop local entrepreneurship are extremely vital.

There are many ATCs in the region that demonstrate similar accomplishments. For example, Ilarionove ATC launched a footwear manufacturing line with Czech investments and an eco-farm producing French cheese. Pokrovske amalgamated community is launching dairy producing cooperatives that have raised millions of hryvnias in domestic and foreign investment. And Tsarychansk ATC organized programming workshops, an aircraft model workshop, astronomy and robotics classes, a STEM-center, and other activities on the basis of a local school.

In short, there is a transition from a rocket as the famous symbol of Dnipro and the region to a new regional symbol, a local community, which becomes a sort of a “European corner.” Thus, the gradual European integration of Dnipropetrovsk region is driven from within.

DNIPRO IS LOSING GROUND

Despite the accomplishments in European integration and the transformation of Dnipro, it is too early to talk about radical changes in the political life of the city. There are several centers of influence in Dnipro, which restrains free competition and preserves the outdated governing system despite the desire of the local population to change the elites, registered by the sociology. On the one hand, there is the incumbent Mayor Borys Filatov, former Deputy Head of Dnipropetrovsk RSA who has experience in practice of law and journalism, and businessman Gennady Korban, called the “shadow

Mayor” by many locals. Among other influential persons are well-known businessman Igor Kolomoisky, acting Head of the Regional Council Vladyslav Oliynyk, businessman Oleksandr Petrovsky and others. Given the peculiar governance practices of local power holders and the interests of business representatives, it is difficult to say whether these people really support Ukraine’s course towards the EU. At the same time, they would certainly not want to lose financial and economic influence in the region.

According to the latest municipal opinion poll conducted by the Rating Group, the level of support for Mayor Borys Filatov is 43%, but only 18% of local residents are ready to vote for him in the next election⁵. Moreover, if local elections were held next Sunday, most City Council mandates would be won by representatives of the Servant of the People party⁶. It is worth reminding that they received the majority of votes in this region in the parliamentary elections, 56.70%⁷. On top of that, representatives of such parties as Opposition Platform – For Life, European Solidarity, All-Ukrainian Union Batkivshchyna, and Shariy’s Party could be elected to the City Council.

The phrase “Dnipro is not the first city in Ukraine but not the second one” loses its relevance. Such industrial giants as the Pivdenmash are in steady decline. According to its management, the staff of the company has been reduced by 10 times⁸.

⁵ *Fifth All-Ukrainian Municipal Opinion Poll, September 6 – October 10, 2019*, <https://drive.google.com/file/d/1oQ13u5ukxr7VtrXvag9Ps7f-7wOoX2EV/view>

⁶ *Ibid.*

⁷ *Central Election Commission*, <https://www.cvk.gov.ua/pls/vnd2019/wp300pt001f01=919.html>

⁸ *Space Technology: Where Will Ukrainian Rockets Fly*, <https://hromadske.ua/posts/ukrainski-rakety>



The development of infrastructure is a separate problem. At a time when the Government is focused on developing a network of regional airports and expanding the low-cost segment, it is critical to develop promising airfields in regions, including the airport in Dnipropetrovsk region. However, this airport is restricted to most airlines, and the number of flights is limited (as the locals say, “the city has clipped their wings”). The unfinished subway and the new bridge, associated with numerous corruption scandals, have become the new symbols of Dnipro. Local residents also point to major problems with public transport.

The environmental situation in Dnipropetrovsk region is also one of the most critical of all regions of Ukraine. In the rating of TOP-100 largest pollutants for 2018, published by the Ministry of Ecology and Energy, 33 enterprises are located in the territory of Dnipropetrovsk region⁹. Therefore, it is vital to support the region’s environmental protection initiatives. For example, Save Dnipro organization has created Saveecobot, a decentralized public air quality monitoring system that is rapidly gaining popularity in Ukraine, with more than 200,000 users. Importantly, this initiative has the support of the EU Member States. For instance, the Embassy of the Czech Republic in Ukraine financed the visits of Save Dnipro representatives to small cities and towns of Ukraine with the appropriate installation of air pollution sensors in each of them.

