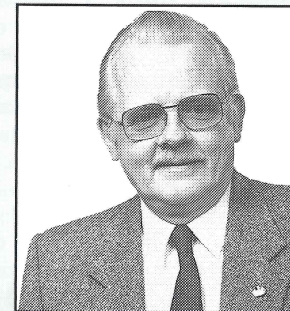




Reflections from Kyiv

TWO YEARS AND COUNTING ...

by Arthur Labrecque, Counsellor for Technical Assistance at the Canadian Embassy in Kyiv . Mr. Labrecque managed Canada's Technical Assistance Programs for Ukraine, and, as of October, 1995, returns to Ottawa as Director for Central and Eastern Europe at the Canadian International Development Agency (CIDA).



I arrived in Kyiv two years ago on a grey and cold November day. My assignment at the Embassy was to manage the technical assistance program which the government of Canada had established in July 1991 to help Ukraine by supporting democratic development and the transition to a market based economy. I discovered that the atmosphere in Kyiv with regard to economic reform was somewhat matched by the weather. After an initial burst of activity and enthusiasm, technical assistance programs were searching for their role in an atmosphere of non reform. It seemed to me that the initial excitement for political and economic reform that came with independence was replaced by a pervasive sense of pessimism. Despite the early promise that Ukraine had one of the best chances of achieving economic reform and prosperity, few countries waited as long as Ukraine did to begin the process. Many potential investors and donors as well as many Ukrainians were discouraged by the lack of progress towards reforms, expecting wrongly that the old ways would be discarded without delay.

While recognizing that technical assistance would be of little value unless the government of Ukraine undertook major reforms, Canadian assistance nevertheless continued to focus on strengthening the political and administrative structures that would be required in building a modern democratic state and could be worked on even in a less than ideal environment. We were totally convinced, in spite of the delays in economic reforms, that expertise in certain areas of public administration was required and was therefore worthwhile undertaking. We also recognized that the success of the entire reform effort depended to a great extent on Ukraine's ability to improve its institutional capacity to implement future reforms. This resulted in increased focus in some sectors such as democratic development and public administration and a delay in assistance in others, such as private sector development. This also meant that we would avoid assisting areas of the economy that could not survive in a market economy or providing support for structures of the old regime. Despite the discouraging situation of non-reform we continued to focus our efforts on our primary objectives, i.e. to support the transition to a market-based economy, to promote economic development and to increase Canadian trade and investment links with Ukraine.

A number of political events in the last two years have focussed on Canada-Ukraine relations and in so doing have raised the profile of our technical cooperation program. First, there was the visit to Kyiv of our minister of foreign affairs, Hon. André Ouellet, on March 30-April 1, 1994. This visit coincided with the first democratic elections in Ukraine and firmly established Ukraine as a foreign policy priority for Canada. Several technical assistance projects were announced during his visit. A commercial cooperation accord was signed and a declaration of a special partnership was installed. Also

highlighted during this visit was Canadian assistance to Ukraine for the organization and administration of the first multi-party parliamentary elections. Among other things the program provided specialized ballot paper used in the election. The election was judged by the International Election Process, by far the largest of any donor, was highly appreciated by Ukrainian authorities. Minister Ouellet's visit resulted in agreement on a number of projects worth \$11.5 million addressing environmental, health and social issues. In addition, a \$15 million package of assistance was announced to support nuclear dismantlement and enhanced nuclear safety. These projects gave substance to our special relationship.

While the above projects added to our efforts to assist Ukraine, we were still operating in an atmosphere of non-reform. Major macroeconomic decisions and policies were not being implemented despite the urging of the international community. This was brought to the attention of the government of Ukraine during a "Ukraine informal meeting" held in Paris on July 13, 1994. The message from the international community (also being played out in the new government), was that Ukraine must initiate comprehensive macroeconomic and structural reform measures, designed to rein in high inflation and foster private sector development, if they were to avoid the risk of severe economic, political, and social instability.

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Civil Society Program delegation meets with Arthur Labrecque at his Kyiv office. L-r: Oksana Kowalchuk, Moria Ilnytsky, Olena Horyeva.