EXPECTATIONS FROM THE EU

Previous studies conducted by the New Europe Center in Kharkiv, Odesa, and Kherson have revealed the existence of a large camp of neutralists who are sometimes inclined to hide their pro-Russian views. Dnipropetrovsk region is no exception. According to the opinion poll of the Rating Group, 44% of Dnipro residents favor the EU membership, 27% choose the Customs Union with Russia, and 30% have not yet decided or have a “different” position¹⁰. Accordingly, more than a third of the local population are “neutrals.” If we theoretically add supporters of joining the Customs Union, where Russia plays a central role, to this number, the distribution of votes will change not in the favor of European integration.

Furthermore, the region is experiencing an accumulation of fatigue from uncertainty. People do not yet believe in the irreversibility of change. There is still a widespread misunderstanding at the local level of the essence of European integration reforms: the impression is that for the local population, European integration only matters to the central authorities and Kyiv, which eliminates the need for local authorities to act in this direction. *Therefore, it will be important to organize more European integration activities and events with the involvement of NGOs and relevant experts.*

In general, residents of Dnipropetrovsk region are no different from the rest of the citizens in seeking improvement of their standards of living, which European integration could bring. In particular, according to a survey conducted

⁹ TOP-100 Largest Polluting Enterprises, <https://menr.gov.ua/news/34251.html>

¹⁰ Fifth All-Ukrainian Municipal Opinion Poll, September 6 – October 10, 2019, <https://drive.google.com/file/d/1oQ13u5ukxr7VtrXvag9Ps7f-7wOoX2EV/view>

by the New Europe Center in May 2018¹¹, the development of infrastructure is a sign of successful integration for the population in the regions. *However, the advantages of visa-free travel are felt by Dnipro residents less than by the residents of the Western regions. In order to benefit from a low-cost flight to the EU, residents of Dnipro have to travel to Zaporizhzhia or Kyiv.*

Environmental protection is another key element of Dnipropetrovsk region's European integration. The problem of air pollution is very urgent, and environmental projects and organizations need the support of relevant EU funds and organizations. *It would be extremely useful to study European examples of combating air pollution, solid waste management, etc. in order to share experiences and communicate successful examples in Ukraine.*

Without a doubt, entrepreneurs could become agents of change in the region. *They are most in need of information on entering the EU market, loans to SMEs, etc., and are open to relevant discussions.*

It is important to pay attention to the amalgamated territorial communities. Previously, they needed mostly financial support and focused on quick results, such as repairing roads, schools, or community centers. Today, communities are starting to reflect on their own development prospects. Therefore, *donor organizations should pay more attention to supporting local initiatives to launch and implement development projects, and provide professionals who could assist community*

representatives from the design stage of the project to its implementation. It is also vital to continue organizing study visits to the EU countries in order to improve the services provided by the municipalities, to study best practices in local economic development, etc.

Consideration should also be given to the great potential for the development of twin cities after the establishment of the ATCs. This would promote the cultural integration of Ukrainian communities and the development of business contacts. As for the latter, the representatives of the ATCs are very interested in economic agreements on local infrastructure development and trade cooperation.

Finally, anti-corruption actions are perhaps the most significant indicator that Ukraine is approaching the EU.

76% of Dnipro residents consider corruption at the level of the city government a very serious problem¹².

However, such cities as Dnipro are peculiar models of the state in miniature, where local corruption schemes have a large number of actors who benefit from them, and local elites do not accept modern governance models that maximize the engagement of the potential of all residents, not just the "chosen ones." However, this is not just a challenge for the local elites, but for the entire country that needs a transition from post-Soviet models to truly European ones.

¹¹ New Europe: What Do Ukrainians Think? May 2018, <http://neweurope.org.ua/analytics/nova-yevropa-yak-yiyi-bachat-ukrayintsi/>

¹² Fifth All-Ukrainian Municipal Opinion Poll, September 6 – October 10, 2019, <https://drive.google.com/file/d/1oQ13u5ukxr7VtrXvag9Ps7f-7wOoX2EV/view>